

## Fact Sheet: Production Funding

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## 1 Focus and goals of the film financing

The Autonomous Province of Bozen/Bolzano – South Tyrol provides funding for film and television productions with the objective of achieving a quantitative and qualitative strengthening and further development/advancement of the film- and creative industry in South Tyrol. The Film Fund Commission also provides a contribution to cultural diversity and to the reinforcement of the audiovisual sector in Europe. Furthermore, the aim is to achieve a macroeconomic and in particular a territorial effect for South Tyrol (= Local Spend) within its film sector. IDM SÜDTIROL is responsible for implementing South Tyrol's film-funding program. Our tasks include:

- providing you and your production company with comprehensive information about our film-funding program;
- answering your questions related to film financing;
- accepting, processing and evaluating film funding applications; and
- overseeing the disbursement of funds, ensuring that all conditions required in order to pay out the individual installments are fulfilled (including verification of rights and the budgeting and financing of your project).

In order to optimally develop South Tyrol as a film location and strengthen it over the long term, we also ensure that you involve South Tyrolean film professionals and specialized service providers in your production.

In so doing, we ask that you keep the following in mind: Within the framework of our financing concept, it is more important to us that you engage South Tyrolean film professionals and specialized service providers than it is to show South Tyrol or its landscape in a visually captivating way or to reference its history.

Accordingly, we advocate for your productions the "effective" engagement of South Tyroleans outside the provincial borders, as well as the use of South Tyrolean motifs for plots whose action does not take place in South Tyrol.

## 2 Which types of productions do we finance?

Within the framework of its Production Funding program, IDM SÜDTIROL finances feature films, animated films and documentaries for theatrical release and television, as well as serials and other series (including related digital narrative forms).

The minimum length for documentaries is 30 minutes; television movies and series must be at least 45 minutes long; cinema films must be at least 80 minutes in length.

Exceptions to regulations regarding minimum length may be made in well-reasoned cases, in particular when the project is of strategic importance to the development of South Tyrol as a film location.

Short films, commercials, magazine formats, sports programs, TV shows, reality TV and so-called docutainment formats are not eligible for funding.

Please keep in mind that, within the context of Production Funding, we generally favor productions where pivotal financing components have already been confirmed at the time of application to IDM SÜDTIROL. Only in rare cases can IDM SÜDTIROL finance projects without other confirmed financing components. These exceptions may include local productions, productions with a very strong cultural reference to the film location, debut films and second works. IDM SÜDTIROL carries out this assessment in collaboration with its panel of experts.

We highly recommend that you consult with us on this question before submitting your application. In many cases it makes sense to delay the application in order to make a positive funding decision more likely.

International co-productions, particularly between Italy, Germany and Austria are strongly supported.

Projects with content that is pornographic, racist, inflammatory or otherwise offensive are strictly ineligible for funding.

### 3 What form does our funding take?

IDM SÜDTIROL funding takes the form of non-refundable grants – regardless of the economic success of the production.

## 4 Who is eligible? Whom does IDM SÜDTIROL finance?

### 4.1 Target groups

Our funding model is geared exclusively towards production companies, without taking into account the geographical location of that company's headquarters.

Please note that, in advance of as well as during the course of the application process, we will communicate exclusively with the applying producer about questions related to the application. In the case of a co-production, the majority producer will usually file the application. We ask that you come to an agreement, together with us, on a case-by-case basis, whether any given grant will finance the majority producer or the co-producers collective. In keeping with international practices, the majority producer is the holder of the rights. This copyright share must be proven and must be equal to at least 50%.

Any film or television production company that receives a grant must be capable of ensuring that it can carry out the production effectively, and that it is in the financial position to do so. When a given grant exceeds € 200,000, then IDM

SÜDTIROL reserves the right to impose special stipulations and requirements on the grant recipient, in particular with regard to its financial performance.

## 4.2 Exceptions

International co-productions with an Italian component are an exception to this rule. In these cases, our funding model stipulates that the majority Italian producer should file the application – even if that company holds the minority within the international constellation. In these cases, the share of the Italian co-production partner is financed.

When a South Tyrolean producer is involved in a national or international co-production, a further exception enters into force: As a matter of principle, the South Tyrolean production company applies for funding, regardless of its status within the co-production constellation. Likewise, the grant finances the share of the South Tyrolean production partner, as in the case of the above-mentioned regulation.

For film and television projects that come into being in connection with graduation from training courses at South Tyrolean educational institutions, the relevant institution is eligible to apply.

## 5 Grant amounts

Our funding scheme allows for grants of up to 50% of the calculated production costs, to a maximum of € 1.5 million per project. Accumulation with other subsidies is possible, however the total funding share of subsidies generally may not exceed 50% of the budget.

For cross-border productions financed by more than one Member State of the EU and involving producers from more than one Member State, the amount of funding may reach up to 60% of the total production cost.

Exceptions to this rule include “difficult audiovisual works” such as debut films, second works, documentary films, low-budget productions or other commercially difficult works. In such cases, the amount of funding may not exceed 80% of the total cost of production.

Please note that the above information primarily relates to feature films.

Television projects may be eligible for grants if the budget and quality of the production are above average, or if the project is seen as particularly beneficial to the development of South Tyrol as a film location. The contractual division of rights between the producer(s) and the utilizing entity must be balanced with regard to their interests in the project. Grants received through South Tyrol’s film- and television funding program are regarded as belonging to the producer. Fully funded, commissioned productions are thus generally ineligible for grants. The total funding amount in this case may not exceed 30% of the total production costs. For

culturally focused productions that are suitable primarily for television utilization, exceptions may be made if a significant proportion of the production cost is borne by the broadcaster and if substantial rights remain with the producer after an agreed-upon number of broadcasts.

Please understand that during the course of evaluating any submitted project, we reserve the right to reduce the amount of the requested grant.

## 6 Required Local Spend

### 6.1 Basic tenets

Within the framework of the Production Funding program, please be advised that we require proof that recognized production costs in the amount of at least 150% of the approved grant amount are spent in South Tyrol.

If for your project you indicate a higher Local Spend in your final budget calculation, upon which your application or Unilateral Funding Obligation is based, the production must actually deliver that Local Spend.

### 6.2 Exceptions

It is possible to deviate from the above-mentioned guidelines, upon request, only if:

- the project is of particular strategic importance for the development of South Tyrol as a film location;
- it is imperative for the project, whether for content-related or technical reasons, or it is necessary in order to avoid unduly high expenses;
- it is a “difficult audio-visual work” as defined in Section 5;
- the project has a special cultural connection to South Tyrol and/or is shot predominantly in recognizable South Tyrolean locations.

### 6.3 Other

Counter to our regulations governing Local Spend, we do ensure that you can spend at least 20% of your production costs in another country within the European Economic Area – without reducing the subsidy we have granted.

## 7 Artistic and cultural quality

Standards regarding the artistic and cultural quality of the audio-visual work include the content-related, historical, contemporary, creative, social or societal relevance of the material; the narrative structuring and linguistic shaping of the screenplay or treatment, including the dialogue; the project's anticipated creative and visual implementation; and the competence of the attached film professionals in the areas of directing, acting, photography, editing, production design and music.

## 8 Support for emerging talent

### 8.1 General support for emerging talent

Some exceptions may apply – in close consultation with IDM SÜDTIROL – especially for the first and second films of producers and directors. In these cases, the total production costs must amount to a maximum of € 900,000. In addition, the project must be of high quality not only in terms of production and creativity, but also in terms of promoting South Tyrolean talents and, of paramount importance, the development of South Tyrol as a film location. These exceptions primarily apply to the amount of the producer's equity ratio and financial contribution, the recognition of allowances and personal services by the producer, and participation by broadcasters and distributors. Funding from IDM SÜDTIROL may not exceed € 150,000 for these projects.

These exemptions do not apply to television documentaries that are suitable only for local utilization. The projects must, in any case, have the potential to participate in a national-level festival.

### 8.2 Special support for emerging talent

High-quality, low-budget, first and second fiction films with a total production budget totalling no more than € 500,000 are eligible for a grant of up to € 250,000. The project must hold noteworthy importance for the development of South Tyrol as a film location, in terms of production and creativity as well as in terms of promoting South Tyrolean talents.

Funding is granted in these cases with the caveat that the production is guided and overseen by film industry professionals who are placed into positions and areas of responsibility defined by IDM SÜDTIROL. These experts must be selected in close cooperation with IDM SÜDTIROL and/or come from IDM SÜDTIROL's pool of experts. In exceptional cases, the experts' services may also relate to elements of project development.

The funded projects must be filmed primarily in South Tyrol.



This funding category is limited to the applicant production company's first and second self-produced feature film. A maximum of three projects may be funded under this category per year.

## 9 How does funding actually unfold? From application to Unilateral Funding Obligation

Applications are submitted exclusively via our online platform where you can create, edit and submit your application at any time. It will then be considered during the next examination window, which starts at noon on the respective application deadline.

Please note that we will only be able to send you a login to our online platform after you have undergone a consultation with us regarding the project that you would like to submit for funding. This consultation must be conducted at least **10 working days** before the end of the submission deadline. We expressly reserve the right to disqualify projects for which no consultation session has been set within the specified period.

### 9.1 Timing

**Within approximately six weeks** after the start of the relevant examination window, IDM and its panel of experts evaluate the submitted projects with regard to content-related, cultural and financial criteria. During the funding session, IDM, in collaboration with its panel of experts, then recommends the acceptance or rejection of the respective grant application.

**Within seven to eight weeks** after the start of the relevant examination window, South Tyrol's provincial government finalizes the list of projects to be funded, on the basis of recommendations by IDM and its panel of experts. We will inform you in writing whether your project receives funding. Even if the application is turned down, you will still receive written notification from us. The notification that you will receive in the event of a positive determination by the Provincial Commission is a **basic, though temporary, Grant Approval**.

Within the deadline specified in this Grant Approval notification (usually three to nine months), you will have the option to finalize your project preparation; that is, to close your financing and draw up a final budget based upon those calculations.

If

- neither examination of the final calculation nor your planned expenditures in South Tyrol result in any objections,
- you have made a plausible case regarding the project's final financing plans,
- and the final legal review of the project is also positive,

then we will issue a project-specific Unilateral Funding Obligation letter (in German: **Einseitige Verpflichtungserklärung or EVE**). This letter sets forth all of the exact funding conditions (including the total amount of the Local Spend, number of shooting days in South Tyrol, recognized production costs and other project-specific conditions) and is a **final, legally binding funding commitment**. The Unilateral Funding Obligation is comparable to a grant agreement.

Please note that IDM SÜDTIROL commissions an auditing company to carry out all economically and financially relevant auditing steps prior to issuing the EVE. This company will contact you directly upon your Grant Approval in order to request any more detailed documents you may need for the audit. After we have sent out your Grant Approval, we will send you further written information about this procedure in a timely manner, as it individually relates to your project. You will also find general information in this Fact Sheet, beginning in Section 17. Please do not hesitate to contact us should you have further questions.

## 9.2 Consultation

As previously mentioned, we require that you participate in a project-specific meeting with one of our funding consultants before we can send you the login details to our funding platform. In this interview, we will inform you about the basic requirements for the preparation of an application, either in person or via telephone. Please schedule this appointment at least **ten working days** before the relevant submission deadline.

## 9.3 Application form and submission

After your consultation, you can register at the online platform <https://filmfund.idm-suedtirol.com/>. After we have activated your account, you can log into and out of the platform, fill out your application form online, upload the necessary documents and finally submit your application.

We will provide your application with a legally required revenue stamp. We ask you to transfer this **application fee of € 16.00** directly to the bank account of IDM SÜDTIROL. Further information can be found in Section 10 of this Fact Sheet.

If you wish, you may use regular mail to send us – in quintuplicate – any DVDs, reference materials, visualization concepts or similar documents that cannot be sent electronically, as long as they arrive **within the application deadline**.

## 9.4 Completeness of application documents

Please note that we can approve your application for further examination only if **all required components** have been submitted to us, and if the **application fee of € 16.00** has been paid.

## 9.5 Withdrawal and re-submission of applications

Submitted applications may be withdrawn, without justification, up to a maximum of two weeks after the relevant submission deadline. When this occurs, the submission is deemed to have never occurred.

Subsequent withdrawal is possible only in exceptional cases: A **written request** for the withdrawal of the project must be received by IDM SÜDTIROL no later than 6:00 pm on the day before the respective IDM panel of experts funding meeting (approximately five weeks after the end of the submission deadline) and a specific justification is required. It is at the discretion of IDM SÜDTIROL whether or not to grant a request for withdrawal.

Rejected projects may be resubmitted at any time, but **only one time and only after substantive changes to the project or application**, following a new consultation (see Sections 9.2 and 9.3 of this Fact Sheet). Examples of substantial changes include a new script or the confirmation of a new and decisive financing component.

In the event of a re-submission, please highlight these substantive changes clearly in your application, and state in your *Producer's Note* which substantial changes to your project justify consideration of a new application.

## 9.6 The panel of experts

The panel of experts is not a deciding but rather an advisory body. We do, however, attach great importance to the opinions of its members and formulate our recommendations in consultation with the panel. We present this recommendation to the Provincial Commission, which ultimately decides which projects receive financial support.

## 10 What is required in order to apply for funding?

The following documents may be submitted in German and Italian, or in English. Documents in other languages are excluded from your application evaluation. IDM SÜDTIROL must receive all documents marked with an asterisk (\*) in two languages in order to perform its evaluation: The synopsis, treatment and/or script as well as the *Producer's Note*, *Director's Note* and the Utilization Concept must be submitted in the original language as well as in English.

All documents may be uploaded as part of the online application form, after you register, at <https://filmfund.idm-suedtirol.com/> (see Section 9.3 of this Fact Sheet). The following documents are required:

- cover letter to IDM SÜDTIROL from the applying producer;
- synopsis\* (max. 2 DIN-A4 pages, min. font size 10, line spacing at least 1.5) **and**
- treatment\* (max. 12 pages, min. font size 10, line spacing at least 1.5) **and**
- script\*;
- evidence that the necessary rights of usage (e.g. subject, screenplay, title, life story) have been acquired;
- a Co-Production Agreement (in case a co-production relationship exists);
- a Directors' Agreement;
- a *Producer's Note* and a *Director's Note* about the project, which also address its potential realization within the framework of IDM SÜDTIROL's Production Funding criteria\*;
- a list of planned cast and crew: Please submit binding commitments. In addition, highlight the roles and positions occupied by persons or service providers whom we should recognize as Local Spend (see also the information in Section 13.11). Please indicate respective residence or company headquarters next to the names in the application documents;
- the budget calculation, listing any expenditures planned in other places (regions, countries, etc.), shown in separate columns;
- a financing plan that covers the whole project budget, **including** all existing verification of individual financing components;
- an overview of all applications to other funding institutions, whether submitted or planned, including their status;
- current shooting schedule;
- current production plan;
- filmography of the applicant company as well as the biographies of the (co-)producers, in industry-standard detail ;
- biography and filmography of the director, in industry-standard detail;
- links to showreel, teaser, etc.;
- an extract from the register of the applicant production company and its Balance Sheets and Profit & Loss Statements (if any) for the last two financial years;
- Utilization Concept\*;
- proof of market interest in the project, for example a distribution agreement (or deal memo) or licensing agreement with a broadcaster; depending on the nature of the agreement. We also accept LOIs;
- information about training and continuing education for South Tyrolean film professionals within the context of your project (e.g. internships);
- additional visuals, if available;
- contract with the local service producer, if available;
- proof of the required equity capital (usually 5% of the production costs); the corresponding balance must be demonstrated by means of bank confirmation or bank and insurance guarantee respectively;

- the receipt confirming the transfer of the **€ 16.00 application fee**. This should be followed by the project name and the applicant company. IDM SÜDTIROL's bank account information is as follows:

BANCA POPOLARE DI SONDRIO  
Account holder: IDM Südtirol Alto Adige AG  
**IBAN: IT23 Q 05696 11600 000004070X01**  
**BIC: POSOIT22XXX**

All documents must be uploaded via the online application form at:  
<https://filmfund.idm-suedtirol.com>

## 11 Additional information about the online application

Applications may only be submitted online at the following address:  
<https://filmfund.idm-suedtirol.com/>

Please read Section 9.3 of this Fact Sheet carefully. The online application will guide you through the individual sections of the application, step by step. You will first be asked to create your project, and then you can choose the type of funding for which you would like to apply. Unlocked project applications may be edited at any time via the online application. The fields in the application form that are marked with an asterisk (\*) are mandatory.

### 11.1 Incomplete online submissions

If an application is discovered to be incomplete by the submission deadline, its processing will stop. Evaluation will not continue at all if the applicant does not remedy the problem within a specified deadline, after having been requested to do so. The applicant may then resubmit at the next call. Please contact us if you have any questions.

### 11.2 Specified contact person

The production company applying must identify a specific contact person in the application.

### 11.3 Sufficient depth of detail

Please ensure that all biographies and filmographies go into sufficient, i.e. industry-standard detail. We request the following minimum information for each past project listed in the filmography of the producers and the director:

- risk-bearing (co-)producer(s)
- director(s)
- screenwriter(s)
- main actor(s)
- year of release

Please understand that too little detail can have a negative effect on your application's formal assessment.

#### 11.4 Staff, crew and cast lists

Please create a list, which is detailed to industry standards, including all cast members, creative staff, technical personnel and service providers who are already part of the project team at the time of application, indicating their tax domicile or business location. The latter is particularly important if the relevant person or service provider is to be recognized by us as Local Spend (see Section 13.11 of this Fact Sheet).

If you already have specific names in this regard, please indicate the appropriate residence or company location in the application documents. If, at the time of application, it is clear that a given position is to be recognized as Local Spend, but it is not yet clear who will fill the position, it is sufficient to simply earmark the position.

**Please ensure that all of the information in the staff and cast list matches that of your detailed calculation.**

#### 11.5 Listing all financing components in the financing plan

Please note that it is obligatory that you list all **existing and planned funding components** in the financing plan, specifying both the amount and the type of financing in such a way that a realistic picture of your project's financing situation is created. This also applies to types of financing such as deferrals and provisions, as well as to your personal resources.

If you would like to add further financing sources into your project application after it is submitted, please inform us immediately. This is especially important after receipt of your Grant Approval. Any financing for the project other than what is submitted with the application must be approved by IDM SÜDTIROL. If you have already received prizes, grants or funding in previous phases (e.g. screenplay, project development, pre-production), please include them in the financing plan and list them where required in your online application.

## 11.6 Verification of existing financial components

In order to mark any components listed in your project's financing plan as "confirmed" (for example, a minimum-guarantee distribution agreement, a co-production contract with a television station or a contribution from another film-funding body), your application must be accompanied by documents confirming the funding sources.

Please understand that this is the only way we can get an idea of your project's actual financing situation and thus the closely linked probability of its realization.

Applications that do not include credible proof of confirmed financial components must unfortunately be considered incomplete. As a result, they will not be considered for funding by IDM SÜDTIROL.

## 12 Budgeting the project

Please find relevant budgeting information summarized below. If you still have questions after reading it, please contact us in person before completing and submitting the online application. We are happy to help.

### 12.1 Binding choice of calculation scheme in overview budget

As you apply online, you can choose between a calculation scheme in accordance with the Italian Fondo Unico dello Spettacolo (FUS), the calculation scheme that is common in Germany and used by the Filmförderanstalt (FFA), and the Austrian Film Institute (ÖFI) scheme, which is standard in Austria. Restricting applicants to these three possible calculation methods for your overview cost estimate helps us to better compare your applications.

**Please note that your choice in binding and may not be changed.**

### 12.2 More about the detailed budget

In addition to the information in the overview cost estimate, we also request that you upload a detailed budget together with the application. If you need calculation aids (Excel spreadsheets) in keeping with the above-mentioned budgeting methods, you will find them in the [Download Area](#) of our website.

We accept only detailed calculations which are based on either the FFA, ÖFI or FUS scheme. If you use a different calculation program, we request that you translate it into one of the above-mentioned schemes.

Please show your planned expenditure in South Tyrol (Local Spend) separately, for example by using a multi-column table or by grouping together certain cost items.

Any economic territorial effect that must be fulfilled for other funding programs must be specified on your application.

**Please note that we do not accept any lump-sum data within the detailed calculation, especially for larger amounts and for items that qualify as Local Spend.** Please list these items in detail within an appendix to the budget.

The above applies particularly to film professionals who are to be recognized by us as Local Spend; their period of involvement, fee and food allowance must be broken down in detail rather than quoted as a lump sum.

Major items from service providers such as travel and hotel costs, insurance services, post-production services, etc., must be included in the detailed breakdown.

Please note that any deferrals and provisions stated in the financing plan are to be shown separately in the detailed cost estimate, either as your personal services or as third-party services (cf. Section 14 of this Fact Sheet).

If you have any doubts, please do not hesitate to consult our funding consultants regarding how you should set up the detailed calculation.

## 13 Types and recognition of costs

Please figure only costs related specifically to the project into your calculations. Expenditures on fixed assets are generally not recognized. Corporate infrastructure costs (copy machine, office rent, and correspondence) are included in the overhead calculation (see Section 13.3) and are thus already covered.

We ask everyone to please observe the basic principles of budgetary rigor.

### 13.1 Gross versus net

When calculating production costs, **Value Added Tax (VAT) should not be taken into account.** Please calculate **net figures.**

### 13.2 Expenses, mileage and tariff provisions



Expenses, mileage allowances and tariff provisions apply in accordance with the national legislation of the respective contractual relationships. If this concerns a legal framework outside of Italy, Austria or Germany, please attach the guidelines to your final cost statement (see final audit further below), translated into Italian, German or English, after completion of production. We expressly reserve the right to set caps for these items.

### 13.3 Overhead, producer fees & contingencies

You may calculate up to 6% of overhead (maximum € 500,000.00) and a 7.5% Producer's Fee for TV productions, measured in terms of net production costs. For feature film projects, we accept up to 7.5% of overhead, a Producer's Fee of 7.5% and a contingency of up to 5%.

### 13.4 Cost reductions

Please do not forget to deduct cost-reducing earnings (for example rebates, discounts, or revenue from the sale of props) from the production costs. This is especially true at the final settlement of account of the project.

### 13.5 Project-related financing costs

Project-related financing costs are, in principle, recognized to a reasonable extent. Interest on your own funds may not, however, be calculated into the budget.

### 13.6 Tax accountancy costs

Producers can claim those project-related costs of **tax accountancy** which are standard in Italy. If these are provided by a local service provider, they can also qualify as Local Spend. We are happy to help you find appropriate partners.

### 13.7 Personnel costs

Personnel costs must be calculated in keeping with industry standards and in compliance with employment regulations, wage provisions and the minimum wage. Please note that personnel costs should be listed as net amounts in the calculation (see Section 13.1), whereas ancillary wage costs have to be listed separately.

### 13.8 Up-front costs

It is possible to recognize a maximum of 2.5% of the production costs for up-front costs, but IDM Südtirol explicitly reserves the right to refuse them. Exceptions to this rule are only possible in specially supported and justified cases.

### 13.9 Cost of the Final Audit

For the Final Audit (see Section 20 of this Fact Sheet), which is carried out by an independent auditing firm commissioned by us, please calculate 3% of the requested funding amount, with a minimum amount of € 500 and a maximum of € 15,000 for a grant amount of up to € 500,000. If the subsidy amount is higher, please calculate an additional examination fee of 1% of the excess funding amount. These costs are recognized by us as a Local Spend, provided that the auditing company is based in South Tyrol. The commissioned auditing firm will send you an invoice for the fees after their audit has been completed.

### 13.10 Withholding taxes

Please note that in the case of **grant recipients with a registered office in Italy**, we deduct 4% from each grant installment as withholding tax. This is an Italian state tax, which is levied on grants if the recipient carries out business activities in Italy. We will transfer it to the responsible tax office on your behalf. We will also send you a tax summary the following year, officially confirming that it has been paid. With this statement, you can deduct the amount withheld from your tax liability.

Grant recipients **without a registered office in Italy** should provide a certificate of residency issued by their responsible tax office – when the first installment is requested, at the absolute latest – indicating that the producer concerned does not have tax liability in Italy. Once this has been certified, we can pay out the grant amount **without withholding the tax**.

### 13.11 Local Spend

In order to help you calculate your Local Spend in South Tyrol, we have set forth below some basic principles and rules that govern which costs qualify as Local Spend, and to what extent.

We reserve the right to exclude some costs that you in fact may have calculated as Local Spend. In the case of a positive decision, it is possible that this could result in the grant amount you requested not being approved in full.

The final approval of costs as a South Tyrol Local Spend is decided during the Final Audit (see Section 20 of this Fact Sheet).

The purpose of the Local Spend is for production funds to remain in South Tyrol, thus strengthening the local economy in general and the film location of South Tyrol in particular.

### *General Principles*

We generally recognize all types of expenses within the context of the total budget as Local Spend. We do, however, advise against calculating the contingency as Local Spend.

In principle, the rates and tariffs that are accepted in the applicant production company's country of origin and that are customary for tax purposes may be calculated on all expenses.

Local Spend may be assumed if the sender of the invoice is a company based in South Tyrol or has a registered office in South Tyrol, and if the service rendered in South Tyrol was provided after the date that IDM SÜDTIROL officially recognized the biller as a Local Spend service provider. In case of any doubt, please consult with us as you are putting together the calculation that you will submit to us with your application.

### **Car rentals**

For car rental invoices, the location of the company headquarters does not matter. However, the company must have at least one registered branch in South Tyrol. The vehicles must be rented or delivered in South Tyrol and intended for use predominantly in South Tyrol. In addition, a verifiable connection with the project's realization in South Tyrol must exist, e.g. during the local shoot.

The same rules apply when renting a car through a broker (that is, a car rental company that does not have its own fleet, but rents out its cars via various companies). In addition, the following documentation must be available at the Final Audit so that the car rental can be qualified as Local Spend:

- Total amount of the service
- Detailed list of rented vehicles (vehicle with registration number, number of days)
- Voucher showing date and place of rental and return, with the license plate of the respective vehicles listed

### **Tolls**

Toll receipts are accepted as Local Spend only when both the highway entrance and the exit are located in South Tyrol.

### **Fuel costs**

Receipts from gas stations located in South Tyrol as well as fuel cards bearing a corresponding local stamp are generally recognized as South Tyrolean Local Spend. If you use a Multicard, the gas station branch utilized must be recognizable as being located in South Tyrol for the Final Audit.

### **Finance costs**

Project-related financing costs only qualify as Local Spend if the headquarter of the relevant bank is located in South Tyrol.

### **Overhead and producer fees**

Overhead and producer fees are recognized as Local Spend if the production company which receives the grant is headquartered in South Tyrol.

### **Hotel bills**

Hotel bills only qualify as Local Spend if the bill is issued by a hotel physically located in South Tyrol. For hotel bookings via a travel agency, the categorization is based on the location of the hotel, not that of the travel agency.

### **Mileage allowance**

Mileage qualifies as Local Spend if the driven car is registered in South Tyrol or if the main residence of the owner is located in South Tyrol. Mileage calculation is based upon the official (ACI) tables.

### **Cost of the Final Audit**

The cost for your Final Audit, which is carried out by the company commissioned by us, qualifies as Local Spend, provided that the company's headquarter is located in South Tyrol.

### **Location rentals**

Rental costs for locations in South Tyrol generally qualify as Local Spend.

### **Fees and wages**

Wages and fees generally qualify as Local Spend if the primary residence of the employee is located in South Tyrol. Fees of those born in South Tyrol but not domiciled there also qualify as a Local Spend, until further notice, if they are freelance film professionals. Wages of those who were born in South Tyrol but are not domiciled here – and are permanent employees rather than freelancers – **do not qualify as Local Spend**. Similarly, this rule applies to producer fees for South Tyrolean producers whose companies are not headquartered in South Tyrol.

Please note that film professionals may not claim a double Local Spend. If someone is recognized as Local Spend in more than one region, it is up to the producer to decide in which region he or she should be calculated as Local Spend for any given project.

In your application, please separate off the incidental wage costs (employer contribution and employee contribution) so that the wages listed in the application, which sometimes become part of the terms and conditions, can be compared with those in the intermediate calculation and then in the final one.

The duration of involvement for the film professionals must be made clear from of the individual items. Listing of personnel costs should thus always be broken down.

**Wages for students and graduates of ZeLIG Film School, as well as graduates of the MOV!E IT! course**

Wages for students currently enrolled in South Tyrol's ZeLIG School for Documentary Film, Television and New Media generally qualify as Local Spend. Commencing with the 2007-2010 training cycle, fees for graduates of the ZeLIG School in Bolzano temporarily qualify as Local Spend if they are freelance film professionals. Similarly, graduates of the education and training program MOV!E IT! qualify as Local Spend. Producer fees for ZeLIG graduates whose companies are not headquartered in South Tyrol, meanwhile, do not qualify as Local Spend.

**Internships and apprenticeships**

The production company is obliged to provide appropriate insurance to all interns and apprentices. We also expect that food and lodging will be provided by the production company, which is also responsible for complying with any statutory minimum wage. Compensation beyond that is negotiable.

**Travel expenses**

All travel costs booked through a South Tyrolean travel agency and directly related to the funded production are recognized as Local Spend. However, IDM SÜDTIROL expressly reserves the right to cap the amount.

Online train tickets qualify only if purchased through a South Tyrolean travel agency.

**Deferrals and provisions**

In exceptional cases, payments/services that qualify as Local Spend can be calculated as deferrals or provisions in the financing plan.

**Social insurance contributions**

For persons not domiciled or born in South Tyrol – even if they are registered in Italy via a South Tyrolean production company for the period of work – incidental wage costs such as the payroll taxes generally do not qualify as Local Spend.

**Per diem and catering**

For the shooting days that take place in South Tyrol, per diem qualifies as Local Spend regardless of where the main residence of the film professional is located. Calculation of per diem is subject to the tax provisions in the grant recipient's country of origin.

Catering and restaurant expenses are to be deducted from any per diem paid, in accordance with customary practices and taxation regulations.

Per diem paid to South Tyrol residents always qualifies as Local Spend, even if filming takes place outside of South Tyrol.

### **Contingency**

Contingencies are normally not calculated as Local Spend. A contingency only qualifies as Local Spend if it is provided individually, qualifies as Local Spend according to this Fact Sheet, and is proven as such in the Final Audit. Any remaining contingency amounts in the Final Audit do not qualify as Local Spend.

### **Subcontracting**

Subcontracted companies qualify as Local Spend only when they, in turn, fulfil the *General Principles* set forth in Section 13.11 of this Fact Sheet.

### **Costs of insurance**

Insurance costs qualify as Local Spend if the insurance company is headquartered in South Tyrol. If insurance is obtained through a broker, he or she must also be domiciled in South Tyrol.

## **14 Personal Services**

Please note the following for the recognition of the personal services in your calculation: We consider all of the services rendered by the applicant (whether a natural or legal person) as well as those by the co-producers involved in the project as the personal services. This also applies to services provided by shareholders, managing directors or persons with whom the production company has a close economic relationship.

Please **mark your personal services clearly in your calculation** or complete your application for a document that lists and explains the personal services, in keeping with the sense of our definition.

- The following applies to **personnel costs** listed under personal services:

Personnel costs for employees must be calculated at a fair market value.

Personnel costs for the managing director or for a shareholder of the applicant company should be calculated at 25% below the market price. The latter contributions, including the producer's fee, may not exceed 20% of the total budget.

- For **in-kind performance/contribution** under personal services:

For in-kind contributions, please calculate at a rate that is at least 25% below the market value. In order to do this, please provide us with offers as soon as possible when applying.

The exceptions are “difficult audio-visual works” (for example, first and second films, documentaries, low-budget productions or other commercially difficult works). In these cases, we may accept higher personal services as an exception to the rule, but expressly reserve the right to set a cap. Please keep in touch with us regarding this point when making your application.

**For your project’s Final Audit, please note that you can only deduct your own services up to the amount calculated.**

The Producer’s Own Services may be deferred in the personal resources.

## 15 Personal Resources

Our funding model provides that the producer himself/herself must contribute his/her fair share towards financing the project. This may be provided in the form of equity capital/private funds, deferrals or provisions. Film grants do not qualify as the producer’s contribution, with the exception of prize money and reference grants.

Your own resources should be shown separately in the detailed calculation.

### 15.1 Producer’s own personal funds (equity capital)

**The producer’s own personal funds should amount to at least 5% of the calculated production costs**, for co-productions, with the percentage based upon the co-production share to be financed by the respective partner. In the case of TV co-productions, the required equity capital is calculated by subtracting the co-production share (not the license portion) of the TV broadcaster from the total production budget. The latter are provided in the form of cash out of the applicant’s assets. Please enclose appropriate bank confirmations with your application as proof of your equity capital.

Borrowing funds as repayable third-party loans and bank loans are also accepted as equity capital. In exceptional cases, a reduction of personal resources or inclusion of deferrals, which replace the personal resources in whole or in part, may be granted upon written application.

### 15.2 Deferrals

Deferrals are accepted up to a level that is appropriate to the project. Please show these entries in the financing plan and provide evidence for all deferred items

calculated, with a **signed statement** from the relevant party. This applies both to the applicant company and to third parties.

Your own services (see Section 14 of this Fact Sheet) as well as **services of third parties** may be calculated as deferrals. Please mark your own services and the deferred services of third parties clearly in your **detailed calculation**.

**For the Final Audit of your project, please note that you can only bill your own services and deferred third-party services up to the calculated amount.**

### 15.3 Provisions

Please note that items within your calculation that can be financed in the form of provisions may only be calculated to a maximum of the normal market value. As in the case of your own services and the accrued services of third parties, the provisions should already be **clearly** recognizable as such in the calculation and identified by you accordingly. As proof, we kindly ask you to attach a signed Declaration of Provisions Supplied to the financing plan.

## 16 Co-productions

If you are part of a co-production, please note any bilateral and multilateral agreements applicable to international co-productions in your financing plan.

## 17 Calculations and financing plan as a component of the Unilateral Funding Obligation (EVE)

If you are awarded a grant and successfully complete the economic and legal review of your final project documents, your final production budget calculation, related Local Spend, number of shooting days in South Tyrol and final financing plan will all form an integral part of the Unilateral Funding Obligation (EVE; see information in Section 9.1 of this document). The EVE is a final and legally binding funding commitment, comparable to the usual grant agreement.

After the EVE is issued, redistributions within the budget are possible. However, the agreed-upon Local Spend must not be reduced. In addition, the involvement of South Tyrolean film professionals and service providers – as per the EVE agreement – must be guaranteed. Budgetary redistributions must also be communicated to IDM SÜDTIROL in a timely manner. IDM SÜDTIROL reserves the right to either approve or not allow these redistributions, and the latter must be reasonably justified by you during the Final Audit, at the latest. In addition, we request that you inform us of any changes to the financing plan underlying the EVE **immediately**, as well as of any adjustments to the production budget. It is **critical**



that any budget changes or alterations to the financing plan are approved by IDM SÜDTIROL; otherwise the EVE will become void.

Similarly, IDM SÜDTIROL must be informed immediately about any significant artistic changes. We require that these decisions may be approved because they influence the nature of the funded film in a substantial way. This is especially true when, for example, a new director is brought in, or when a lead actor, who had already been confirmed, is replaced.

## 18 Disbursements of grants

Disbursement of the grant monies is normally carried out in four installments. We would like to underline that the payments are **never made automatically**. You must request the disbursements within certain deadlines, via a request form; the request must be accompanied by specific documents.

The first installment of 25% is made – following issuance of the Unilateral Funding Obligation (see also the information in Sections 9.1 and 17 of this document) – upon closure of financing and after presentation of the appropriate documents. The second installment of 30% is payable when filming commences and after the submission of relevant documents. The third installment of 25% is granted upon acceptance of the rough cut and status of interim costs of the project. The payment of the fourth installment of 20% is made upon successful completion of the Final Audit.

Please note that the payment modalities and installments in the Unilateral Funding Obligation are generally determined on a case-by-case basis, at the discretion of IDM SÜDTIROL, and may vary from project to project.

General information regarding the disbursement requirements can be found below. All of the project-specific information will be sent to you in a timely manner, in writing, subsequent to a positive funding decision.

## 19 Installments, deadlines and obligations

Please note that the following instructions are for the sole purpose of providing general information. If your project does indeed receive a grant, legally binding information and all of your project-specific payment modalities will be set forth in your Unilateral Funding Obligation (EVE).

### 19.1 First installment as advance

IDM SÜDTIROL will disburse the first installment as an advance payment of 25% if the following prerequisites are satisfied:

- The project has its own production account.
- The bank confirms the account data.
- Equipment damage insurance is in force.
- A completion bond is in force.
- A preliminary shooting plan for both inside and outside of South Tyrol is delivered.
- The engagement of the project's main contributors as per the application (director, camera and lead actor, in particular) has been confirmed.
- The final budget has been submitted.
- The final financing plan has been submitted.
- Evidence of closure of financing has been submitted, using specified documents.

Please submit the relevant documents no later than 12 months from the date of the Grant Approval.

### 19.2 Second installment as advance

IDM SÜDTIROL will disburse the second installment, representing 30% of the funding amount, at commencement of principal photography and upon presentation of the following documents:

- final cast list in full, with Local Spend filmmakers indicated;
- final crew list in full, with all team members who qualify as Local Spend indicated;
- final shooting schedule, for inside and outside South Tyrol;
- final location list;
- final production plan;
- call sheet and report of the first day of filming.

Please note that the first day of shooting must take place within 18 months from the date of the Grant Approval. Please also ensure that the above-mentioned documents are submitted no later than 18 months from the date of the Grant Approval.

### 19.3 Third installment as advance

IDM SÜDTIROL will disburse the third installment, representing 25% of the funding amount, if the following conditions are met:

- IDM SÜDTIROL has approved the rough cut.
- Updated information about the first use of the project (e.g. theatrical release on the domestic market or television broadcasting) has been submitted.

- IDM SÜDTIROL has assessed and agreed to an interim cost analysis of the project, including an indication of the Local Spend achieved up to date.

## 19.4 Final installment

IDM SÜDTIROL can disperse the final installment, representing 20% of the funding amount, after the Final Audit and upon presentation of the following documents:

- press and PR materials;
- twelve DVDs;
- a technically flawless archival digital copy of the funded production in its original screening format;
- proof of storage of the answer print in an industry-recognized laboratory or archive; for digital productions, a correspondingly adequate format;
- final cost statement, and a report detailing any cost deviations;
- final financing plan.

Please submit the documents for the Final Audit no later than twelve months after the project has been completed. A project is considered completed when the first utilization takes place. In the case of television projects, this is the first broadcast; for cinema, either the theatrical release or a festival premiere is valid.

## 20 Final Audit

Your Final Audit must be carried out before the final installment is disbursed, and no later than twelve months after the first utilization of your project. In order to properly process it, you must provide a final cost statement and a report detailing the cost deviations (see Section 19.4).

Upon disbursement of the third installment you will receive an e-mail reminder from us summarizing all of the information required for the Final Audit. The auditing firm appointed by IDM SÜDTIROL will examine the documents. The e-mail will clearly outline all of the documents necessary for the Final Audit, which are to be sent directly to the auditing firm. Once the audit of your project has been completed without any objections, and upon our receipt of the formal notification from the auditing firm, you may request your final grant payment.

### 20.1 Details about the Final Audit

IDM SÜDTIROL has commissioned an auditing firm to perform Final Audits of the funded projects; that firm requires the following documents in order to carry out its Final Audit of your project:

- final cost report, signed by the producer and all co-producers (comparison of actual costs versus planned costs, as set forth in the Unilateral Funding Obligation);
- list of any unpaid invoices;
- final cost report for Local Spend in South Tyrol (in comparison with the calculated Local Spend as set forth in the Unilateral Funding Obligation (EVE) and/or original application);
- ledger for each account of total production costs (Excel spreadsheet or list of booking entries indicating date, document number, supplier/recipient, reason, amount, Local Spend in South Tyrol);
- ledger for each account of Local Spend in South Tyrol (Excel file, only required if not indicated in item 4);
- written report of total production costs (short explanation for any deviation of 20% or more between the cost estimate and the actual costs, per main account);
- financing status (comparison of financing plan as set forth in the Unilateral Funding Obligation with the actual amounts, showing any outstanding payments);
- proof of payment of the individual financing components (bank account statement);
- contracts with any financing partners or co-producers not included in the original financing plan;
- legally signed letter of representation;
- final cast and crew list, indicating respective tax domicile;
- daily call sheets and daily reports, including detailed documentation of shooting dates (locations, exact number of shooting days, shooting period, list of participating crew and cast members);
- film insurance records, in case of damage;
- specifications about any earnings that reduce the production costs (sales of acquired costumes, for example);
- proof that the answer print has been completed (e.g. delivery slip from the film lab);
- specifications regarding running time and format;
- specifications regarding premiere, theatrical release or first broadcast (date, location and/or television station);
- receipt proving that a copy of the film has been delivered to the national archive (for feature films only).

## 20.2 Additional information

Please also note the following information regarding the Final Audit:

### 20.2.1 *Proper invoices*

Expenses may be recognized only when backed up either by a tax receipt or by an invoice in proper commercial form, which has been issued in the name of the grant recipient and for which actual cash flow can be shown. Individual receipts must be assigned clearly to the project.

### 20.2.2 *Structure and content of the Final Audit*

In the final cost statement, please compare the calculated costs, as set forth in the Unilateral Funding Obligation (EVE) or the application, against the actual costs

incurred. Likewise, in the final financing statement, please compare the planned financing plan, as set forth in the EVE or application, with the actual financing that took place. Please also indicate any outstanding payments or receipts.

Please keep the original receipts and contracts available for inspection. You may be requested to submit a spot check either to us or to the external audit firm.

Please ensure that the accounting for the Final Audit is carried out in an industry-standard manner, especially in keeping with what is required by television broadcasters, in the usual, commercially recognized and informative manner, with absolute transparency. It is also important to us that you staunchly maintain the principles of budgetary rigor. IDM SÜDTIROL expressly reserves the right of full access to all books and accounts of its funded films, as well as to all supporting documentation; IDM SÜDTIROL and/or its commissioned third parties may exercise this right at any time.

In connection with the accounting, we may require that written explanations be submitted to us, or that relevant calculations or other supportive documentation be prepared for us.

In general, we can only recognize expenses that have actually become due for payment during the production phase.

### 20.3 Falling short of or exceeding the total calculated production costs; deviations from the financing plan

If you fall below the project's total calculated production costs as set forth in the Unilateral Funding Obligation (EVE) or in the application, the grant will be reduced at a level proportional to the shortfall. As a result, the final Production Funding installment will not be paid in full.

If the final audit of the project shows that both the calculated Local Spend (see Section 19.4) and/or total production costs are not achieved, the grant will be reduced in accordance with the respective percentage increase of the shortfall.

If total calculated production costs are exceeded, the grant amount may not be increased after the fact.

### 20.4 Deviations from the agreed-upon Local Spend and shooting days in South Tyrol

If you do not meet your Local Spend or if the number of shooting days in South Tyrol are reduced, then the approved funding amount will be reduced and/or a portion of the final installment will not be paid.

Please note that only in very rare cases do we accept any deviation from the Local Spend or shooting days in South Tyrol as set forth in the Unilateral Funding Obligation (EVE) and/or application. A lower Local Spend or reduced number of

shooting days in South Tyrol may be recognized only if we conclude that the change was critical to your project from a technical point of view, or if it could be avoided only through disproportionate effort. IDM SÜDTIROL must be immediately notified of any such changes in writing and must expressly approve the changes. If IDM SÜDTIROL is not informed about the above changes in a timely manner, and/or if they are not expressly authorized, then the subsidy amount will be reduced.

## 20.5 Deviations from your project-specific conditions

Please maintain strict compliance with your project-specific conditions as set forth in the Unilateral Funding Obligation (EVE). These requirements are aimed primarily at ensuring the involvement of South Tyrolean film professionals and service providers. Because the aim of the funding program is to build a sustainable infrastructure in South Tyrol, the involvement of locals is of particular importance to us. Failure to comply with your project-specific requirements will result in a reduction of your grant, in keeping with the degree of non-compliance.

Likewise, here: Any and all deviations from the information set forth in the application, the Grant Approval and the Unilateral Funding Obligation (EVE) must be communicated to IDM SÜDTIROL immediately, in writing, and must be expressly approved by IDM SÜDTIROL. As a rule, IDM SÜDTIROL will endeavor to find a solution that will allow you to meet your project-specific conditions.

If IDM SÜDTIROL is not informed of the above changes in a timely manner, and/or the changes are not expressly approved, the grant amount will be reduced.

## 21 Other information

As a rule, your project should be released in an EU country no later than 24 months after your Grant Approval has been issued.

You are required to communicate your project's television broadcast or theatrical release/festival premiere to us at least one week in advance.

Please adhere to the requirements set forth in Article 10 of the Application Guidelines, and credit **IDM SÜDTIROL** and the **Autonomous Province of Bozen/Bolzano – South Tyrol** in accordance with industry standards, in the front-title and/or back-title credits of your project (as well as where applicable within any associated digital format utilization), together with any other existing funding partners of the funded film project. Please use our logo; we will gladly send it to you.

Projects for which South Tyrol's film and television funding program contributed the highest funding share among all the funding bodies must premiere in South Tyrol. Screenings at festivals are expressly excluded. In addition, we welcome special press and/or audience screenings taking place in connection with the theatrical release in South Tyrol.

## 22 Legal notices

The number of funded projects does not depend on the mean amount of South Tyrolean film funding available. Therefore, no entitlement exists towards any funds still available at the end of the year. In addition, it is not possible to request an increase of funding that has already been approved.

IDM SÜDTIROL reserves the express right to reduce the requested amount of funding when issuing a grant.

Because funding decisions are an administrative act, you may take timely legal steps against them. Your grant approval letter will set forth these deadlines.

### 22.1 Misrepresentations by the applicant

Making false statements regarding or purposefully withholding the requested information will lead to an automatic rejection of the application. If a grant has already been approved and/or partially paid, it will be immediately revoked and the applicant will be legally obliged to repay any dispersed funds to IDM SÜDTIROL in full.

### 22.2 Bankruptcy and cancellation of projects

Any project cancellation, regardless of whether or not it is funded, will result in the responsible producer(s) holding liability for the South Tyrol Film Fund grant. IDM SÜDTIROL expressly reserves the right to reclaim the grant entirely.

### 22.3 Grant liability

Grant liability is always borne by the grant recipient. In the case of a co-production, we reserve the right to insist that the other risk-sharing producers also share joint liability.

### 22.4 Exclusion of legal entitlement to grant monies

Applicants have no legal entitlement to funding.

We hope that you have found this Fact Sheet useful. We are always appreciative about any feedback regarding the quality and comprehensibility of the statements contained herein. We wish you and your project every success.