

ACT
on Temporary Reimbursements
for Film Production in Iceland
No. 43, 22 March 1999

Progress of the Case in Parliament. Bill of Legislation.

Entered into force 30 March 1999. Amended with Act no. 177/2000 (entered into force 29 December 2000); Act no. 129/2004 (entered into force 31 December 2005); Act no. 159/2006 (entered into force 31 December 2006); Act no. 39/2009 (entered into force 8 April 2009); Act no. 126/2011 (entered into force 30 September 2011); Act no. 158/2011 (entered into force 31 December 2011); Act no. 58/2016 (entered into force 31 December 2016).

References in this Act to the Minister or the Ministry without specific mention of a given Minister or Ministry refer to the Minister of Tourism, Industries, and Innovation or the Ministry of Tourism, Industries, and Innovation, under whose auspices this Act is administered. Information on the functions of the ministries, pursuant to presidential decree, can be found here.

CHAPTER I
*[Objectives. Scope.]*¹⁾

¹⁾ Act no. 177/2000, Article 1.

Article 1

[The objective of this Act is to contribute to the furtherance of domestic culture and the promotion of Iceland's history and natural surroundings through temporary support for film and television programmes produced in Iceland.]¹⁾

¹⁾ Act no. 177/2000, Article 1.

Article 2

[Authorisation is granted for the reimbursement from the Treasury of a proportion of the production costs incurred in the production of films and television programmes in Iceland. [The calculation of the reimbursement is based on the total cost of producing films or television programmes, irrespective of which part of the production generates that cost.]¹⁾

If more than 80% of the total cost of producing a film or television programme is incurred in Iceland, the reimbursement shall be based on the total production cost incurred in the European Economic Area.

Production costs refers to all expense that is incurred in Iceland and is eligible for deduction from operating revenues pursuant to the Income Tax Act ...²⁾ Wages and payments to independent contractors are only considered production costs if they are verifiably taxed in Iceland.]³⁾

¹⁾ Act no. 158/2011, Article 1. ²⁾ Act no. 129/2004, Article 133. ³⁾ Act no. 177/2000, Article 2.

CHAPTER II

Applications

Article 3

[Applications for reimbursement of production costs shall be sent to the Committee on Reimbursement for Film Production; cf. Paragraph 2. Applications for reimbursement, together with accompanying documents, shall be received before production begins in Iceland.

The Minister shall appoint a Committee on Reimbursement for Film Production, to which the Minister in charge of film and the Minister in charge of Government finances shall each appoint one representative, and the third member shall be appointed without nomination and shall chair the Committee. Alternates shall be appointed in the same manner. The chairman shall have the deciding vote in the event of a tie.

The Committee provided for in Paragraph 2 shall review applications for reimbursement. If the Committee considers an application to have satisfied the conditions for reimbursement for film production, it shall provide the applicant with a pledge of reimbursement; otherwise, it shall reject the application.]¹⁾

¹⁾ Act no. 58/2016, Article 1.

Conditions for reimbursement

Article 4

[The following conditions shall be satisfied when an assessment is made of whether a portion of the production costs of a film or television programme shall be reimbursed:

- a. [the production concerned is conducive to advancing Icelandic culture, promoting Icelandic history or natural environment, or enhancing the experience, expertise, and artistic ambitions of the parties involved];¹⁾
- b. ...¹⁾
- c. [the accounting and settlement for each project is clearly segregated from other projects so that it is always possible to identify the costs associated with each project individually];²⁾
- d. information on the main parties to the production of the film or television programme has been made available;
- e. information on domestic parties and their share in the production of the film or television programme has been made available;
- f. an itemised estimate of production costs and financing has been made available, together with confirmation from financing agents and a report from the applicant verifying that the production is consistent with the objectives of the Act;
- g. information on the subject of the proposed film or television project, such as a script and information on filming locations, has been made available;
- h. [information on how public distribution will be handled has been made available],¹⁾
- i. the subject of the film or television programme is not in violation of legislation on film inspection, prohibitions on violent films, or the provisions of the General Penal Code on pornography;

[j. there are no taxes or levies in arrears to the State or local authorities or any other unpaid claims in Iceland in connection with the production; ²⁾].¹⁾

Should there be a change in the estimated production costs (cf. Paragraph 1, Item (f)) after production commences, a new cost estimate shall be submitted to the [Committee on Reimbursement for Film Production.]²⁾

In assessing applications for reimbursement, the Committee described in Article 3 shall be authorised to obtain an expert opinion [on the conditions for the reimbursement].¹⁾ Advertisements and news material, short films, recordings of athletic and entertainment events, material intended primarily for the promotion of specific goods or services, and material intended primarily for showing in own distribution networks shall not qualify for reimbursement pursuant to this Act.¹⁾ In the event that the production of film or television programme is not completed within three years from the date the pledge is granted for reimbursement pursuant to Article 3, the approval shall lapse. [Under extraordinary circumstances, the Committee on Reimbursement for Film Production provided for in Article 3 may grant an exemption from this condition for a maximum period of five years from the date the pledge was granted.]¹⁾³⁾

¹⁾ Act no. 158/2011, Article 3. ²⁾ Act no. 58/2016, Article 2. ³⁾ Act no. 159/2006, Article 1.

CHAPTER III

Reimbursements

Article 5

[The reimbursement of production costs shall equal [25%]¹⁾ of total production costs pursuant to Article 2.

[Requests for disbursement shall be submitted to the [Committee on Reimbursement for Film Production].¹⁾²⁾ [The Committee on Reimbursement for Film Production shall determine the reimbursement pursuant to Article 3.]¹⁾ [If the request is received after six months have passed from the end of the production of the film or television programme, the request shall be denied.]²⁾ Reimbursements are subject to the condition that the applicant maintain records of the costs for which reimbursement is requested, in accordance with the Accounting Act and the Annual Accounts Act. [Production costs are all expenses that may be deducted from revenues deriving from commercial activities according to the provisions of the Income Tax Act and incurred in Iceland or, depending on circumstances, in another European Economic Area member state; cf. Article 2, Paragraph 2. Furthermore, the applicant's board of directors and managing director shall confirm that the settlement of costs is in compliance with the provisions of this Act and regulations issued on the basis of it. If the reimbursement exceeds ISK 20 million, the settlement of costs shall also be audited. In verifying the settlement of costs, the Committee referenced in Article 3 may request appropriate information from the tax authorities and from the company's accounts. If the settlement of costs and/or the supporting documents are unsatisfactory, the Committee shall grant the applicant a grace period for the submittal of satisfactory data. If the Committee does not receive satisfactory data by the specified deadline, or if the data in the case indicate that the settlement of costs is not in compliance with the provisions of this Act, [it shall reject the request for reimbursement].¹⁾³⁾ ...³⁾⁴⁾

¹⁾ Act no. 58/2016, Article 3. ²⁾ Act no. 159/2006, Article 2. ³⁾ Act no. 158/2011, Article 4. ⁴⁾ Act no. 177/2000, Article 5.

[Article 6

Means of appeal

The decision of the Committee on Reimbursement for Film Production pursuant to Articles 3 and 5 may be appealed to the Ministry; cf. Article 26, Paragraph 1 of the Administrative Procedures Act.

The decision of the Committee pursuant to Article 5 concerning what is considered to be production costs pursuant to Article 2, Paragraph 3; the amount of the reimbursement; or what is considered to be the total production costs may be appealed to the State Internal Revenue Board.

The deadline for an appeal pursuant to Paragraphs 1 and 2 is 30 days, calculated from the date of the decision by the Committee on Reimbursement for Film Production.]¹⁾

¹⁾ Act no. 58/2016, Article 4.

[Article 7]¹⁾

[If the applicant has received a grant [from public entities]²⁾ for the production of the same film or television programme, the amount of the grant shall be deducted from the amount considered domestic production costs.

[The combined amount of grants from public entities and the total amount of the reimbursement pursuant to Article 5 shall not exceed 85% of the total production costs of the same film or television programme.]²⁾³⁾

¹⁾ Act no. 58/2016, Article 4. ²⁾ Act no. 158/2011, Article 5. ³⁾ Act no. 177/2000, Article 7.

CHAPTER IV

[Article 8]¹⁾

[[The Minister]²⁾ shall issue a Regulation³⁾ concerning the implementation of this Act. [It shall contain provisions on, among other things, the procedures for reimbursements pursuant to this Act; the authorisations of the Committee on Reimbursement for Film Production to defer reimbursements that may be in excess of the funding allocated by Parliament at any given time; the conditions for reimbursements; segregation of accounts pursuant to Article 4, Paragraph 1, Item(c); applications; handling of applications; and decisions on reimbursements.]⁴⁾⁵⁾

¹⁾ Act no. 58/2016, Article 4. ²⁾ Act no. 126/2011, Article 286. ³⁾ Rules no. 622/2012. ⁴⁾ Act no. 58/2016, Article 5. ⁵⁾ Act no. 177/2000, Article 8.

Entry into force

[Article 9]¹⁾

This Act shall enter into force at once. [The Act shall expire on 31 December 2021. Reimbursements approved before that date shall remain in effect, however.]²⁾

¹⁾ Act no. 58/2016, Article 4. ²⁾ Act no. 58/2016, Article 6.

[Temporary Provisions ... ¹⁾²⁾

¹⁾ Act no. 58/2016, Article 7. ²⁾ Act no. 159/2006, Article 3.