Article 17^2. Reduction of Taxable Income in Relation to Funds Granted Free of Charge for the Production of a Film or Part Thereof

1. For the purposes of calculating income tax, funds granted free of charge to a Lithuanian film producer during the period from 1 January 2019 to 31 December 2028 for the production of a film or part thereof in the Republic of Lithuania may, in accordance with the procedure outlined in this Article, be deducted from taxable income when:

Note by the Register of Legal Acts: *The provisions of Paragraph 1 shall apply in calculating and declaring income tax for the 2024 and subsequent tax periods.*

Amendments to Paragraph 1:

No. XIV-2296 dated 15 December 2023, published in the Register of Legal Acts on 14 December 2023, i. c. 2023-24166

1) the film satisfies the cultural content and production assessment criteria established by the Government of the Republic of Lithuania or an institution authorised by it and

2) at least 80 per cent of the total production costs of the film or part thereof are incurred in the Republic of Lithuania, and the costs incurred in the Republic of Lithuania, excluding the costs referred to in Paragraph 3 herein, amount to not less than EUR 43,000, and

3) the total amount of funds granted by all Lithuanian entities or foreign entities through their permanent establishments in the Republic of Lithuania does not exceed 30 per cent of the total production costs of the film or part thereof.

2. No more than 75 per cent of the funds granted free of charge for the production of a film or part thereof in the Republic of Lithuania may be deducted from taxable income. Such funds shall be deducted from taxable income in the tax period in which a certificate confirming that the use of the funds granted free of charge to the film producer complies with the requirements laid down in this Article (hereinafter referred to as the investment certificate) is issued in accordance with the procedure established by an institution authorised by the Government of the Republic of Lithuania.

3. The funds referred to in Paragraph 1 of this Article shall not be deductible from taxable income under the procedure laid down in this Article where they have been used for:

1) consultancy costs related to the preparation of an application;

2) application preparation costs;

3) fines, interest for late payment, litigation costs;

4) the acquisition, construction or reconstruction of non-current assets, where it is unrelated to the production of the film;

5) travel expenses where the Republic of Lithuania is neither the place of departure nor the place of arrival;

6) film development costs;

7) film advertising and marketing costs;

8) film distribution costs;

9) remuneration paid separately to each cast member – the amount exceeding 4 per cent of the total production costs of the film or part thereof incurred in the Republic of Lithuania.

Note by the Register of Legal Acts. *The provisions of the paragraph shall apply in calculating and declaring income tax for the 2019 and subsequent tax periods.*

The Law was supplemented by Article:

No. XII-366, dated 13 June 2013, (Official Gazette, 2013, No. 68-3407 (28 June 2013)

Amendments to Article:

No. XIII-1703 dated 11 December 2018, published in the Register of Legal Acts on 20 December 2018, i. c. 2018-20942

Article 46[2]. Reduction of Income tax in Relation to Funds Granted Free of Charge for the Production of a Film or Part Thereof

1. A Lithuanian entity or a foreign entity operating through a permanent establishment in the Republic of Lithuania that has granted, free of charge, funds in line with the requirements specified in Article 17[2] of this Law for the production of a film or part thereof in the Republic of Lithuania may, in accordance with the procedure outlined in this Article, reduce the income tax calculated for the tax period in which the investment certificate was obtained by the amount of such funds. If the investment certificate is obtained before the expiry of the time limit for filing the income tax return, the income tax payable for the previous tax period, as calculated in the tax period in which the investment certificate was obtained, may also be reduced.

2. The income tax payable for a tax period may be reduced by an amount not exceeding 75 per cent of the funds granted free of charge for the production of a film or part thereof in the Republic of Lithuania. If the amount of the funds referred to in Paragraph 1 of this Article exceeds 75 per cent of the income tax payable for the tax period, the excess may be used to reduce the income tax payable for the next two consecutive tax periods, however, the income tax amount calculated for each tax period may not be reduced by more than by 75 per cent.

The Law was supplemented by Section:

No. XII-366, dated 13 June 2013, (Official Gazette, 2013, No. 68-3407 (28 June 2013)