

The background of the top section is a close-up, artistic shot of a film strip. The strip is curved and shows various frames, some of which are blurred, creating a sense of motion. The lighting is warm, with orange and yellow tones, and there are some bokeh light effects.

Deduction rate is increased for investments in film productions

The Spanish Gazette (BOE) of May 6th, 2020 published the modification of the Spanish Corporation Tax, improving certain aspects of the deduction for investments in film productions.

The most significant change is the increase in the deduction rate from 25% to 30%, when production costs are less than 1 million euros. Above this threshold, the deduction rate is increased from 20% to 25%.

The deduction limit is also significantly increased from 3 to 10 million euros.

If the company that produces the movie applies this deduction and receives aid, the joint limit will in principle be maintained at 50% of the production costs. However, as a new development, reference is made to a greater number of productions for which the joint limit will be higher. Among these, we would like to mention short films (85%), productions made exclusively by female directors and documentaries (75% in both cases).

Additionally, foreign productions are expected to get higher deductions.

Finally, along with some editorial changes, it is specifically established that short films will be eligible for this tax incentive (if they meet the rest of the requirements for the deduction). These productions are in addition to existing productions relating to feature films, fiction, animation or documentary audiovisual series.

These improvements will take effect for fiscal years beginning on January 1st, 2020.

The purpose of the reform is to promote the competitiveness of the Spanish film and audiovisual sector, both nationally and internationally, encouraging job creation.

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Marimón Abogados is a law firm founded in 1931 that offers legal services in all areas of law and has offices in Barcelona, Madrid and Seville. The tax law department is specialized in the field of national and international tax planning. Our team conducts periodic reviews of corporate taxation, detection of contingencies and adoption of preventive measures.

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