

## Municipality of Inari Production Incentive General Terms and Conditions

The business and development team of the Municipality of Inari is carrying out the municipal strategy, in which Inari's unique nature is the basis for all activities. The business and development team's work is guided by the strategy's vitality program, which aims to promote the vitality and livelihood of the municipality. Inari's production incentive focuses on implementing the vitality program's goals of diversifying sources of livelihood and improving year-round development.

The Municipality of Inari grants discretionary production incentives (also referred to as funding) for costs incurred in the production of audiovisual works in the Municipality of Inari. The production incentive is granted for costs incurred within the borders of the Municipality of Inari, within the limits of the business and development team's budget.

### 1. Intention, applying, and criteria

The production must form an independent artistic whole (e.g. film or other audiovisual production) that is based on cultural values and includes artistic and creative work or is a part of such an entity. The production incentive does not support advertising films or marketing videos. The production must have a distribution agreement and plan, or letter(s) of intent for distribution.

If the production receives funding from the Municipality of Inari budget, the production must:

- Make use of Inari as a production location (such as: scenery, architecture); and/or
- Use local artistic or other creative expertise from Inari (such as: writing, directing acting, production planning/design, storyboard design, effects, color grading, animation design, composing/music/sound design, product and costume design, AR/VR elements)

#### 1.1 Application process and evaluation

The production incentive can be applied for using a separate application form in Finnish. Applications can be applied for on a rolling basis. Applications are processed by Inari's business and development team according to the order they are received. Official application decisions will be made in accordance with municipal rules.

When applying for the production incentive, the following must be made clear: an estimate of employment impacts and costs incurred in the Municipality of Inari, the total budget of the production, a funding plan, a description of production content and its implementors, a filming schedule, and a distribution plan, including any relevant agreements made.

The visibility of the municipality, its values, and image, as well as economic impacts on the area in regards to the production will all be examined in the discretionary decision-making process. An overall assessment of the fulfilment of municipal strategic goals and the benefits on the local livelihood ecosystem will affect the decision-making process.

The production incentive is discretionary and must meet these general terms and conditions:

- Supports the values and image of the Municipality of Inari
- Makes use of the location (Inari) in filming



- Respects indigenous cultures and commits to following the International Sami Film Institute's Ofelas – The Pathfinder protocol.

## 2. Form of Support

The production incentive is a maximum of 10% of the production's budget that is allocated to the costs incurred and realized in the Municipality of Inari (also identified as eligible and acceptable costs). The minimum sum that can be granted is 2500 euros.

The production costs eligible are costs incurred and realized in the Municipality of Inari.

Funding decisions may be given on a conditional basis, when 50% of the funding has been secured for the entire budget. In this case, the decision will come into effect only when all of the terms and conditions have been met.

In addition to the production incentive, applicants may apply for an additional 2,5% or 5% discretionary incentive, for those productions that take place during the high season in winter (December-March) and/or productions that have international distribution agreements or letters of intent outside of the Nordic countries. The maximum amount for the additional incentive is 2,5% or 5%, which is counted based on the allocated costs incurred and realized in the Municipality of Inari (also identified as eligible costs). The additional incentive can be applied for when applying for the production incentive.

## 3. Eligibility

The production incentive can be applied for by a company or other organization, or sole entrepreneur that acts as the production's production coordination. The applicant must have an obligation to keep accounting records.

If the applicant is a non-Finnish company or other organization, the production must use a Finnish company (with a Finnish Business ID) as a production coordinator or co-producer. The Finnish production coordinator/co-producer must have a service contract with the funding recipient. The foreign beneficiary is obligated to have the Finnish production coordinator/co-producer supervise the production process and keep accounting records of the costs incurred in the Municipality of Inari. The production coordinator/co-producer must also provide a cost breakdown of the costs incurred and an auditor's report. The foreign beneficiary agrees to the Municipality of Inari also providing the Finnish production coordinator/co-producer with all decision-related documents.

In addition, all applicants, including foreign applicants, are required to make sure that the tracking of costs and reporting for the production are done in accordance with Finnish legislation, and that the accounting is arranged according to Finnish law. All applicants must name an accountable project leader, which in the case of foreign applicants, is the Finnish production coordinator or co-producer.

One production can apply for the production incentive only once with the same information (does not apply to seasons or movie sequels). In the case that a tv-series production will use the same materials for a movie production, this must be included in the original application. If the production is a separate project in its entirety, a separate production incentive application must be filled out.

## 4. Information about funding

The funding decision is public and publicly available online in accordance with municipal regulations. The following information will be public: the beneficiary's name, the production's name, the



production's public description and type, the amount of funding applied for and granted, and the application's register number once the application has been submitted.

The beneficiary must disclose that the Municipality of Inari has funded the project when releasing information about the production. In addition, the production's opening or closing credits, as well as other promotional materials, must mention, in writing, that the Municipality of Inari has provided part of the funding. The municipality logo must also be visible.

The beneficiary must, upon request, provide the Municipality of Inari and its marketing partners with ready or partially ready materials of the funded production in question for the purpose of presenting and marketing samples of works (such as showreels). The beneficiary must provide materials without delay, still taking into account the production's distribution and premier schedule. The beneficiary must make sure that the Municipality of Inari has the necessary rights to marketing materials, taking into account the purpose of these materials; they will inform the municipality of any possible restrictions in the use of said materials.

The beneficiary must comply with Finnish accounting laws and practices, making sure that costs arising from the production can be itemized and their connection with the accounting and the reported costs can be verified. In addition, the beneficiary must also file with the Finnish Trade Register. The Funder can access information regarding funding payment and supervision of the production from other financiers and authorities regardless of non-disclosure agreements.

## 5. Eligibility of costs

Eligible costs include costs directly incurred and realized from the production of an audiovisual work in the Municipality of Inari. Eligible costs incurred during the pre-production period are script writing and development costs incurred and realized in the Municipality of Inari. Costs that are not directly related to the production, such as financing costs and productions made for the company's own use are not eligible.

A production incentive can only be granted for activities that are implemented after submitting a funding application. The cost estimate attached to the funding decision determines the production's maximum amount of eligible costs.

The costs must be fully paid for, entered in the accounts, and in the net amount before the auditor checks them and they are declared to the Funder for payment. The beneficiary must, upon request, provide information necessary for the supervision of production costs.

### 5.1 Declared salaries

Eligible salary costs are salaries paid to the municipal residents of Inari that participated in the production based on work performed in the Municipality of Inari. The salary costs of the individuals

that participated in the production will be reimbursed, as long as they live in the Municipality of Inari and their permanent place of residence as indicated in the Population Register Centre is the Municipality of Inari.

At the request of the Funder, the production incentive applicant must provide the place of residence for those individuals participating in the production when reporting or for the final instalment of the payment. A maximum of 30% of the project's indirect personnel costs of paid salaries are eligible.



## 5.2. Purchased services

Services purchased from third parties can be accepted in accordance with the project plan and invoicing. The company must have a permanent establishment or Business ID registered in the Municipality of Inari. Eligible costs are costs incurred and realized in the Municipality of Inari:

- Purchase of goods and services
- Accommodation and transportation costs
- Costs incurred from renting facilities or equipment

Expenses incurred due to acquiring personal equipment or a permanent office rental or loan are not to be included in production expenses. Costs must be broken down and itemized in a separate attachment. All costs of goods and services must be included without value added tax (VAT).

An estimate of the costs and impact on employment must be provided in the application in an attachment. The applicant must demonstrate that the costs and impact on employment arise specifically from the production process and are not due to the applicant's regular business practices. The employment impacts and costs incurred locally will be confirmed and approved in the final reporting and payment process.

## 6. Reporting of costs and production accounting

The beneficiary's accountable project leader must report on the project's progress to the Municipality of Inari business and development team. The cost breakdown and an auditor's report must be attached in the payment instalment application. Unless otherwise specified, the production's cost breakdown and auditor's report must be provided annually, by the end of December at the latest. If the last day of December in Finland is a public holiday/Sunday, the cost breakdown and auditor's report must be provided immediately on the next working day.

In the case that the funded production incurs costs from two or more calendar years, the costs must be broken down by year. A binding notification of production costs from the previous year must be made by the 10<sup>th</sup> of January. In the case of no notification, the production company loses their rights to the previous year's production incentive.

The beneficiary must, upon request, report on any services used related to the funding for three (3) years after the completion of the project.

All production costs incurred and realized in the Municipality of M Inari must be reported in the final payment instalment at the latest. The beneficiary must provide the auditor's report for the payment instalment, in order to confirm that the production's reported eligible costs meet the funding terms and

conditions. The auditor does not need to audit the content of other costs. Costs incurred from the auditor's report can be approved as direct costs in the project.

The beneficiary must provide the Funder with correct and sufficient information, so that the Funder can supervise the progress of the project and make sure that the beneficiary is meeting the funding decision's terms and conditions. Related audits may also be carried out by another authority or auditor. The right of inspection will remain in effect for a period of ten (10) years from the last payment instalment. The project's documents and other materials related to project supervision and auditing must be stored for at least the same amount of time.



The beneficiary must assist in the inspection process and provide necessary information for the inspector without compensation. The auditor has the right to seize any material subject to audit.

## 7. Payment of funding

The Funder will provide the funding based on costs incurred during the production once the Inari portion has been completed. The payment instalment schedule will be agreed upon during the funding's decision-making process, taking into account the production's size and estimated costs.

The Municipality of Inari will pay the funding to the account provided in the production incentive application, based on approved costs and accounting.

In order to receive payment instalments, the production company must provide the Municipality of Inari business and development team with the payment application, a cost breakdown of the entire production, costs eligible for reimbursement with funding, an auditor's report, and a final report. Once these documents have been approved by the Municipality of Inari business and development team, the applicant will receive an invoicing authorization letter for the approved costs to be reimbursed with the funding.

The invoice must be directed to the Municipality of Inari business and development team and must include the production's project number and record number.

Funding will not be provided if the beneficiary is not able to provide necessary reports, documents, or additional information in the given or separately specified timeframe.

## 8. Changes to the project

The beneficiary must obtain the Funder's consent for project changes in advance/before the change, if the project's progress deviates from the plan. The beneficiary must immediately notify the Funder of other significant changes to the project, such as changes to key personnel resources, changes to the budget, or changes to the schedule.

The beneficiary must notify the Funder in advance, if they make significant changes to their business plan or the division of rights in the organization.

## 9. Discontinuation, repayment, and clawback of funding

Funding may be temporarily discontinued if:

- the beneficiary does not provide the Funder with correct or adequate information in the appropriate timeframe, or uses the funding in a manner that is in violation of the funding decision
- the grounds on which the funding was granted have essentially changed, or the Funder has reason to believe that the requirements for granting the funding have not been met
- there is substantial deterioration in the beneficiary's financial position
- the beneficiary has/accumulates outstanding debt
- the Funder has reason to believe that the beneficiary is not complying with the terms and conditions or relevant legislation (e.g. labor legislation or ethical guidelines applied in the industry)
- the European Union's legislation requires that the funding be discontinued



If the grounds for discontinuation are not corrected or the beneficiary cannot provide necessary explanations within the time specified in the decision to interrupt funding, the Funder has the right to discontinue payment of the funding and claw back funding already paid in whole or in part as explained below. The beneficiary must, without delay, repay any funding or part thereof received through error, in excess, or manifestly without cause.

The discontinuation of funding and clawback of funding will be ordered if the beneficiary:

- has failed to return funding or part thereof that must be repaid according to repayment terms;
- has used the funding for a purpose essentially different from that for which it was granted
- has provided false or misleading information about a matter that has been essential to the granting of the funding, its amount, or terms and conditions;
- has refused to assist in the project audit or failed to provide necessary information;
- has failed to comply with the terms and conditions for the funding;
- has been subject to recovery proceedings, placed into liquidation or bankruptcy, or made subject to restructuring proceedings;
- has terminated the project for which the funding was granted, altered it substantially, or transferred it to another party; or
- has in other ways acted in a manner comparable to the matters stated above

The funding will be discontinued, and must be repaid in whole or in part, if the European Union's legislation requires the funding to be clawed back. The beneficiary must pay interest on the amount to be repaid or clawed back. The interest is applied from the date on which the funding was paid. It is calculated as an annual interest, to which three percentage points are added. The annual interest is determined in accordance with the Interest Act.

## 10. Scope of funding

The funding granted by the Municipality of Inari is considered aid compatible with the internal market in accordance with Article 54 of EU Commission Regulation (EU) No 651/2014, hereinafter the

General Block Exemption Regulation, issued in accordance with Article 107(1) of the Treaty and is meant to encourage audiovisual works.

The audiovisual production incentive is granted as aid. The Municipality of Inari will confirm that the beneficiary is not subject to an outstanding recovery order following a previous Commission decision declaring aid illegal and incompatible with the internal market, and that the beneficiary is not a company in difficulty according to the General Block Exemption Regulation.

The aid program meets all other terms and conditions of Chapter 1 of the General Block Exemption Regulation.

A follow-up notification of the aid program will be submitted electronically to the Commission via the Ministry of Employment and Economy, as per Chapter 2 of the General Block Exemption Regulation.

## 11. Application documents

- Application



- Production plan
- Letters of intent or copies of decisions on secured funding, distribution, and sales arrangements (separate attachment)
- Production synopsis, treatment, and script (separate attachment)
- Estimated costs of the project; separate attachment, in which all regional costs, purchases, employees, and services are specified (registered locations of companies used, Business IDs, occupational groups, the municipality in which employees are taxed)
- Marketing collaboration proposal; separate attachment describing collaborations with the area.
- Most recent financial statement for fiscal year (separate attachment)

