

# Abu Dhabi Film Incentives: A Reminder of the Basics

Fiona Robertson - Senior Counsel, Head of Media - Digital and Data  
- Dubai International Financial Centre

To remind people of this potential source of funding – and at 30% of spend, it is one of the highest rebates in any country – below is a summary of the basic provisions of the regulations and a synopsis of the process involved.

## What Does the Rebate Cover?

Many different types of production can attract the rebate:

As is usual with rebates globally, feature films are included. To qualify as a feature for the rebate, the film should be at least 75 minutes long and “intended for initial commercial distribution to cinemas”. The rebate is not genre specific and can even apply to documentary filmmaking.

The range of television programming that will qualify for the rebate is very broad with the key criteria being, again, that it must be intended for commercial distribution. Neither vanity nor fund raising projects qualify for the rebate, nor do sports, news or current affairs or anything “magazine” style (such as talk shows, infotainment or lifestyle shows). However, this still leaves a lot of genres including comedy, drama, documentary, game shows and reality TV. The program can be stand-alone or a series but must have a minimum 30 minute duration per episode. Each series or season of a program is however only entitled to receive the rebate once.

The most unusual aspect of this rebate is that commercials and music videos also attract the rebate although for music videos, you do need to show that the video has been commissioned by an international entity for use commercially.

Animation is not yet covered by the rebate in any category.

## What Does the Rebate Apply To?

The rebate applies to the expenditure incurred in respect of goods or services that are supplied in Abu Dhabi for the production. The shoot must have a minimum duration of one day. The rebate applies to any category of goods and so would naturally include all aspects of the shoot – catering, equipment, set build, filming, extras, travel, post-production and the rest but interestingly, the rebate also can be claimed against some unusual elements:

- airfares booked through Abu Dhabi entities;
- per diems (daily expenses, allowances);
- legal and accounting fees; and
- public liability and workers’ insurance.

As with all such rebate schemes, it is important to cross check the current legal position before you book crews and fly people to the UAE as there are some important limitations on allowable expenditures. For example, per diems are currently limited to USD 100 per day per person for cast and crew. Cast fees cannot usually be claimed as local expenditure, although extras may be allowed.

There are also limits on the amounts that can be claimed. At the time of writing, for example, for feature films, the maximum rebate is USD 5,000,000 and advertising has a limit of USD 500,000.

### **When Does the Rebate Apply?**

To obtain the rebate, you need to pay for budget items through a local Abu Dhabi based company. This can be done by hiring a local company to do the actual production. It can also be achieved by securing a local production services entity, undertaking the filming yourself and then having that production services entity pay the third parties (commonly known as a 'pass through'). In this case, the local production services entity will have to apply for the rebate and will receive the money to their account. Note that joint applications are not permitted.

### **What is Excluded from the Rebate?**

It is important that the production is financed by a third party that is resident outside of the UAE. So content that is financed by an entity within the local UAE market does not qualify for the rebate.

This condition does not apply to:

- feature films and telemovies of over 75 minutes duration; and
- long form television drama or comedy with at least 13 x 30 minute episodes.

These two forms of production can be financed locally.

### **How to Apply?**

In this process, as with many processes in the region, the paperwork is very important and can alter from time to time. Potential applicants are advised to thoroughly check the current requirements before applications are made and note that the Authorities are always able to request further documentation or information if they feel it is necessary to do so.

At the outset, the application process involves the following:

1. the production must be approved by the Abu Dhabi Film Commission or the National Media Council in the UAE - this process is managed by the Abu Dhabi Film Commission; and
2. a list of required documentation must be lodged in order to secure an Interim Certificate, currently:
  - the above approval;
  - the relevant application form;
  - shooting script, treatment or format;
  - proposed production schedule;
  - the proposed budget for the Abu Dhabi elements of the production;
  - the agreement between the applicant and the actual producer;
  - the agreement between the relevant party and the foreign finance source; and
  - proof of relevant insurance.

Once production is complete, the applicant must provide an auditor's report on the costs incurred and the rebate claimed, sample footage from the shoot and a sworn statement in the approved form.

The application will then undergo final assessment - this process usually takes a couple of weeks and payment can be made within 60 days of the issuing of that final assessment.

*The Technology, Media and Telecommunications team at Al Tamimi & Co regularly advises clients about matters relating to content financing, production and distribution for all types of media. For further information, please contact Nick O'Connell (n.oconnell@tamimi.com) or Fiona Robertson*

*(f.robertson@tamimi.com).*