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**REPUBLIC OF COLOMBIA**  
**AGREEMENT N.º 113 OF 2024**  
**COLOMBIA FILM PROMOTION COMMITTEE**

In exercise of its legal powers, in particular those conferred by Law 1556 of 2012, as amended by Law 1955 of 2019 and Decree 1080 of 2015,

**WHEREAS**

[...]¹

That, in accordance with Article 6, numeral 1 of Law 1556 of 2012 and based on the amendments provided for in Law 1955 of 2019, by means of Agreement 60 of 2020, the Colombia Film Promotion Committee adopted the Resource Allocation Manual, which regulates the requirements for the allocation of resources from the Colombia Film Fund, as well as for the allocation of Certificates of Audiovisual Investment in Colombia, on the occasion of carrying out audiovisual activities in the country through the contracting of local services.

That Agreement 60 of 2020 has undergone successive modifications in accordance with the requests and forms of the audiovisual sector, which has boosted the development of audiovisual activities in the country.

That it is necessary to adopt a new Resource Allocation Manual that integrates and updates, according to sectoral requirements, the set of requirements for the application, approval, execution, and monitoring of audiovisual projects that aspire to be recipients of the Colombia Film Fund or Certificates of Audiovisual Investment in Colombia.

**WE HAVE AGREED**

[...]

**Article 1. Decision.** To approve the following Resource Allocation Manual.

**Article 2. Index.** A thematic index is presented to facilitate the consultation of this Manual. Notwithstanding the above, applicants must read all regulations.

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¹ [...]: this is included in the parts of the agreement not related to the Resource Allocation Manual, which are excluded from this document for ease of reading.

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## **CHAPTER I GENERAL INFORMATION**

**Article 3. Object.** This Resource Allocation Manual establishes the principles, requirements and conditions for the application, approval, follow-up, and coverage of audiovisual projects with the consideration from the Colombia Film Fund or with the tax discount covered by Certificates of Audiovisual Investment in Colombia, as provided for in Law 1556 of 2012, as amended by Law 1955 of 2019.

**Article 4. Use of terms.** For the purposes of this Manual, the following concepts and acronyms shall be observed:

4.1. Incentive instruments of Law 1556 of 2012. This concept will be used in this Manual to jointly designate the incentive systems established in Law 1556 of 2012, as amended by Articles 177 and 178 of Law 1955 of 2019, to promote the development of audiovisual works in the Colombian territory.

These instruments are, on the one hand, the FFC's Cash Rebate and, on the other hand, the tax rebate covered by Certificates of Audiovisual Investment in Colombia.

4.2. Colombia Film Fund. Fund created by Law 1556 of 2012, which finances the compensation system established therein. In this Manual, it will be identified by the acronym FFC.

4.3. FFC's Cash Rebate. FFC resources allocated to the producer whose audiovisual project has been approved by the CPFC, once all the conditions set out in the FFC regulations have been met.

4.4. Certificates of Audiovisual Investment in Colombia (CINA). Securities documents, negotiable in the name of the foreign producer responsible for the audiovisual project, through which the tax discount system created in article 9 of law 1556 of 2012, modified by article 178 of law 1955 of 2019, is covered. In this Manual, Certificates of Audiovisual Investment in Colombia will be identified with the acronym CINA.

4.5. Colombia Film Promotion Committee. Decision-making body for the incentive instruments of Law 1556 of 2012. In this Manual, it will be identified by the acronym CPFC.

4.6. Colombia Filming Contract. Legal agreement to be entered into by the applicant producer of the audiovisual project approved by the CPFC, in order to regulate the conditions for the allocation of the incentive instruments of Law 1556 of 2012.

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- 4.7. FFC Regulations. Set of provisions of Law 1556 of 2012, as amended by Law 1955 of 2019, Decree 1080 of 2015, as amended by Decree 474 of 2020 and other regulatory norms; this Resource Allocation Manual, CPFC decisions, the Contracting Manual or any other norm that regulates aspects related to the allocation of the FFC consideration.
  - 4.8. CINA Regulations. Set of provisions of Law 1556 of 2012, as amended by Law 1955 of 2019, Decree 1080 of 2015, as amended by Decree 474 of 2020 and other regulatory norms; this Resource Allocation Manual, CPFC decisions, the Contracting Manual or any other norm that regulates aspects related to the allocation of CINA.
  - 4.9. Postulated project. It is the project submitted for consideration by the CPFC and corresponding to any of the audiovisual works covered by the incentive instruments of Law 1556 of 2012. In this Manual it may be referred to as the nominated project, the audiovisual project, or generically as the project.
  - 4.10. Feature film. In accordance with the provisions of Article 2.10.1.1, Title I, Part X of Decree 1080 of 2015 and according to the legally adopted definitions, the feature film designates elements that harmonize to constitute it, and comprise an artistic object and cinematographic language, a set of moving images, with or without sound, and a material support that allows them to be fixed.

In line with the preceding paragraph, the expression feature film refers to the concretion and structural conjunction of the aforementioned elements.

The following are not considered feature films:

- a. Due to its window: Those made with television as an essential window for public communication, except for feature films intended for television with a duration of not less than 52 minutes, excluding commercials.
- b. Due to its series nature: Soap operas, documentaries, series, or works of any genre that are clearly intended to be broadcast on television with identifiable periodicity or under the coverage of the same programming space.
- c. Due to its advertising or marketing purposes: Those with the appreciable purpose of advertising or marketing products, institutions, goods, services or any other activity or object.
- d. Because of its institutional nature: Those whose purpose is to highlight the image, activity, or services provided by a specific public or private institution.

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- e. By limit of display or hearing of marks: Those that use in an appreciable and/or repetitive manner visualization or sonorous mention of product or service brands, in such a way that it may be understood as an institutional or advertising work.
  - f. Because of its fundamentally pedagogical purpose: Those whose main purpose is to educate about a fact, product, behaviour, or activity.
- 4.11. National feature film. That which meets the Colombian nationality requirements (artistic, technical, and economic) set forth in Law 397 of 1997, Decree 1080 of 2015 or in the provisions that modify them.
- 4.12. Non-national feature film. The one that does not meet the requirements (artistic, technical, and economic) described in the previous numeral.
- 4.13. Series. Audiovisual work of fiction, documentary, or others approved by the CPFC, which is broadcast or communicated to the public in chapters. This includes reality, short web series, or non-scripted works. In the case of seasonal series, each season is considered a different project, so an application must be made for each one.
- 4.14. Video game. Audiovisual work, consisting of an interactive application that leads to an experience that allows interaction with the elements contained in it, through the use of audiovisual and software tools.
- 4.15. Music video. Audiovisual work essentially aimed at representing a musical work or artist. It does not include concert recordings, although it may correspond to concert documentaries that do not correspond to a Colombian cinematographic work, in accordance with the provisions of numeral 4.12.
- 4.16. Advertising audiovisual production. It is the audiovisual work that has a purpose strictly aimed at the marketing of goods, products, brands or services, among others.
- 4.17. Non-national audiovisual work. For the purposes of this Manual, a non-national work is a work that has foreign economic participation and is submitted in that amount, by decision of its producer, to the tax rebate under the CINA.

In the case of audiovisual works submitted to the FFC's Cash Rebate system, their producers, both nationals and foreigners, will decide under which nationality they apply.

This does not apply to cinematographic works, which are subject to the definition of nationality set out in 4.11 and 4.12.

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For the purposes of the general management of the audiovisual work, the Management Entity may certify that a non-film audiovisual project has the participation of Colombian production companies and therefore has a national component. For this purpose, the relevant documentation shall be requested.

4.18. Services in Colombia. According to Decree 1080 of 2015, Article 2.10.3.3.3.4, added by Article 1 of Decree 1091 of 2018, cinematographic or audiovisual services for the purposes of Articles 9 and 14 of Law 1556 of 2012, its amending or regulatory provisions and this Manual:

- a. Cinematographic or audiovisual services: specialised activities directly related to the pre-production, production and post-production of feature films or audiovisual works, including artistic and technical services provided by Colombian individuals or legal entities domiciled or resident in the country.
- b. Film or audiovisual logistical services: Hotel, food and transport services necessary for the film or audiovisual project.

For the purposes of this Manual, the generic terms audiovisual services will be used to refer to those described in subparagraph 'a'; and audiovisual logistics services will be used to refer to those described in subparagraph 'b'.

Together, both modalities of services may be referred to in this Manual as the National Services for the Project.

The National Services for the Project must be provided by Colombian individuals or legal entities, materially and in all respects in Colombia, without room for other interpretations. It is not sufficient that the service is invoiced by a Colombian for the service to be considered a service in Colombia. The Management Entity may verify everything related to the expenses in National Services for the Project that the producer intends to assert for the purposes of the incentives, making unfeasible any recognition of expenses that does not comply with this parameter.

Legal entities must demonstrate domicile in Colombia, understood for the purposes of this Manual as the address of their headquarters in the country.

Colombian individuals must be Colombian nationals and domiciled, i.e. they must have a permanent residential address in Colombia and be resident in the country, understood for the purposes of this manual as having been in the country continuously or discontinuously for no less than 183 calendar days in the calendar year of the expenditure.

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- 4.19. Film services company: A legal entity legally incorporated in Colombia and registered in the Registry of Film Service Providers of the Ministry of Cultures, Arts and Knowledge, whose object includes the provision of film services.
- 4.20. Producer: The one who has the initiative, coordination, and responsibility for the production of the audiovisual work. It is responsible for entering into contracts with the individuals and entities involved in the production of the work, and is the holder of the economic rights of the work.

Only audiovisual projects whose producers are legal entities may apply to the incentive instruments of Law 1556 of 2012.

- 4.21. Applicant producer. Producer who applies with an audiovisual project to the incentive instruments of Law 1556 of 2012. In this Manual, it may be referred to as producer or production company.
- 4.22. Budget of total expenditure in the country: It is the budget submitted by the producer that includes all the items and amounts that will be executed in the country, classified into audiovisual services and audiovisual logistics services, taxes and other expenses. This budget is an integral part of the audiovisual project, if approved by the CPFC.
- 4.23. Budget of expenditure subject to cash rebate: It is the budget of expenditure on audiovisual services and audiovisual logistical services in the country subject to the FFC's Cash Rebate, before VAT. This budget excludes non-viable expenditure against FFC's Cash Rebate.
- 4.24. Budget of expenditure subject to CINA. It is the budget of expenditure on audiovisual services and audiovisual logistical services in the country eligible for CINA, before the application of VAT. This budget excludes expenditure that is not eligible for CINA.
- 4.25. Minimum expenditure in the country: Expenditure on audiovisual services or audiovisual logistical services in Colombia, for a minimum amount described in this Manual for each type of audiovisual work eligible for the incentive instruments of Law 1556 of 2012. In this Manual, the concepts of investment and expenditure are considered analogous.

For the calculation of the minimum expenditure, the reference used is the legal monthly minimum wage in effect in Colombia in the year the project is approved.

- 4.26. SMLMV. Legal monthly minimum wage in force in Colombia, which changes every year. For the purposes of this Manual, the calculation in SMLMV will not take into account the transport allowance.



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4.27. Contributions to the Integral Social Security System. These refer to all the contributions or payments foreseen by the Integral Social Security System in force in Colombia destined to guarantee the coverage of benefits of an economic nature, health and complementary services, subject of this law 100 of 1993, or others that may be incorporated in the future.

4.28. Production. This refers to work related to audiovisual production in its different stages of conception and realisation. In this Manual, the production stage is differentiated from the post-production stage.

Post-production incorporates, among other services or activities, those of: video or audio editing; colour correction; colourisation; visual effects; animation; sound design or mixing; foli creation; localisation services; dubbing; subtitling; closed captioning; audio description; mastering; ingest and synchronisation of material; and playback or copying. For this manual, post-production does not include the processes of digital downloading of material or previews during production, which are part of the production stage.

4.29. Management Entity. It refers to the non-profit entity that, through a partnership with the Ministry of Commerce, Industry and Tourism (in the case of the FFC), and the Ministry of Cultures, Arts and Knowledge (in the case of the tax rebate under CINA), carries out the management of the different processes foreseen in this Manual. This Management Entity is Proimágenes Colombia.

4.30. Proimágenes Colombia. 'Fondo Mixto de Promoción Cinematográfica', created in accordance with Article 46 of Law 397 of 1997, is an autonomous, non-profit civil corporation with state and private members, governed by private, civil and commercial law.

By decision of the Ministry of Commerce, Industry and Tourism; of the Ministry of Cultures, Arts, and Knowledge; and of the Colombia Film Promotion Committee; respectively, and based on decree 1080 of 2015, modified by decree 474 of 2020 and the relevant agreements entered into with these entities, it is the civil corporation that carries out the management of the FFC. It is also the Technical Secretariat of the CPFC and operates as the National Film Commission.

In this Manual, it will be referred to as Proimágenes, Technical Secretariat, or as the Management Entity, as appropriate.

**Article 5. General precepts.** The following general precepts shall be observed in the management and use of the incentive instruments of Law 1556 of 2012:

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- 5.1. Equality: Projects will be evaluated according to the same criteria, with no order of priority or prevalence between them.
- 5.2. Responsibility: Failure to accomplish the project generates the consequences foreseen in this Manual and in the Colombia Filming Contract.
- 5.3. Veracity: All documentation and information submitted by the producer to the CPFC is presumed to be truthful. By applying, the producer accepts that the CPFC and the bodies designated in this Manual verify the information they consider; likewise, the producer agrees to submit any clarification required to confront aspects of the project and accepts that no incentive instrument of Law 1556 of 2012 will be provided until any doubts are clarified.

Expenses derived from audiovisual services, or audiovisual logistical services supplied outside Colombia are not subject to CINA. The Management Entity may carry out the relevant verifications.

Any doubt as to the veracity of the information entitles the Management Entity to refrain from allocating the incentives of Law 1556 of 2012, notwithstanding the application of the agreed contractual measures.

For all purposes, the Management Entity shall define sufficient formats and forms of accreditation of the activities fully carried out in the country.

- 5.4. Concurrence: The same producer may apply to the CPFC with several projects.
- 5.5. Information to the producer: Information on project applications or accreditation of applicants does not constitute advice to the producer, nor does it constitute a promise of allocation of any of the incentive instruments of Law 1556 of 2012.
- 5.6. The costs incurred by the producer for the application are the sole responsibility of the producer.
- 5.7. Application of deadlines: When the FFC or CINA regulations refer to days, these are understood to be working days, i.e. any day from Monday to Friday, excluding holidays in Colombia. In the event that the last day of a deadline is not a working day, it will run on the next working day, regardless of whether the deadline is established in years, months, or days.
- 5.8. Rights: The allocation of any of the incentive instruments of law 1556 of 2012 does not confer patrimonial rights to the CPFC or the Management Entity over the

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projects. Nor does it imply solidarity or responsibility of these bodies over the projects.

Given the nature of audiovisual projects and their stages, the following events cannot be claimed as an excuse for non-fulfilment of the contract or of the project, nor can they be alleged as an event attributable to third parties or force majeure or unforeseeable circumstances: (a) The insufficiency of other sources of funding different from the incentive; (b) The difficulties, discrepancies, or litigation inherent in the contractual relations of the applicant producer with the artistic, technical, creative staff or with other co-producers, participants, investors, dependents, or third parties linked to the project, or the facts of these; (c) The contingencies involved in the stages of the audiovisual work.

The applicant producer accepts that it will be directly and autonomously liable before the Management Entity and third parties for any act related to the application, regardless of who within the applicant producer's organisation (employees, dependants, contractors, agents, among others) may have committed it.

Applicants declare and undertake to indemnify and hold harmless the Management Entity and Colombian public bodies against any claims from third parties related to their projects. This Manual and the Colombia Filming Contract establish the consequences of non-compliance with the project.

- 5.9. **Publicity.** The applicant producer expressly authorises the Management Entity and members of the CPFC to provide any information related to the Project, when a public entity so requires in the exercise of its powers.

Likewise, it understands and accepts that it is public and that the Management Entity and public bodies members of the CPFC may provide to the public and to any person who requests it, the information of the project, related to: (a) Who is the recipient of the incentives of Law 1556 of 2012; (b) Amount of the Incentive and disbursements; (c) Contractual timeframe; (d) Title of the Project; (e) In general, all other information that is not expressly subject to reserve by law, relating to the recipient of the respective incentive of Law 1556 of 2012, the Project or the Colombia Filming Contract.

Paragraph. No project, irrespective of its stage, may receive both CINA and FFC allocations concurrently.

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## **CHAPTER II COLOMBIA FILM FUND (FFC); CASH REBATE**

### **SECTION I PROJECT APPLICATION**

**Article 6. Eligible projects.** Audiovisual projects of any nationality, corresponding to the following categories, may apply for the Colombian Film Fund (FFC) cash rebate:

- 6.1. Feature films.
- 6.2. Series.
- 6.3. Music videos.

**Article 7. Components.** Applications may be made for the following components:

- 7.1. Production that includes filming in the country.
- 7.2. Production and post-production component.
- 7.3. Post-production: Only for projects that have previously received FFC production compensation before applying. Projects whose sole scope is post-production are not acceptable.
- 7.4. Animation: Projects in which, according to Decree 1080 of 2015, it is not essential to carry out filming, but rather the processes relevant to this technique.

**Article 8. Applicants.** Legal entities that are producers of the audiovisual project may apply.

For foreign projects, all necessary processes, from the application to the allocation of the FFC's Cash Rebate, may be carried out through the project's film services company. This, under the figure of Power of Representation or mandate; always, in the name and on behalf of the foreign producer, in the format established by the Management Entity.

**Article 9. Minimum expenditure in the country.** By applying for the FFC, the producer is obliged to make, separately or jointly, expenses in audiovisual services and/or audiovisual logistics services in Colombia, for a minimum amount of:

- 9.1. Feature films: One thousand eight hundred (1,800) SMLMV, including taxes.

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- 9.2. Series: One thousand eight hundred (1,800) SMLMV, including taxes. The minimum expenditure may be distributed up to four (4) serial chapters. If the series is going to have a total expenditure in the country equal to or greater than nine thousand (9,000) SMLMV, the minimum expenditure may be distributed over a greater number of chapters.

In short serial content for the web and 100% animated series, a package of up to twenty-five (25) chapters may be submitted within the minimum of one thousand eight hundred (1,800) SMLMV.

- 9.3. Music videos: One thousand eight hundred (1,800) SMLMV, including taxes. This minimum expenditure can be distributed in a package of a maximum of twenty-five (25) videos.
- 9.4. Post-production of projects that prior to the application had been recipients of the FFC compensation for production: One thousand eight hundred (1,800) SMLMV, including taxes.

**Article 10. Restrictions.** The following may not apply for FFC's Cash Rebate:

- 10.1. Projects that have any economic or patrimonial participation (producers, investors, sponsors, financiers in any capacity), artistic or technical (artistic and technical personnel according to Decree 1080 of 2015), authorial (scriptwriters, pre-existing work, music, designs) of a CPFC member.
- 10.2. Projects in which the executive personnel of the production company or film services company have a relationship with a member of the CPFC as: spouse or permanent partner, or kinship up to the second degree (parents, children, siblings, cousins, uncles, husband or wife, permanent partner).
- 10.3. Projects that have been previously approved to receive the FFC's Cash Rebate or CINA, except in the case of the post-production component provided for in this manual, or in the case of the withdrawal option.
- 10.4. Projects related to legal entities that fall under any of the restrictions of this article. This includes (a) those that have the status of producer, co-producer, investor, sponsor (or financier in any capacity) or film services company of the project; or (b) members of the same business group as the applicant producer.
- 10.5. Projects whose producers, co-producers, partners or investors have omitted the obligations established in article 52 of this Manual.

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10.6. Projects that are in the process of applying for, or have been approved to receive:

10.6.1. Incentives from the Film Development Fund (Law 814 of 2003).

10.6.2. FFC's Cash Rebate or CINA.

10.7. Projects that have obtained the national project resolution for tax deduction (Law 814 of 2003).

10.8. Producers who have breached, on any occasion, the Colombia Filming Contract.

Paragraph. The producer may withdraw from carrying out or completing the project at any time, informing the Management Entity of such decision, before or after entering into the Colombia Filming Contract, in which case the bid bond will be in favour of the FFC. No FFC's Cash Rebate payments will be made for projects that are withdrawn.

**Article 11. Opportunity.** Applications must be submitted to the Management Entity through the technological platform determined by it. If corrections are required, they will be managed through the communication channel and deadlines determined by said entity.

Paragraph. The Management Entity will only present to the CPFC for consideration projects that, in the five (5) business days prior to the date of the session, meet all the application requirements, including clarifications, corrections and/or corrections.

**Article 12. Application requirements.** The project must be submitted on the platform provided, including a digital copy of all the following documents and information:

12.1. Application form signed or accepted electronically by the legal representative of the applicant production company.

12.2. Documents of the applicant producer:

12.2.1. Citizenship card, foreign identity card, passport or equivalent document that allows the legal identification of the applicant production company.

12.2.2. The following documents, regarding the legal entities related to the project:

A) For Colombian producers and film services companies: certificate of incorporation and legal representation issued by the Chamber of Commerce, with an issue date no greater than thirty (30) calendar days.

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- B) For foreign applicant producers: document(s) issued by an entity, institution, or authority sufficiently authorized in the country of origin, stating, at least, the following: (i) that the company has an active, authorized, valid, or equivalent status; (ii) the current name or corporate name of the company; and (iii) the individuals authorized to represent the company.

This document(s) must have an issuance date not exceeding thirty (30) calendar days. The document(s) issued by a public authority must be legalized by a consulate or apostilled for entering into the Colombia Filming Contract, in the event the project is approved.

For the purposes of this section, the Management Entity may determine which documents are acceptable in each jurisdiction; information that must be made available to applicants.

12.2.3. Curriculum description of the production company with details of other audiovisual activities, audiovisual service work or, in general, management or performance in creative, technical or production fields in these activities.

12.2.4. Certification, in the pre-established format, that the company submitting the project is the project's producer. This is irrespective of whether there are any co-producers.

12.2.5. Identification of the corporate or business group to which the company applying for the project belongs, and the relationship of the business group with the project, if applicable.

The applicant producer may register with the Management Entity at any time by submitting the documents indicated in this section (12.2), which will be valid for applications, or requests for modifications, from their submission until the end of the following calendar year. During this period, for each application or request, the producer will only have to corroborate the validity of the accredited information using a format defined by the Management Entity. If there is any change, the foreign producer must provide the updated documents.

### 12.3. Project information:

12.3.1. Information required for each type of project, which will be published in an annex, updated by the Management Entity, taking into account the particularities of each audiovisual genre or type.

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12.3.2. Certification, in a pre-established format, stating that the submitted audiovisual project did not opt for or receive CINA or incentives under Law 814 of 2003.

12.3.3. Expenditure in Colombia:

- A. Budget of total expenditure in the country, itemized.
- B. Budget of expenditure subject to cash rebate, itemized.

12.4. Letter of commitment from the film services company (mandatory when contracting audiovisual services for non-national projects), signed by its legal representative. There may be several of them, in which case a letter of commitment from each one is required.

12.5. Explanatory document of the project's financing plan, which must demonstrate its financial feasibility. This document must contain, at a minimum, the following information:

12.5.1. List of sources of financing for the total expenditure budget in the country, other than the FFC, with their respective values in Colombian pesos and identification of the reference date of the applicable exchange rate.

12.5.2. Description of the legal instruments, financial vehicles, mechanisms and/or relevant documents that support the sources described in the previous numeral.

For the purposes of this requirement, the following rules apply:

- A) The sources of financing must be fully confirmed and secured by the producer.
- B) Sources in a preliminary or negotiation stage (such as memorandums of understanding or letters of intent) are not acceptable.
- C) The Management Entity may adopt formats for the provision of the required information.
- D) The Management Entity may request a copy of the legal instruments, financial vehicles, mechanisms and/or relevant documents, if it deems it necessary for the analysis of the project.



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E) If, due to justified circumstances presented to the CPFC, the explanatory document of the financing plan cannot be provided at the time of application, it may be submitted to the CPFC before the opening of the trust whose constitution is provided for in this manual. In this case, before the opening of the trust, the Management Entity must inform the applicant producer of the approval of the financing plan. The Colombia Filming Contract will stipulate that it will be terminated if the consideration is negative.

12.6. Bid Bond: Receipt of deposit, according to the instructions of the Management Entity, for the amount of forty (40) SMLMV, as a commitment to the execution of the producer's obligations. The following rules apply:

12.6.1. Ninety percent (90%) of the value of the bid bond shall only be refunded to the producer (a) in the event that the project is not approved by the CPFC, except in circumstances of untruthful information; or (b) if the project is withdrawn prior to the CPFC's evaluation. This repayment shall be made without returns or indexation, together with bank charges.

12.6.2. The value of the bid bond will be allocated for the purposes of the FFC upon approval of the project by the CPFC, regardless of the subsequent developments related to the project.

12.6.3. There will be no refund of the bid bond for applications rejected in cases of doubt regarding the veracity of the submitted documents, or in cases falling under any of the current restriction criteria, regardless of the timing of the rejection.

First paragraph. All documents must be submitted in their original language and translated into Spanish, with the exception of the identification document and itemized budgets.

Second paragraph. All documents and requirements set forth in this manual are considered essential for the evaluation of the applications.

**Article 13. Evaluation procedure.** The following procedure shall be followed in the evaluation of projects:

13.1. The Management Entity will verify compliance with the project application requirements.

13.2. The Management Entity will inform the producer of the need to supplement documents or content within ten (10) days of receipt, specifying the deadline for

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doing so. If the request is not met, the project will not be evaluated and will remain at the producer's disposal at the Management Entity.

- 13.3. Once the application is complete, the Management Entity will prepare an opinion for the CPFC regarding the verification of requirements and the relevance of the project, in accordance with the criteria of Law 1556 of 2012, Article 1 (promotion of the national territory for audiovisual filming; promotion of tourism activity, the image of the country and the development of the national film industry). The opinion does not oblige the CPFC.
- 13.4. Eligible projects will be presented to the next CPFC session in a general package if, five (5) days before the CPFC meeting, they have received a positive evaluation from the Management Entity. If the producer has not completed all required documents and clarifications before this deadline, the project will not be presented to the CPFC. The order will depend on the date when the projects have met all the application requirements, regardless of their initial receipt date.

**Article 14. Project approval.** The CPFC shall decide on the approval or disapproval of projects for reasons relating to compliance with the purposes set forth in Law 1556 of 2012, Article 1 (promotion of the national territory for audiovisual filming; development of the national film industry; promotion of tourism activity and the image of the country), for which it may define processes, guidelines, criteria, or weightings that serve as input in the preliminary evaluation of the Management Entity, and for its autonomous decision.

Upon approval of a project by the CPFC, the budget for expenditure in the country on audiovisual services and logistical audiovisual services is set, as well as the maximum amount of the FFC's Cash Rebate for the respective initiative. Additionally, the signing of the Colombia Filming Contract will be ordered.

The CPFC will prioritize the approval and allocation of the FFC's Cash Rebate by considering all the projects presented. Its decisions will be set forth in agreements.

**Article 15. Grounds for non-approval.** Projects will not be approved when:

- 15.1. There are reasons to doubt the veracity of the submitted documents.
- 15.2. It is verified that any of the submitted documents and requirements do not meet the standards established in this Manual.
- 15.3. The applicant producer or the project falls under any of the circumstances provided in Article 10 of this Manual.

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15.4. The CPFC deems the project not relevant for the purposes established in Law 1556 of 2012 (promotion of the national territory for audiovisual filming; promotion of tourism activity, the country's image, and the development of the national film industry).

The Management Entity will inform the applicant about these situations.

## **SECTION II COLOMBIA FILMING CONTRACT; PROJECT EXECUTION**

**Article 16. Contract and commitments.** Once the project is approved, the producer must comply with the following:

16.1. Enter into the Colombia Filming Contract with the Management Entity within a maximum of twenty (20) days following the communication sent by the latter. If the producer does not do so within this timeframe, it is understood that the producer withdraws from the project, and the FFC's resources will be immediately released for other projects.

16.2. Establish a trust for the administration and payment of the resources that will be spent on audiovisual services and logistical audiovisual services, identified for this purpose, within a period not exceeding three (3) months from the entering into of the Colombia Filming Contract.

The failure of the producer to establish the trust within the required time implies that the producer withdraws the project, even if the trust is established late. The FFC's resources will be immediately released for other projects.

16.3. In the case of non-national projects, to contract the audiovisual services through one or more of the film services companies indicated in the project's application.

If a change is intended for one or more of the film services companies proposed in the project, prior approval from the CPFC must be sought. Expenses that do not comply with this procedure will not be accepted to receive the FFC's Cash Rebate.

If the producer voluntarily engages a film services company for the execution of expenses in logistical audiovisual services, the producer is subject to all the rules of this manual regarding cinematographic services. The same applies to national audiovisual works that opt for the service described in this section.

16.4. Carry out the proposed activities. The Management Entity may designate a person to witness and verify such activities.

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- 16.5. Comply with the obligations set forth in Article 52 of this Agreement.
- 16.6. Provide the reports established in this Manual, as well as those required by the CPFC or the Management Entity regarding the project.
- 16.7. Any other stipulations set forth in the Colombia Filming Contract.

**Article 17. Execution of the budget of expenditure subject to cash rebate.** The execution of the budget of expenditure subject to cash rebate must comply with the following parameters and requirements:

- 17.1. The expenditure on audiovisual services and logistical audiovisual services within the budget of expenditure subject to cash rebate must be at least one thousand eight hundred (1,800) SMLMV, including taxes, subject to the parameters of this chapter. In any case, the cash rebate will only be recognized up to the value approved by the CPFC.
- 17.2. Payments and transfers within the budget of expenditure subject to cash rebate destined for audiovisual services or logistical audiovisual services must be made from the trust entity. This entity may make payments in advance, without limitation, which must be legalized and subject to the accreditations required in this Manual.

The respective resources from abroad must be brought in through the exchange system and in accordance with legal regulations; the producer must accredit this before the financial entities or competent authorities.

- 17.3. For the purposes of the FFC's Cash Rebate, expenses must be made within a maximum period of twenty-four (24) months from the starting date of the Colombia Filming Contract, except in the case of animation projects where the period may be up to forty-eight (48) months.

The expense is considered made with the transfer by the trust entity to its final recipient.

First paragraph. In any case, each producer, according to the project typology, may indicate the required time according to their schedule, without exceeding the maximum period per project typology, which will be provided for in the Colombia Filming Contract. Expenditures that do not comply with the provisions of this article will not be subject to the FFC's Cash Rebate. If the maximum period for the project's completion elapses without fulfilment, it will be understood that the producer has withdrawn.

Second paragraph. During the project's execution, in the course of the Colombia Filming Contract, the producer may request one or more extensions of the budget of expenditure

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subject to cash rebate, up to a maximum of fifty percent (50%) of the initial value presented in Colombian pesos, detailing the additional expenditures to be made and the improvement in the demand for services in the country.

The CPFC may favourably consider or deny such a request based on priorities and the availability of resources. Similarly, it may request any documentation deemed necessary to support the extension.

If the decision is favourable, the budget of expenditure subject to cash rebate will be increased by that amount. The Colombia Filming Contract will contemplate this scenario from the outset. In this case, it is not mandatory to increase the bid bond.

Regarding the addition, the parameters defined in this Manual for the initially approved expenses will be followed, and in this case, expenditures made prior to the CPFC's approval of the addition may be covered, provided they are within the term of the Colombia Filming Contract. The period may be extended without exceeding the maximum possible.

### **SECTION III ACCREDITATIONS; FFC'S CASH REBATE**

**Article 18. Accreditations.** Once the budget of expenditure in the country has been executed, the producer may request the Management Entity to disburse the FFC's Cash Rebate, upon accreditation of the following:

- 18.1. Request for the disbursement of the cash rebate addressed to the Management Entity, indicating the amount actually spent in the country and the value of the FFC's Cash Rebate requested.
- 18.2. Certification issued by the trust entity, stating the date of entry of the resources provided for in the Colombia Filming Contract and their expenditure on the items of the budget of expenditure in the country subject to cash rebate, with the following characteristics:
  - 18.2.1. The invoice numbers, identification of equivalent tax documents, their issuers, issuance dates, and payment dates must be detailed in the certification.
  - 18.2.2. Expenses on audiovisual services accredited through equivalent tax documents will be accepted only if the issuer is a Colombian individual under the simplified regime and corresponds to artistic or technical personnel positions, or in the case of work related to script writing or correction.

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18.2.3. All other audiovisual services or logistical audiovisual services must be invoiced. The accreditations (invoices or equivalent tax documents, as the case may be) cannot have a date prior to the constitution of the trust.

18.2.4. In the case of general payments to film services companies, these must be invoiced. In this event, it is the producer's obligation to present to the Management Entity a detailed list of each of the audiovisual services and logistical audiovisual services, audited in accordance with the following provision. The Management Entity may request information from the trust entity or the producer regarding the details of the expenditures.

18.3. Concept, certification, or report issued by the external auditor engaged by the producer, addressing the requirements of previously agreed procedures indicated by the Management Entity, and including at least the following aspects:

18.3.1. Compliance with all the aspects indicated in the previous provision, except for the payment dates made by the trust entity.

18.3.2. That the invoices or equivalent tax documents supporting the trust certification meet the legally required criteria.

18.3.3. Compliance with obligations derived from the Integral Social Security System for the assigned Colombian personnel.

18.4. For foreign audiovisual works, a certification issued by the film services company, manifesting: (a) which of the expenditures certified by the trust entity were made through said company, and (b) whether the applying producer made all the payments corresponding to the project. The cash rebate may not be disbursed until such payments have been made.

The same is required for cases in which the producer of Colombian works has used this type of service or if it is done regarding logistical audiovisual services.

Paragraph. The request for the disbursement of the FFC's Cash Rebate, along with all the certifications described in this article, must be submitted to the Management Entity within a maximum period of three (3) months from the expiration of the deadline for making the expenditure in the country, as established in this Manual.

If this deadline expires without the submission of all the accreditations, it will be understood that the producer has waived the FFC's Cash Rebate, and consequently, this amount will be released for other projects.

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**Article 19. Engagement of auditing firms.** The auditing firms authorized to issue the certification, opinion, or report described in the previous article must be legal entities that meet at least the following requirements:

- 19.1. More than ten (10) years of experience in auditing or statutory auditing.
- 19.2. Proven experience in internal or external auditing of public or private companies that are large taxpayers.
- 19.3. Registration with the Colombian Board of Accountants, with a certification of disciplinary background, issued no more than thirty (30) days prior.
- 19.4. Compliance with the requirements of previously agreed procedures indicated by the Management Entity, regarding the aspects of the audit.

**Article 20. Producer's contract with the auditing firm.** The contract that the producer enters into with the auditing firm must include stipulations that guarantee the following:

- 20.1. The opinion, certification, or report subject to the auditing contract will be issued by the auditing firm in the format established by the Management Entity and addressed to it.
- 20.2. The Management Entity may request clarifications and have an information relationship with the auditing firm.
- 20.3. The auditing firm must provide the Management Entity with the explanations or clarifications it requires.
- 20.4. It is understood that the producer has no influence or control over the auditing firm.

**Article 21. FFC's Cash Rebate.** In accordance with Law 1556 of 2012, producers who meet the requirements and procedures set forth in this Manual are entitled to a cash rebate equivalent to 40% of the expenditures made on audiovisual services and 20% of the expenditures on logistical audiovisual services.

The Management Entity will disburse the FFC's Cash Rebate once all the required accreditations have been satisfactorily received. It will make a single disbursement within the two (2) months following the receipt of these accreditations, in accordance with the FFC's resource fund. In the case of projects with production and post-production components, a disbursement may be made upon completion of production, provided that the minimum expenditure requirements have been met or proposed, and another upon completion of post-production. The accredited expenditures can only correspond to the respective phase.

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First paragraph. The disbursement does not remedy any issues presented during the application or execution of the project. Therefore, if at any time the Management Entity finds irregularities, it may resort to the relevant contractual or legal channels.

Second paragraph. Taxes or commissions arising from the disbursement of the FFC's cash rebate will be directly deducted from it.

**Article 22. Loss of FFC's Cash Rebate.** The right to the FFC's Cash Rebate is lost when:

22.1. The Colombia Filming Contract is not entered into, or the trust is not established as specified in this Manual.

22.2. The expenditure on audiovisual services or logistical audiovisual services does not reach the minimum amount of one thousand eight hundred (1,800) SMLMV.

22.3. The request for disbursement with the required accreditations is not made within the maximum period specified in this Manual.

22.4. In cases of contractual breach provided for in the Colombia Filming Contract or in any other case specified in this Manual.

**Article 23. Proportional Cash Rebate.** Notwithstanding the provisions of the preceding article, in cases where the disbursement of the FFC's cash rebate applies, it will only be made in full or proportionally with respect to the expenditures that meet each and every one of the requirements established in this Manual.

**Article 24. Annual Allocation.** The CPFC may set and, if necessary, modify the maximum amount of the FFC's cash rebate that can be assigned per project each year. This determination will be based on the FFC's budget, the typologies, or genres of works, existing or anticipated applications, among other factors.

In accordance with Article 2.10.3.3.5 of Decree 1080 of 2015, amended by Decree 474 of 2020, no less than fifty percent (50%) of the FFC allocated each year for cash rebates will be designated for feature films, unless there are insufficient or unendorsed applications by the CPFC. This percentage will be determined by the CPFC within the first two (2) months of each year and may be modified during the year according to the typology of the submitted or anticipated projects.



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## **CHAPTER III CERTIFICATES OF AUDIOVISUAL INVESTMENT IN COLOMBIA**

### **SECTION I PROJECT APPLICATIONS**

**Article 25. Certificates of Audiovisual Investment in Colombia (CINA).** Pursuant to Article 9 of Law 1556 of 2012, amended by Article 178 of Law 1955 of 2019, and Decree 1080 of 2015, amended by Decree 474 of 2020, producers who comply with the requirements and procedures set out in this Manual and who apply to the tax incentive system may receive CINA, which entitle them to a tax discount of 35% of the nominal value of the Certificate.

Entitlement to CINA, for those who use this system, is subject to the CINA regulations.

**Article 26. Eligible projects.** The CINA are open to non-national audiovisual projects of:

- 26.1. Feature films.
- 26.2. Series.
- 26.3. Music videos.
- 26.4. Video games.
- 26.5. Advertising audiovisual production.

Only the foreign contribution component that enters the country and applies through the CINA instrument regulated in this chapter will be covered by the CINA.

**Article 27. Components.** Applications may be submitted for the following components:

- 27.1. Production of the audiovisual work. In the case of video games, this includes the development of the prototype.
- 27.2. Production and post-production of the respective audiovisual work.
- 27.3. Post-production.
- 27.4. Animation: Projects in which, according to Decree 1080 of 2015, it is not essential to carry out filming, but rather the processes relevant to this technique.

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**Article 28. Applicants.** Legal entities that are foreign producers of the respective audiovisual project and are not income tax filers in Colombia may apply for the tax discount under the CINA.

All necessary processes, from the application to the issuance of the CINA, may be carried out through: (a) the national co-production company, or (b) the project's film services company. This, under the figure of Power of Representation or mandate; always, in the name and on behalf of the foreign producer, in the format established by the Management Entity.

**Article 29. Minimum expenditure in the country.** By applying for the tax discount instrument covered by CINA, the producer is obliged to make, separately or jointly, expenses in audiovisual services and/or audiovisual logistic services in Colombia, for a minimum amount of:

29.1. Feature films: One thousand eight hundred (1,800) SMLMV, including taxes.

29.2. Series: One thousand eight hundred (1,800) SMLMV, including taxes. The minimum expenditure may be distributed in up to four (4) serialised chapters.

In the case of short serialised content for web and 100% animated series, a package of up to twenty-five (25) chapters may be submitted within the minimum of one thousand eight hundred (1,800) SMLMV.

If the series has a total expenditure in the country equal to or greater than nine thousand (9,000) SMLMV, the expenditure may be distributed over a larger number of chapters.

29.3. Music videos: One thousand eight hundred (1,800) minimum wages, including taxes. This minimum expenditure can be distributed in an audiovisual package of twenty-five (25) videos.

In any case, if it is a single music video, its minimum expenditure may be two hundred (200) SMLMV, including taxes.

29.4. Video games: One thousand two hundred and fifteen (1,215) SMLMV, including taxes. This expenditure must be made on one (1) video game, video game prototype or video game expansion.

29.5. Advertising audiovisual production: Four hundred (400) SMLMV, including taxes. In the audiovisual advertising production, the minimum expenditure can be distributed in a package (called audiovisual campaign) of a maximum of twenty (20) audiovisual

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pieces of the same advertising campaign. At least eighty percent (80%) of this expenditure must be on audiovisual services (not logistics).

29.6. Post-production. Projects that only include a post-production component, regardless of the type of audiovisual work to which they correspond, must spend a minimum of three hundred and sixty (360) SMLMV, including taxes.

**Article 30. Restrictions.** The following may not apply for CINA:

- 30.1. Projects that have any economic or patrimonial participation (producers, investors, sponsors, financiers in any capacity), artistic or technical (artistic and technical personnel according to Decree 1080 of 2015), authorial (scriptwriters, pre-existing work, music, designs) of a CPFC member.
- 30.2. Projects in which the executive personnel of the production company, the film services company, or the national co-production company have a relationship with a member of the CPFC as: spouse or permanent partner, or kinship up to the second degree (parents, children, siblings, cousins, uncles, aunts, spouse, permanent partner).
- 30.3. Projects that have been previously approved to receive the FFC's Cash Rebate or CINA, except in the case of the post-production component provided for in this manual, or in the case of the withdrawal option.
- 30.4. Projects related to legal entities that fall under any of the restrictions of this article. This includes (a) those that have the status of producer, co-producer, investor, sponsor (or financier in any capacity) or film services company of the project; or (b) members of the same business group as the applicant producer.
- 30.5. Projects whose producers, co-producers, partners or investors have omitted the obligations established in article 52 of this Manual.
- 30.6. Projects that are in the process of applying for, or have been approved to receive:
  - 30.6.1. Incentives from the Film Development Fund (Law 814 of 2003).
  - 30.6.2. FFC's Cash Rebate or CINA.
- 30.7. Projects that have obtained the national project resolution for tax deduction (Law 814 of 2003).
- 30.8. Producers who have breached, on any occasion, the Colombia Filming Contract.

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Paragraph. The producer may withdraw from carrying out or completing the project at any time, informing the Management Entity of such decision, before or after entering into the Colombia Filming Contract, in which case the bid bond will be in favour of the CINA system. No CINA approvals will be made for projects that are withdrawn.

**Article 31. Opportunity.** Applications must be submitted to the Management Entity through the technological platform determined by it. If corrections are required, they will be managed through the communication channel and deadlines determined by said entity.

Paragraph. The Management Entity will only present to the CPFC for consideration projects that, in the five (5) business days prior to the date of the session, meet all the application requirements, including clarifications, corrections and/or corrections.

**Article 32. Application requirements.** The project must be submitted on the platform provided, including a digital copy of all the following documents and information:

32.1. Application form signed or accepted electronically by the legal representative of the applicant production company.

32.2. Documents of the applicant producer:

32.2.1. Citizenship card, foreign identity card, passport or equivalent document that allows the legal identification of the applicant production company.

32.2.2. The following documents, regarding the legal entities related to the project:

A) For national co-production companies and film services companies: certificate of incorporation and legal representation issued by the Chamber of Commerce, with an issue date no greater than thirty (30) calendar days.

B) For foreign applicant producers: document(s) issued by an entity, institution, or authority sufficiently authorized in the country of origin, stating, at least, the following: (i) that the company has an active, authorized, valid, or equivalent status; (ii) the current name or corporate name of the company; and (iii) the individuals authorized to represent the company.

This document(s) must have an issuance date not exceeding thirty (30) calendar days. The document(s) issued by a public authority

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must be legalized by a consulate or apostilled for entering into the Colombia Filming Contract, in the event the project is approved.

For the purposes of this section, the Management Entity may determine which documents are acceptable in each jurisdiction; information that must be made available to applicants.

- 32.2.3. Curriculum description of the production company with details of other audiovisual activities, audiovisual service work or, in general, management or performance in creative, technical or production fields in these activities.
- 32.2.4. Certification, in the pre-established format, that the company submitting the project is the project's producer. This is irrespective of whether there are any co-producers.
- 32.2.5. Identification of the corporate or business group to which the company applying for the project belongs, and the relationship of the business group with the project, if applicable.
- 32.2.6. Certification, under oath and according to a pre-established format, that the foreign producer applying for the tax discount under the CINA is not an income tax filer in Colombia. For this purpose, the necessary cross-checks may be made with the National Tax and Customs Directorate (DIAN).

The applicant producer may register with the Management Entity at any time by submitting the documents indicated in this section (12.2), which will be valid for applications, or requests for modifications, from their submission until the end of the following calendar year. During this period, for each application or request, the producer will only have to corroborate the validity of the accredited information using a format defined by the Management Entity. If there is any change, the foreign producer must provide the updated documents.

### 32.3. Project information:

- 32.3.1. Information required for each type of project, which will be published in an annex, updated by the Management Entity, taking into account the particularities of each audiovisual genre or type.

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- 32.3.2. Certification, in a pre-established format, stating that the submitted audiovisual project did not opt for or receive the FFC's Cash Rebate or incentives under Law 814 of 2003.
- 32.3.3. Expenditure in Colombia:
  - A. Budget of total expenditure in the country, itemized.
  - B. Budget of expenditure subject to cash rebate, itemized.
- 32.4. Letter of commitment from the film services company or the national co-production company, signed by its legal representative. There may be several of them, in which case a letter of commitment from each one is required.
- 32.5. Explanatory document of the project's financing plan, which must demonstrate its financial feasibility. This document must contain, at a minimum, the following information:
  - 32.5.1. List of sources of financing for the total expenditure budget in the country, other than those based in the CINA system, with their respective values in Colombian pesos and identification of the reference date of the applicable exchange rate.
  - 32.5.2. Description of the legal instruments, financial vehicles, mechanisms and/or relevant documents that support the sources described in the previous numeral.

For the purposes of this requirement, the following rules apply:

- A) The sources of financing must be fully confirmed and secured by the producer.
- B) Sources in a preliminary or negotiation stage (such as memorandums of understanding or letters of intent) are not acceptable.
- C) The Management Entity may adopt formats for the provision of the required information.
- D) The Management Entity may request a copy of the legal instruments, financial vehicles, mechanisms and/or relevant documents, if it deems it necessary for the analysis of the project.
- E) If, due to justified circumstances presented to the CPFC, the explanatory document of the financing plan cannot be provided at the

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time of application, it may be submitted to the CPFC before the opening of the trust whose constitution is provided for in this manual. In this case, before the opening of the trust, the Management Entity must inform the applicant producer of the approval of the financing plan. The Colombia Filming Contract will stipulate that it will be terminated if the consideration is negative.

32.6. Bid bond: Receipt of deposit, according to the instructions of the Management Entity, for an amount equivalent to two point two percent (2.2%) of the budget of expenditure subject to CINA by the project, not exceeding an amount equivalent to eighty (80) SMLMV. The following rules apply:

32.6.1. Ninety percent (90%) of the value of the bid bond shall only be refunded to the producer (a) in the event that the project is not approved by the CPFC, except in circumstances of untruthful information; or (b) if the project is withdrawn prior to the CPFC's evaluation. This repayment shall be made without returns or indexation, together with bank charges.

32.6.2. The value of the bid bond will be allocated for the purposes of the CINA system upon approval of the project by the CPFC, regardless of the subsequent developments related to the project.

32.6.3. There will be no refund of the bid bond for applications rejected in cases of doubt regarding the veracity of the submitted documents, or in cases falling under any of the current restriction criteria, regardless of the timing of the rejection.

First paragraph. All documents must be submitted in their original language and translated into Spanish, with the exception of the identification document and itemized budgets.

Second paragraph. All documents and requirements set forth in this manual are considered essential for the evaluation of the applications.

**Article 33. Evaluation procedure.** The following procedure shall be followed in the evaluation of projects:

33.1. The Management Entity will verify compliance with the project application requirements.

33.2. The Management Entity will inform the producer of the need to supplement documents or content within ten (10) days of receipt, specifying the deadline for doing so. If the request is not met, the project will not be evaluated and will remain at the producer's disposal at the Management Entity.

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33.3. Once the application is complete, the Management Entity will prepare an opinion for the CPFC regarding the verification of requirements and the relevance of the project, in accordance with the criteria of Law 1556 of 2012 (promotion of the national territory for audiovisual filming; promotion of tourism activity, the image of the country and the development of the national film industry). The opinion does not oblige the CPFC.

33.4. Eligible projects will be presented to the next CPFC session in a general package if, five (5) days before the CPFC meeting, they have received a positive evaluation from the Management Entity. If the producer has not completed all required documents and clarifications before this deadline, the project will not be presented to the CPFC. The order will depend on the date when the projects have met all the application requirements, regardless of their initial receipt date.

**Article 34. Project approval.** The CPFC shall decide on the approval or disapproval of projects for reasons relating to compliance with the purposes set forth in Law 1556 of 2012, Article 1 (promotion of the national territory for audiovisual filming; development of the national film industry; promotion of tourism activity and the image of the country), for which it may define processes, guidelines, criteria, or weightings that serve as input in the preliminary evaluation of the Management Entity, and for its autonomous decision.

Upon approval of a project by the CPFC, the budget for expenditure in the country on audiovisual services and audiovisual logistical services is set, as well as the maximum amount of CINA for the respective initiative. Additionally, the signing of the Colombia Filming Contract will be ordered. Decisions will be set forth in agreements.

34.1. In the case of advertising audiovisual production, either the audiovisual campaign idea or the campaign itself may be submitted, in accordance with section 29.5 of this Manual.

If only the audiovisual campaign idea is submitted, the CPFC may approve it.

This approval is conditional upon the confirmation of the applicant producer to proceed with the respective application, which in this case must be made within a maximum of twenty (20) working days from the date on which the CPFC has given its approval. Only from this moment on will all the terms established in this Manual be counted with respect to the approved projects.

In the event that only the idea of the audiovisual campaign is submitted, the Management Entity shall establish which documents must be submitted at that time and which must be submitted from the time the applicant producer provides the



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confirmation referred to in the previous paragraph. In all other respects, the provisions of this Manual shall apply.

**Article 35. Grounds for non-approval.** Projects will not be approved when:

- 35.1. There are reasons to doubt the veracity of the submitted documents.
- 35.2. It is verified that any of the submitted documents and requirements do not meet the standards established in this Manual.
- 35.3. The applicant producer or the project falls under any of the circumstances provided in Article 30 of this Manual.
- 35.4. The CPFC deems the project not relevant for the purposes established in Law 1556 of 2012 (promotion of the national territory for audiovisual filming; promotion of tourism activity, the country's image, and the development of the national film industry).

The Management Entity will inform the applicant about these situations.

## **SECTION II**

### **COLOMBIA FILMING CONTRACT; PROJECT EXECUTION**

**Article 36. Contract and commitments.** Once the project is approved, the producer must comply with the following:

- 36.1. Enter into the Colombia Filming Contract with the Management Entity within a maximum of twenty (20) days following the communication sent by the latter. If the producer does not do so within this timeframe, it is understood that the producer withdraws from the project, and the CINA quota will be immediately released for other projects.
- 36.2. Establish a trust for the administration and payment of the resources that will be spent on audiovisual services and logistical audiovisual services, identified for this purpose, within a period not exceeding three (3) months from the entering into of the Colombia Filming Contract.

The failure of the producer to establish the trust within the required time implies that the producer withdraws the project, even if the trust is established late. The CINA quota will be immediately released for other projects.

- 36.3. Contract through one or more of the film service companies or co-producers identified in the project application, or through a local co-producer.

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If one or more of the nominated film service companies or the local co-producer is to be changed, the prior approval of the CPFC must be sought. Expenditure that does not comply with this procedure will not be accepted for CINA.

36.4. Carry out the proposed activities. The Management Entity may designate a person to witness and verify such activities.

36.5. Comply with the obligations set forth in Article 52 of this Agreement.

36.6. Provide the reports established in this Manual, as well as those required by the CPFC or the Management Entity regarding the project.

36.7. Any other stipulations set forth in the Colombia Filming Contract.

**Article 37. Execution of the budget of expenditure subject to CINA.** The execution of the expenditure budget of expenditure subject to CINA must comply with the following parameters and requirements:

37.1. Expenditure on audiovisual services and audiovisual logistical services within the budget of expenditure subject to CINA must comply with the minimum established in Article 29 of this Manual, including taxes, subject to the parameters of this Manual. In any case, CINA will only be recognised up to the quota approved by the CPFC.

37.2. Payments and transfers within the budget of expenditure subject to CINA destined for audiovisual services or logistical audiovisual services must be made from the trust entity. This entity may make payments in advance, without limitation, which must be legalized and subject to the accreditations required in this Manual.

The respective resources from abroad must be brought in through the exchange system and in accordance with legal regulations; the producer must accredit this before the financial entities or competent authorities.

37.3. For the purposes of the CINA, expenses must be made within a maximum period of twenty-four (24) months from the starting date of the Colombia Filming Contract, except in the case of animation projects where the period may be up to forty-eight (48) months.

The expense is considered made with the transfer by the trust entity to its final recipient.

First paragraph. In any case, each producer, according to the project typology, may indicate the required time according to their schedule, without exceeding the maximum

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period per project typology, which will be provided for in the Colombia Filming Contract. Expenses that do not comply with the provisions of this article will not be subject to CINA. If the maximum period for the project's completion elapses without fulfilment, it will be understood that the producer has withdrawn.

Second paragraph. During the project's execution, in the course of the Colombia Filming Contract, the producer may request one or more extensions of the budget of expenditure subject to CINA, up to a maximum of fifty percent (50%) of the initial value presented in Colombian pesos, detailing the additional expenditures to be made and the improvement in the demand for services in the country.

The CPFC may favourably consider or deny such a request based on priorities and the availability of resources. Similarly, it may request any documentation deemed necessary to support the extension.

If the decision is favourable, the budget of expenditure subject to CINA will be increased by that amount. The Colombia Filming Contract will contemplate this scenario from the outset. In this case, it is not mandatory to increase the bid bond.

Regarding the addition, the parameters defined in this Manual for the initially approved expenses will be followed, and in this case, expenditures made prior to the CPFC's approval of the addition may be covered, provided they are within the term of the Colombia Filming Contract. The period may be extended without exceeding the maximum possible.

### **SECTION III ACCREDITATIONS; CERTIFICATE OF AUDIOVISUAL INVESTMENT IN COLOMBIA (CINA)**

**Article 38. Accreditations.** Once the expenditure budget has been executed in the country (this is the minimum expenditure), the producer may request the Management Entity to process the Certificate of Audiovisual Investment in Colombia (CINA), subject to accreditation of the following:

- 38.1. Request addressed to the Management Entity, indicating the amount actually spent in the country and the value of the CINA requested.
- 38.2. Certification issued by the fiduciary entity, stating the date of entry of the resources foreseen in the Colombia Filming Contract, coming from abroad, and their expenditure in the items of the expenditure budget in the country subject to CINA, with the following characteristics:

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- 38.2.1. The invoice numbers, identification of equivalent tax documents, their issuers, issuance dates, and payment dates must be detailed in the certification.
  - 38.2.2. Expenses on audiovisual services accredited through equivalent tax documents will be accepted only if the issuer is a Colombian individual under the simplified regime and corresponds to artistic or technical personnel positions, or in the case of work related to script writing or correction.
  - 38.2.3. All other audiovisual services or logistical audiovisual services must be invoiced. The accreditations (invoices or equivalent tax documents, as the case may be) cannot have a date prior to the constitution of the trust.
  - 38.2.4. In the case of general payments to film services companies, these must be invoiced. In this event, it is the producer's obligation to present to the Management Entity a detailed list of each of the audiovisual services and logistical audiovisual services, audited in accordance with the following provision. The Management Entity may request information from the trust entity or the producer regarding the details of the expenditures.
- 38.3. Concept, certification, or report issued by the external auditor engaged by the producer, addressing the requirements of previously agreed procedures indicated by the Management Entity, and including at least the following aspects:
- 38.3.1. Compliance with all the aspects indicated in the previous provision, except for the payment dates made by the trust entity.
  - 38.3.2. That the invoices or equivalent tax documents supporting the trust certification meet the legally required criteria.
  - 38.3.3. Compliance with obligations derived from the Integral Social Security System for the assigned Colombian personnel.
- 38.4. Certification issued by the Colombian film services company or the Colombian co-production legal entity, manifesting: (a) which of the expenses certified by the fiduciary were incurred through these entities; (b) whether the applicant producer has made all the payments corresponding to the project. The CINA cannot be issued until these payments have been made.
- 38.5. Certification, contract or other document that sufficiently demonstrates the link between the foreign producer and the direct depositor in Colombia designated for

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the dematerialised issuance of the CINA. This document shall only be required in the case of dematerialised issuance of CINA.

Paragraph. The CINA application, along with all the certifications described in this article, must be submitted to the Management Entity within a maximum period of three (3) months from the expiration of the deadline for making the expenditure in the country, as established in this Manual.

If this deadline expires without all the accreditations being submitted, the CINA application will be considered withdrawn and, consequently, the corresponding quota will be released for other projects.

**Article 39. Engagement of auditing firms.** The auditing firms authorized to issue the certification, opinion, or report described in the previous article must be legal entities that meet at least the following requirements:

- 39.1. More than ten (10) years of experience in auditing or statutory auditing.
- 39.2. Proven experience in internal or external auditing of public or private companies that are large taxpayers.
- 39.3. Registration with the Colombian Board of Accountants, with a certification of disciplinary background, issued no more than thirty (30) days prior.
- 39.4. Compliance with the requirements of previously agreed procedures indicated by the Management Entity, regarding the aspects of the audit.

**Article 40. Producer's contract with the auditing firm.** The contract that the producer enters into with the auditing firm must include stipulations that guarantee the following:

- 40.1. The opinion, certification, or report subject to the auditing contract will be issued by the auditing firm in the format established by the Management Entity and addressed to it.
- 40.2. The Management Entity may request clarifications and have an information relationship with the auditing firm.
- 40.3. The auditing firm must provide the Management Entity with the explanations or clarifications it requires.
- 40.4. It is understood that the producer has no influence or control over the auditing firm.

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**Article 41. Procedure for issuance of CINA.** For the issuance and delivery of CINA to the designated producer, the following will be considered:

- 41.1. Once all the required accreditations have been satisfactorily received, the Management Entity will issue an enabling certification to the Ministry of Cultures, Arts, and Knowledge. The deadline for this purpose will not exceed fifteen (15) days from the moment of verification.
- 41.2. Within the timeframe established in the previous paragraph, the designated producer of the CINA must deposit, in the name of the Management Entity, an amount equivalent to five percent (5%) calculated on the face value of the CINA to be issued.

Such amount corresponds to the coverage of administrative costs of the system regulated in this chapter.

Its collection will be allocated to the relevant costs in the percentage defined by the CPFC according to the contract entered into between the Management Entity and the Ministry of Cultures, Arts, and Knowledge; activities for the training of the audiovisual sector in the country, transfer of knowledge; sectoral organization, and others that may contribute to the promotion of the national territory as a setting for audiovisual works, all or any of the above, as determined by the CPFC.

From this amount, the amount previously deposited as a bid bond will be deducted.

- 41.3. If the producer applicant has fulfilled all the project requirements, the Management Entity will inform them that the amount corresponding to the previously deposited bid bond will be deducted from the aforementioned value.
- 41.4. Based on the previous certification, the Ministry of Cultures, Arts, and Knowledge will issue the CINA in the name of the producer who submitted the project. The deadline will not exceed fifteen (15) days from the date of receipt of the certification issued by the Management Entity. The contract between the latter and the Ministry of Cultures, Arts, and Knowledge defines the relevant obligations of each entity.
- 41.5. A project may receive one or more CINA at the request of the producer applicant. For the issuance of the first CINA (if applicable), at least the minimum investment or expenditure per project must have been met in accordance with Article 29 of this Manual.

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First paragraph. The issued CINA does not remedy any issues presented during the application or execution of the project. Therefore, if at any time the Management Entity finds irregularities, it may resort to the relevant contractual or legal mechanisms.

Second paragraph. The decision and negotiation management of the CINA by the recipient producer with natural or legal persons declaring income in Colombia are the sole responsibility and autonomy of the producer.

**Article 42. Loss of CINA.** The right to receive CINA is lost when:

- 42.1. The Colombia Filming Contract is not entered into or the trust is not established as specified in this Manual.
- 42.2. The expenditure on audiovisual services or logistical audiovisual services does not reach the minimum amount established in Article 29.
- 42.3. The request for the issuance of the CINA with the required accreditations is not made within the maximum period specified in this Manual, or the percentage established in section 41.2 of the previous article is not deposited.
- 42.4. In cases of contractual breach provided for in the Colombia Filming Contract or in any other case specified in this Manual.

**Article 43. Proportionality.** Notwithstanding the provisions of the preceding article, in those cases where the issuance of a CINA is viable, the issuance may be proportional with respect to the expenses that meet each and every one of the requirements established in this Manual. One or more CINA may be issued for each project, as the case may be, and once the minimum expenditure in Colombia has been met.

**Article 44. Annual quota.** The CPFC is responsible for setting, for each fiscal year, the total CINA quota that may be issued for that period. Likewise, if necessary, it may determine maximum CINA quotas per project.

## **CHAPTER IV FINAL PROVISIONS**

**Article 45. Forms.** The Management Entity may adopt formats or forms for any of the documents, requirements, or accreditations established in this Manual. These will be modified by the Management Entity in accordance with any change to this Manual or as long as it is advisable for a better understanding and monitoring of the Incentive Instruments of Law 1556 of 2012.

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Likewise, the Management Entity may inform applicants about documents or requirements that, according to the typology or type of projects or the characteristics of any project contemplated here that incorporates animations, are framed or correspond to those generally required in this Manual.

The Management Entity will inform applicants of this situation.

**Article 46. Action through an attorney or agent.** The foreign producer may carry out all actions and procedures related to the incentive instruments of Law 1556 of 2012 (including, but not limited to, all those actions and procedures described in this manual) through the film services company or the national co-producing company of the project. In this case, the designated company will act under the figure of Power of Representation or mandate, always in the name and on behalf of the foreign producer, and all relationships, obligations, and rights will be understood exclusively with respect to the latter.

**Article 47. Voluntary submission.** By submitting a project, the producer declares that he is familiar with the regulations of the FFC and the CINA, and that he is in a position and fully willing to voluntarily comply with them.

**Article 48. Reporting of information.** The CPFC, the Management Entity, the Ministry of Culture, Arts and Knowledge or any other entity participating in the incentive systems of Law 1556 of 2012, amended by Law 1955 of 2019, may report information on expense accreditations to the National Tax and Customs Directorate (DIAN), the Financial Research and Analysis Unit (UIAF), or any other administrative or judicial authority that so requires.

**Article 49. Applications in progress.** Projects in the process of application and evaluation are subject to the provisions of this manual.

**Article 50. Meeting schedule.** The CPFC shall publish its meeting schedule annually on the Management Entity's website, which shall be subject to adjustments as defined by that body.

**Article 51. Transfer of knowledge.** The CPFC may determine, via agreement, the requirements for the transfer of knowledge to the audiovisual community by the producers applying for any of the incentive instruments of Law 1556 of 2012.

Likewise, it may establish, if it deems necessary, minimum requirements for hiring national human talent.

**Article 52. General obligations.** The producer applying for any of the incentive systems regulated in this Manual is subject to the following:



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52.1. To allow, for strictly cultural, non-commercial purposes, the use of the following, with the exclusive purpose of carrying out activities to promote the Colombian territory for audiovisual work:

A) Images from the audiovisual work designated for the FFC's Cash Rebate or CINA, with a duration of up to five (5) minutes.

B) Audiovisual testimonials about the making of the work and behind-the-scenes footage.

C) The photographs mentioned in the following numerals.

This authorisation is granted to incorporate the above in public institutional content, and that of the Colombian Film Commission, without time limit, for all known territories, media and formats. The Technical Secretariat may require all the materials listed above according to the characteristics of the project, and may edit, reproduce and publicly communicate the material, as well as distribute it directly or through third parties. The Colombia Filming Contract will establish stipulations in this regard, with the aim of not affecting the premiere of the works, and to reconcile this with the right to use the material.

52.2. To deliver in a timely manner to the Management Entity the copies required to carry out the use referred to in the previous paragraph, in optimum technical quality under industry standards.

52.3. To agree that the Colombian Film Commission may hold a press conference, press launch or similar, confirming the production in the country.

52.4. To arrange with Proimágenes Colombia press releases and information to national and international media in which the effect of the incentive system existing in Colombia for the management of the respective audiovisual work and, in general, for the audiovisual system, is positively publicised.

52.5. To agree on the visit of five (5) government representatives to the set, with at least one person from the main cast and one person from the main technical or artistic team. The Technical Secretariat may invite representatives from the media to this visit.

52.6. To provide a list of locations indicating the geographic location, address, and data of said location.

52.7. To provide the Technical Secretariat with a list with statistical data and in an anonymous form of all Colombian members of the artistic and technical team.

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- 52.8. To submit at least six (6) still photos of the production in full colour and high resolution. These photos must show the cast (actresses or actors) on location, in studios or on construction sites and using prosthetics and animatronics if applicable. Publicity photos of the cast are not sufficient to meet this requirement.
- 52.9. To deliver at least three (3) video testimonials (the film commission will organize their filming) or three (3) written testimonials from senior members of the international technical and artistic team regarding the experience of producing in Colombia. The crew members to make these testimonials are: director, executive producer, art producer, costume designer.
- 52.10. At least one department head (preferably non-local) should attend a Q&A session with local industry and/or students during the pre-production or production stage. This session will be organized and moderated by the Technical Secretariat, in order to ensure greater exposure to the industry and to provide knowledge transfer.
- 52.11. To grant credits to the country and/or to the entities responsible for the incentive instruments of Law 1556 of 2012. These will be defined in the Colombia Filming Contract, taking into consideration the particularities of the types of works covered by them.

First paragraph. Failure to comply with the obligations established in this article authorizes the Management Entity to suspend the issuance of the compliance certificate for the last CINA to be issued, or the disbursement of the FFC consideration, as appropriate.

Second paragraph. The producer and the Technical Secretariat may establish specific parameters for the fulfilment of these obligations of the producer.

The Colombia Filming Contract will establish the obligations of the producer regarding the use of logos, insignia, and recognitions of the government entities related to the allocation of incentives.

Likewise, it will define cases in which, due to the type of production, it is not possible to incorporate such logos or credits into the audiovisual work and the obligations in lieu of this requirement.

The Management Entity will define the forms of compliance with these obligations, taking into consideration the particularities of the types of works covered by them.

Notwithstanding the obligations established in this article, at the time of signing the Colombia Filming Contract, the Management Entity will deliver and review with the

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producer an Annex with the description of the form of compliance with the requirements established herein.

**Article 53. Formalities' suppression.** As part of a formalities' suppression policy, the Management Entity may establish documents and information that have definite or indefinite validity beyond each application, to avoid the repetition of submission of documentation by applicants and by projects. The Management Entity may define formats, platforms, or forms in this respect.

This Manual applies to the ongoing projects in the most favourable way with respect to the previous manual, which is repealed by this Agreement.

**Article 54. Validity and repeal.** This agreement is effective as of the date of its publication and repeals the previous Resource Allocation Manual, adopted by Agreement 060 of 2020, as amended by subsequent agreements.

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