

A film crew is shown in a boat on a lake at dusk. A camera on a tripod is the central focus, with a yellow rain cover on top. A person in a colorful beanie is taking a photo with a camera. Another person in a blue jacket is visible on the right. The scene is dimly lit with a blueish tint.

**Lights, camera,
Colombia!**

RESOURCE ALLOCATION MANUAL

RESOLUTION No. 032 OF 2016

Whereby the Resource Allocation Manual of the Colombia Film Fund is adopted.

The Colombia Film Promotion Committee

Acts herein pursuant to the authority conferred by Law 1556 of 2012 and Decree 1080 of 2015.

WHEREAS

Through Resolution 001 of 2013, the Colombia Film Promotion Committee adopted the Resource Allocation Manual provided for in Law 1556 of 2012 and Decree 1080 of 2015. The Colombia Film Promotion Committee subsequently modified the Manual through Resolutions 003 and 008 of 2013 and Resolution 013 of 2014.

In light of recommendations by the entities participating in the management of the Colombia Film Fund created by the aforementioned law, it has been deemed desirable to modify the Manual.

WE HEREBY RESOLVE

Article 1. To approve a new Resource Allocation Manual for the Colombia Film Fund created by Law 1556 of 2012.

CHAPTER ONE GENERAL CONSIDERATIONS

Article 2. Subject Matter. This manual establishes the principles, requirements and conditions for approving film projects and for granting cash rebates for audiovisual services expenses in Colombia, to be provided by the Colombia Film Fund established by Law 1556 of 2012.

Article 3. Terms and definitions. For the purposes of this manual, the following definitions and acronyms shall apply:

1. **Colombia Film Fund:** Fund created by Law 1556 of 2012. It shall be identified in this manual as the "FFC," as per the Spanish acronym.
2. **Colombia Film Promotion Committee:** The FFC decision-making body. It shall be identified in this manual as the "CPFC," as per the Spanish acronym.
3. **Proimágenes Colombia.** The *Fondo Mixto Entidad de Promoción Cinematográfica*, created in accordance with Article 46 of Law 397 of 1997. This public/private entity is governed by private, civil and commercial law and regulations on science, technology, and innovation.

By decision of the Ministry of Commerce, Industry and Tourism and the Colombia Film Promotion Committee, this is the entity that manages the FFC, in accordance with the partnership agreement signed by the aforementioned Ministry and the secretariat of the CPFC.

In this manual, it shall be referred to as Proimágenes or as the "administering entity." If the situation described herein changes by decision of the competent authorities, the administering entity shall be the entity designated at that time.

4. **Colombia Filming Contract:** The legal contract which shall be entered into by the producer of the film project approved by the CPFC, in order to establish the conditions for allocating the cash rebate established by Law 1556 of 2012.
5. **FFC rules:** The body of provisions included in Law 1556 of 2012, its implementing regulations, this manual, the Contracting Manual, or any other rule governing aspects of the allocation of the FFC cash rebate.
6. **FFC cash rebate:** FFC funds to be granted to producers whose film project has been approved by the CPFC, once the producer has provided proof of expenses paid in Colombia as part of the aforementioned project and has met all conditions established by FFC rules.
7. **Film project:** Proposed film project submitted in the manner established by this manual, with the goal of receiving the FFC cash rebate. This project shall specify the content of the film, as well as the expenditures and audiovisual work to take place in Colombia. For the purposes of this manual, it may be referred to simply as the "project."
8. **Domestic project:** Project submitted seeking the FFC cash rebate for a film that is a domestic production or co-production, i.e., a film meeting the artistic, technical, and financial requirements set by Law 397 of 1997 (regulated by Decree 1080 of 2015) or by any provisions modifying the Law and Decree.
9. **Foreign project:** Project submitted seeking the FFC cash rebate for a film that does not meet the requirements to be considered a domestic film.
10. **Film services:** Specialized activities directly related to the pre-production, production, and post-production of films, including artistic and technical services provided by Colombian natural or legal persons residing in or with registered offices in the country.

Legal persons shall provide proof that they have registered offices in Colombia, which for the purposes of this manual means the address of their headquarters in the country.

Natural persons shall reside in Colombia, i.e., they shall present evidence of a permanent address in the country and be residents of the country. For the purposes of this manual, this means continuous or discontinuous presence in the country for at least 183 calendar days during the calendar year of the expenditures.

Anyone who files income tax returns in Colombia meets these requirements.

In the case of foreign projects, expenditures for film services shall be paid through a film services company. Domestic projects may choose to contract services through these companies.

11. **Film logistics services:** Expenses for hotels, food, and transportation that are necessary for the project approved by the CPFC. Expenditures in these categories that are eligible for the FFC cash rebate are not required to be made through a film services company, although the producer may choose to do so.
12. **Film services company:** Legal person that has been legally incorporated in Colombia and registered in the Ministry of Culture's Registry of Film Services Providers, and whose corporate purpose includes the provision of film services.
13. **Producer:** Person that coordinates and is responsible for the production of the film. The producer is responsible for entering into contracts with natural and legal persons involved in the creation of the film, and is the owner of the copyright of the film.

Only producers that are legal persons may submit film projects for the FFC cash rebate.

14. **Submitting producer:** Producer that submits its film project for the FFC cash rebate. In this manual the submitting producer may be referred to as "producer" or "production company."
15. **Budget of total expenses in Colombia:** The budget submitted by the producer detailing all budget items and amounts that will be spent in the country, classified under film services, film logistics services, taxes, and other expenses. This budget is an integral part of the project approved by the CPFC.
16. **Budget of expenses eligible for cash rebate:** The budget for film services and film logistics services in Colombia eligible for the FFC cash rebate, excluding VAT taxes. This excludes those expenses not covered by the FFC cash rebate.
17. **SMLMV:** Current legal minimum monthly salary (SMLMV, as per the Spanish acronym) in Colombia. The SMLMV changes annually based on the expected inflation rate. For the purposes of this manual, calculations of the SMLMV shall not include the transportation allowance.
18. **Minimum expenditure in Colombia:** Expenditures on film services or film logistics services in Colombia for a minimum of one thousand eight hundred (1,800) SMLMV per month, including taxes. The minimum expenditure shall be calculated based on the legal minimum monthly salary in effect in Colombia in the year the project is approved.

Article 4. General principles. The following general principles shall be taken into account in the administration and allocation of FFC funds:

1. **Equality:** Domestic and foreign film projects shall be evaluated using the same criteria, without giving priority to one kind of projects.
2. **Responsibility:** Non-compliance with the project shall lead to the consequences described in this manual and in the Colombia Filming Contract. The Colombia Filming Contract sets forth the cases defined as non-compliance.
3. **Truthfulness:** It is assumed that all documentation and information submitted by the producer to the CPFC is truthful.

By applying, the producer accepts that the CPFC and the entities designated in this manual shall verify any information deemed necessary. The producer also undertakes to submit any information required to further examine aspects of the project, and accepts that the FFC cash rebate shall not be provided until any doubts have been resolved.

4. **Concurrent projects:** The same producer may submit several projects to the CPFC.
5. **Information provided to the producer:** Information regarding the submission of projects does not constitute advice to the producer or a promise to award the FFC cash rebate. The costs incurred by the producer in the application process are the sole responsibility of the producer.
6. **Deadlines:** When this manual or any other document regarding the FFC refers to days, these are understood to be business days, i.e., any day from Monday to Friday, excluding Colombian holidays.
If a deadline established in the manual or any other document regarding the FFC falls on a day that is not a business day, it shall transfer to the following business day, regardless of whether the time limit is set forth in years, months, or days.
7. **Rights:** The FFC cash rebate does not transfer copyright to the film projects to the CPFC or any other entity. Nor does it imply joint and several liability of any FFC administering and management entities for the project.

Considering the nature of film projects and the development, production, and other stages of these projects, no excuses shall be accepted for non-compliance with the project or the Colombia Filming Contract due to a lack of funds other than the FFC cash rebate. Nor shall non-compliance be excused due to disagreements or disputes arising out of the relationship between the producer and the artistic, technical, and creative staff, or with co-producers, other participants, investors, or other parties.

This manual and the Colombia Filming Contract establish the consequences of non-compliance with the projects.

CHAPTER TWO SUBMISSION OF PROJECTS

Article 5. Submitting producers. Legal persons who are producers of a domestic or foreign film may present projects for the FFC cash rebate.

By applying, the producer agrees to spend separately or jointly on film services or film logistics services in Colombia a minimum amount of one thousand eight hundred (1,800) SMLMV per month, including taxes, in accordance with the procedures and consequences established in this manual.

The following projects may be submitted:

1. Projects involving filming in the country.

2. Production and post-production activities.
3. Post-production projects which were awarded the FFC production cash rebate prior to the application. In this case, the new application shall be for at least the minimum amount indicated in this article.
4. Animation projects in which filming is not necessary, pursuant to Decree 1080 of 2015, but rather the production and post-production involved in animation are required.

Paragraph one: Projects exclusively entailing post-production may under no circumstances apply.

Article 6. Restrictions. The following kinds of projects may not apply for the FFC cash rebate:

1. Projects in which a CPFC member has any economic interest (producers, investors, sponsors, or financiers of any kind); artistic or technical participation (based on the list of artistic personnel, in accordance with Decree 358 of 2000, Decree 763 of 2009, and Decree 255 of 2013); or participation as an author (screenwriters, pre-existing works, music, design).

Projects in which a manager of the production company or the film services company is related to a member of the CPFC as spouse, long-term partner, relative by affinity or consanguinity within the second degree, or relative by adoption within the first degree.

2. Projects which have previously obtained FFC cash rebates, with the exception of the case described in article 4, section 3.
3. Projects in which the persons or projects described in sections 4 to 9 of this article participate as producers, co-producers, investors, sponsors, financiers of any kind, or film services companies, either indefinitely or for the period established in each case.
4. Projects in which the producers, co-producers, partners or investors failed to include the FFC credit described in this manual in projects which have been awarded the FFC cash rebate in the past.
5. Projects which have received any incentive award from the Film Development Fund (FDC), or which are currently in the evaluation process in any of its categories. In addition, those projects that have obtained a "domestic project resolution" for tax benefits under Law 814 of 2003, or have applied to receive it.¹

¹ There are two laws in Colombia that grant film incentives: Law 814 of 2003 and Law 1556 of 2012.

Law 814 of 2003, also known as the *Film Law*, provides tax benefits for investments in or donations to Colombian film projects. To receive this tax benefit, a request must be submitted to the Ministry of Culture. This request shall meet all established requirements, including obtaining the "domestic project resolution." Furthermore, Law 814 created the Film Development Fund (FDC). Through the FDC, monetary incentive awards are granted to all kinds of film activities, in the form of automatic incentives and incentives granted through a competitive selection process.

On the other hand, Law 1556 of 2012, offers a rebate or reimbursement for films which are partially or totally filmed in Colombia. These cover 40% of expenses paid for "film services" (activities directly related to the pre-production, production

6. Producers that have not created the trust required by Law 1556 of 2012 within the time limits and under the conditions set forth in this manual. In this case, the producer may only submit projects again one year after the date of approval of the previous project.
7. Producers who previously failed to spend one thousand eight hundred (1,800) SMLMV after entering into the Colombia Filming Contract. This restriction shall be in effect during the year following the deadline established in the previous project for paying the above sum and providing proof of payment.
8. Producers that at any time have breached the Colombia Filming Contract.
9. Producers that have received cash rebates from the FFC on a previous occasion and have failed to publicly exhibit the film in a period of three (3) years after transfer of the cash rebate.

Article 7. Opportunity. Applications shall be submitted to the administering entity using the technological platform that it has established. If corrections are required, this shall take place through the channel of communications and by the deadlines established by the administering entity.

Article 8. Application requirements. The project shall be submitted through the established platform, including an electronic copy of all of the required documents. When a hard copy of a document is required, whether original or authenticated, the document shall be mailed to the administering entity, without prejudice to the electronic copy submitted with the project. The project shall comply with the information and requirements indicated below:

1. The following documents shall be submitted regarding the submitting producer:
 - 1.1. Copy of the application form, signed by the legal representative of the production company.
 - 1.2. Copy of the citizen ID card, foreign national ID card, passport, or other equivalent document identifying the production company's legal representative.
 - 1.3. For Colombian production companies: copy of the certificate of incorporation and legal representation issued by the Chamber of Commerce, with a date of issue of no greater

and post-production of film projects) and 20% of expenses paid for "film logistics services." The rebate applies for services provided by Colombian companies or natural persons who are resident or domiciled in Colombia.

However, Law 814 of 2003 and Law 1556 of 2012 are NOT concurrent; i.e, a single project may not receive the benefits granted by the Law 1556 reimbursement at the same time as it receives the tax benefits of Law 814. Furthermore, no project which is participating in or has been granted any FDC incentive award may receive these benefits. For this reason, projects which have already received the "domestic project resolution" or have applied to receive it may not be submitted for Law 1556 reimbursement.

than thirty (30) calendar days before the application date. The registration with the Chamber of Commerce shall be current.

- 1.4. For foreign production companies: copy of a certificate from the country of origin that is equivalent to the document required in the above section, with a date of issue of no greater than thirty (30) calendar days before the application date.

In the event that the project is approved, an original copy of such document shall be sent, authenticated by the consulate or apostilled.

If no equivalent certificate exists, an original notarized and apostilled declaration shall be accepted. This declaration shall state the production company's date of incorporation, duration, current name, and the identity of its legal representative.

- 1.5. Profile of the production company describing other audiovisual activities, film services work, or any kind of actions or management involving the creative, technical, or production aspects of these activities.

2. The following information shall be submitted about the project:

- 2.1. Synopsis (one double-spaced page).

- 2.2. Script. For documentary projects, a treatment and research summary shall be submitted.

- 2.3. List of locations for filming in Colombia. If already chosen, state their geographical location. This section does not apply for animation projects.

- 2.4. Film information sheet for the proposed film.

- 2.5. Detailed total project budget.

- 2.6. Detailed pre-production and production schedules for the project (for animation projects, a weekly schedule). If applicable, post-production schedule (this applies when the application is for a cash rebate for post-production).

- 2.7. Initial proposal for a communications and publicity strategy for the filming (or animation, if applicable) and related activities that will be carried out in Colombia.

- 2.8. Solely for animation projects, the following shall be included, in addition to the above requirements:

- 2.8.1. The "animation bible," detailing the characters, locations, and animation techniques.

- 2.8.2. Production outline of the project: Detailed description for an assessment of the scope and cost of the production. This shall include the number of characters, main settings, number of scenes, etc.

3. The following documents shall be submitted about expenses in Colombia:

- 3.1. Budget of total expenses in the country (as defined in the “terms and definitions” article in this manual).
- 3.2. Budget of expenses eligible for cash rebate (as defined in the “terms and definitions” article in this manual).
- 3.3. An original engagement letter from the film services company in Colombia, required for contracting film services as established above. If several film services companies are contracted, an engagement letter is required from each one.
- 3.4. Document presenting the project’s financing plan, at least for the budget for expenses in Colombia, including certified financing sources other than the FFC. The financial consistency of the project shall be evident for the CPFC evaluation.

If the financing plan cannot be certified when the project is submitted, for justifiable reasons presented to the CPFC, the financing plan shall be certified to the CPFC before the creation of the trust required by this Manual. In this case, before the trust is created, Proimagenes shall inform the submitting producer that the financing plan has been approved. The Colombia Filming Contract shall stipulate that if the financing plan is not approved, such contract shall terminate immediately.

The forms specified below of certifying financing sources are valid, without prejudice to others chosen by the submitting producer that facilitate an evaluation of the project’s financing plan.

- 3.4.1. Completion bond provided by an insurance company. The policy shall identify the film using the same title submitted to the FFC and shall indicate that the policy-holder is the producer who is applying to the FFC (otherwise, a document must be attached specifying the relationship between the policy-holder and the producer).
- 3.4.2. Contract with a distributor, broadcast network, investor, or any sponsor or other kind of associate that will provide the funds.
- 3.4.3. Certificate from a Colombian or foreign financial institution attesting to the existence of funds earmarked exclusively for the film project. Acceptable documents include certificates of escrow accounts; checking or savings accounts; trusts; or other similar instruments.
- 3.4.4. Certificate from a financial institution, fund, or similar financing vehicle authorized to operate in Colombia or abroad, stating that the producer will receive credit or financing earmarked for the project.
- 3.4.5. Certificate of approval of financing earmarked for the project, issued by film sector funds, institutions, or financing vehicles.

- 3.4.6. Declaration by the producer before a judge or notary, or an equivalent individual in the country of origin, stating that the producer possesses funds equal to the budget for expenses in the country.

In this case, the producer shall submit a certificate or statement issued by the banking institution to the producer, attesting that the producer possesses funds equal to the budget for expenses in the country. If issued abroad, the original document shall be submitted; it shall be duly notarized and apostilled, or attested through the equivalent procedure.

- 3.4.7. Certificate from a financial institution or financing fund that is legally authorized to operate in the country of origin, stating its commitment to finance the project for at least the budget for expenses in Colombia, provided that the FFC cash rebate is authorized.

- 3.5. Guarantee: Receipt for bank deposit to the administering entity for the sum of forty (40) SMLMV, as a commitment by the producer to fulfill its obligations.

The amount of the guarantee shall be reimbursed to the producer together with the FFC cash rebate or if the project is not approved, except in the following cases, in which it shall remain in the possession of and at the disposal of the FFC:

- 3.5.1. If the producer does not enter into the Colombia Filming Contract within the time period established in this manual.
- 3.5.2. If the producer does not create the trust within the time period established in this manual.
- 3.5.3. If the producer fails to pay expenses for film services or film logistics services for the minimum amount of one thousand eight hundred (1,800) SMLMV.
- 3.5.4. If the producer fails to spend the total budget for expenses in the country. The maximum acceptable reduction is 20% of the budget for expenses in the country eligible for the case rebate, excluding VAT taxes. With any reduction greater than this amount, the guarantee shall remain in possession of the FFC.
- 3.5.5. If any of the situations described in article 6 of this manual occur, with the qualifications indicated therein.

Paragraph one: Documents shall be submitted in the original language and translated into Spanish, with the exception of the ID document. Only information in Spanish shall be considered for the purposes of the application.

Paragraph two: All documents and requirements described in this manual are considered essential for the review of the applications.

Paragraph three: The producer shall be reimbursed the net amount deposited, without interest or indexation.

CHAPTER THREE EVALUATION OF PROJECTS

Article 9. The following procedure shall be conducted for the evaluation of projects:

1. The administering entity shall number projects by order of arrival and review them during the ten (10) days after they are received.
2. During that period, the administering entity shall verify fulfilment of the requirements established for submission. During the same period of time, it shall inform the producer if additional documents or information must be provided.

In the event that requested documents are not submitted, the project shall not be evaluated and will be available for the producer to claim it at the administering entity.

3. Once all of the documents have been correctly received, the administering entity shall conduct a preliminary evaluation and draft an opinion to be presented to the CPFC. This shall contain an assessment of the project's relevance and its fulfilment of all requirements, in accordance with the criteria established in Law 1556 of 2012, Article 1 (promotion of Colombia for audiovisual filming; promotion of tourism, the country's image, and the development of the Colombian film industry).

This opinion shall not be binding for the CPFC, which may reach its own conclusions in this regard.

4. Projects which are found to be complete shall be presented at the following session of the CPFC in a general package.

Article 10. Approval of projects. The CPFC shall decide whether to approve or disapprove the projects based on their fulfilment of the objectives set forth in Law 1556 of 2012, Article 1 (promotion of Colombia for audiovisual filming; development of the Colombian film industry; promotion of tourism and the country's image).

Upon approval of a project by the CPFC, the budget for film services and film logistics services in Colombia shall be established. In addition, the CPFC shall determine the maximum amount of the FFC cash rebate for the project and order that the Colombia Filming Contract be entered into.

The CPFC shall prioritize approval and the FFC cash rebate based on the projects submitted. Its decisions shall be recorded and issued as resolutions.

Article 11. Reasons for non approval of projects: Projects shall not be approved in the following cases:

1. If there are reasons to doubt the truthfulness of the documents submitted.
2. If the CPFC confirms that some of the documents and requirements submitted do not comply with the requirements set forth in this manual.

3. If one of the grounds set forth in Article 6 of this manual applies to the submitting producer or the project.
4. If the CPFC determines that the project is not relevant to the objectives established in Law 1556 of 2012 (promotion of Colombia for audiovisual filming; promotion of tourism, the country's image, and the development of the Colombian film industry).

Article 12. Wait-listed projects. After all FFC funds have been allocated, the CPFC may establish a wait list for projects that meet the established requirements.

Therefore, if unused FFC cash rebate funds become available, the projects on the wait list shall be notified by the administering entity in the order they were evaluated by the CPFC. These projects shall be invited to sign the Colombia Filming Contract; upon signing, the producer shall deposit the guarantee described in this manual.

A producer whose project is on the wait list described in this article may communicate its decision not to accept; if it has not signed the Colombia Filming Contract twenty (20) days after being invited to sign, it shall be deemed to have withdrawn. In this event, the guarantee shall be returned to the producer if it is still held by the administering entity.

CHAPTER FOUR COLOMBIA FILMING CONTRACT; EXECUTION OF THE PROJECT

Article 13. Contract and commitments. After the project has been approved by the CPFC, the producer shall conduct the following procedures and activities:

1. Enter into the Colombia Filming Contract with the administering entity within a maximum of twenty (20) days from notification by the administering entity. In the event that the producer does not enter into the contract in this time period, it shall be deemed to have withdrawn from the project, and the FFC funds shall immediately become available for other projects.
2. Create a trust for the management and disbursement of funds to be spent for film services and film logistics services, duly identified with this purpose, within no more than three (3) months after entering into the Colombia Filming Contract.

The initial amount of the trust shall be no less than 10% of the budget for expenses in Colombia.

In the event that the producer fails to create the trust in the required time period and with the required amount, it shall be deemed to withdraw from the project, even if it establishes the trust at a later date.

These FFC funds shall immediately become available for other projects.

3. In the case of foreign film projects: contract film services through one or more of the film services companies indicated in the project application.

When the producer wishes to change one or more of the film services companies submitted in the project, it shall request the prior approval of the CPFC. Expenditures that do not follow this procedure shall not be accepted to receive the FFC cash rebate.

If the producer voluntarily contracts a film services company for expenses related to film logistics services, the producer shall be subject to all of the rules on film services contained in this manual. The same applies to domestic film projects that choose to use the services described in this section.

4. Conduct filming activities in Colombia; in the case of animation projects, carry out production work.

The administering entity may designate a person to be present in the filming of the project and to verify the shooting of scenes in Colombia. It may also choose to do so for animation projects, with regard to technical matters.

5. Upon completion of the film receiving the FFC cash rebate, include a credit in the film to publicly communicate the support received when the film is exhibited on any platform and in any format. The characteristics of the credit are determined by the Colombia Filming Contract.
6. Provide the reports on the project established in this manual and any other reports required by the CPFC or the administering entity.
7. For strictly cultural, non-commercial purposes, allow the use of images with a length of up to five (5) minutes from the film receiving the FFC cash rebate, in order to carry out activities promoting Colombia for audiovisual work.

This authorization is granted for public institutional materials and for the objectives of the Film Commission in all territories, media, and formats. To this end, the administering entity may edit and reproduce such images and may distribute them directly or through the aforementioned institutions.

The provisions of this section are equally applicable to audiovisual images on the creation of the film, "behind the scenes," and the film trailer.

8. Other procedures and activities stipulated by the Colombia Filming Contract.

Article 14. Execution of the budget of expenses eligible for cash rebate. The budget of expenses eligible for cash rebate shall be executed in accordance with the following parameters and requirements:

1. Total expenditures for film services and film logistics services shall be at least one thousand eight hundred (1,800) SMLMV, including taxes. In any event, the cash rebate shall only be provided up to the amount approved by the CPFC.
2. The trust company shall make all payments and transfers of the budget in Colombia for film services or film logistics services. The trust company may provide advances to the producer, which shall be validated with the proof of payment documents required in this manual.

Any funds from overseas shall enter through the exchange system or, in any event, in compliance with legal requirements; the producer shall certify this to the competent financial institutions or authorities.

3. In order to receive the FFC cash rebate, expenditures shall be paid within a maximum of six (6) months from the moment the Colombia Filming Contract is executed. Payments shall be deemed to have been made when the trust company transfers payment to the final recipient.

If one project has both production and post-production activities, the time limit described in this section shall be extended to a maximum of twelve (12) months.

In the case of animation projects, the time period established in this section shall be twenty four (24) months.

Paragraph one: Expenses that do not comply with the provisions of this article shall not receive the FFC cash rebate.

Paragraph two: During the execution of the project while the Colombia Filming Contract is in effect, the producer may request an increase in the budget for expenses in Colombia, for a maximum of 50% of the initial value in Colombian pesos. In order to receive this increase in the budget, the producer shall submit detailed information regarding the additional expenses.

Paragraph three. The CPFC may accept a reduction of no greater than 20% of the total budget for expenses in the country eligible for the cash rebate (excluding VAT taxes). If the reduction is greater than 20%, the guarantee shall remain in possession of the FFC, as set forth in this manual.

The CPFC may approve or deny this request based on its priorities, the list of projects, the availability of funds, or the expediency of the budget increase. In addition, it may request from the producer any documentation deemed necessary to justify the budget increase.

In the event that the request is approved, the relevant amount shall be added to the FFC cash rebate in the Colombia Filming Contract, and the producer shall manage the funds through the trust that has already been created. In this case, an increase in the guarantee is not required. If the full amount of the increase in the budget is not added to the contract, the guarantee shall remain in possession of the FFC.

The requirements set forth in this manual for the initially approved expenses shall be followed for the additional funds. This does not imply an increase in the duration of the Colombia Filming Contract.

CHAPTER FIVE PROOF OF PAYMENT DOCUMENTS; FFC CASH REBATE

Article 15. Proof of payment documents. After the budget for expenses in Colombia has been executed, the producer may request that the administering entity transfer the FFC cash rebate.

1. Request to the administering entity for disbursement of the FFC cash rebate, specifying the amount actually spent in Colombia and the amount of the requested FFC cash rebate.

For overseas wire transfers, transfer fees shall be included in the cash rebate.

2. Certificate issued by the trust company designated by the producer. Such certificate shall state the date of deposit of the funds provided for in the Colombia Filming Contract and their expenditure for the items in the budget for expenses in Colombia eligible for the cash rebate. The certificate shall have the following characteristics:

- 2.1 The certificate shall list the numbers of formal printed invoices ("*facturas*") and identify all billing statements ("*cuentas de cobro*"). The certificate shall also specify the issuers, dates of issue, and dates of payment of each formal printed invoice and billing statement.

- 2.2 Film services expenses billed with billing statements shall be accepted only if: the issuer thereof is a natural person registered under the simplified tax system ("*regimen simplificado*")²; the issuer is one of the technical or artistic personnel, pursuant to the definitions in this manual; or the issuer has performed work related to screen writing or script editing.

All other film services or film logistics services shall be billed with a formal printed invoice. Proof of payment documents (formal printed invoices or billing statements, as the case may be) may not be dated prior to the creation of the trust.

- 2.3 If general payments are made to film services companies, a formal printed invoice shall be provided. If this is the case, the producer is required to submit to the administering entity a breakdown of each of the film services and each of the film logistics services, audited in accordance with the following section.

The administering entity may request a breakdown of expenditures from the trust company or the producer.

- 3 Expert opinion, certificate, or report issued by the external auditor contracted by the producer, which meets the requirements for procedures established by the administering entity. This document shall include at a minimum the following aspects:

² **Common and Simplified Tax Systems ("*Régimen Común*" and "*Régimen Simplificado*")**

The common and simplified tax systems are terms that are applied exclusively to issues involving the collection of the Value Added Tax or sales tax (VAT, or IVA in Spanish).

All natural or legal persons that sell goods or services subject to VAT are responsible for paying this tax. However, there are two tax systems which apply: the common system ("*régimen común*") and the simplified system ("*régimen simplificado*").

Common Tax System: All legal persons, simply by virtue of their status as legal persons, must be part of the common tax system. Natural persons may belong to the common tax system, depending on the income that they received during the preceding fiscal year.

Simplified Tax System: Only natural persons who sell goods or services subject to VAT may be part of the simplified tax system, provided that they meet the requirements established by Colombian law.

- 3.1 Compliance with each of the requirements laid out in the preceding section, with the exception of the dates of payments made by the trust company.
 - 3.2 The formal printed invoices ("*facturas*")³ or billing statements ("*cuentas de cobro*")⁴ supporting the trust company certificate shall meet all legal requirements.
 - 3.3 Compliance with *parafiscales*⁵ obligations and provision of all required health and pension benefits for Colombian personnel employed by the project.
- 4 For foreign film projects, a certificate issued by the film services company, stating which of the expenses certified by the trust company were paid through that company.

The same requirement applies for cases in which the producer of a Colombian film has used this kind of services or if film logistics services are paid through this kind of company.

Paragraph one: The request for transfer of the cash rebate and the proof of payment documents described in this Article shall be submitted to the administering entity within a maximum of three (3) months from the deadline for paying expenses in Colombia, in accordance with article 13(4) of this manual.

If the deadline passes and all proof of payment documents have not yet been submitted, the producer shall be deemed to have withdrawn from the FFC cash rebate; therefore, this amount shall become available for other projects.

Article 16. Contracting audit firms. Audit firms authorized to issue the certification, report, or expert opinion described in the preceding article shall be legal persons that meet at a minimum the following requirements:

1. More than ten (10) years experience in auditing or statutory auditing.

³ Formal printed invoices ("*Facturas*") are documents having probative value, given by the seller to the buyer, which certify that a purchase has been made for the value and products specified therein. Formal printed invoices must include the identification of the parties, the kind and quantity of goods sold or services rendered, the invoice number and date of issue, the unit price and total price, the cost of the various items which must be paid for by the buyer, and the amount of taxes which the economic transaction is subject to.

⁴ Billing statements ("*cuentas de cobro*") are used when payment is made to a person who is not required to provide a formal printed invoice. They state the value owed to a third party. When payment is made to a person who is not required to provide a formal printed invoice, the purchaser must provide a document equivalent to a formal printed invoice. This document shall meet the requirements set forth in existing legislation and shall constitute valid documentation for both tax and accounting purposes.

When a billing statement is requested, the Unique Tax Registry (RUT) certificate must be requested as well.

⁵ *Parafiscales* payments are special contributions that employers in Colombia are required by law to make every month. An employer is defined as any legal or natural person with workers who are employed through an employment contract. These *parafiscales* payments may or may not apply, according to the characteristics of each employer. Please inquire further regarding employment practices.

2. Certified experience in internal or external auditing of public or private firms that are major taxpayers.
3. Registration with the Accountants Board with a certificate of the auditor's disciplinary record, with a date of issue of no greater than thirty (30) days.
4. Compliance with the requirements for procedures established by the administering entity for the audit.

Paragraph one: Prior to its selection, the producer shall propose to the administering entity two (2) audit firms that meet the established requirements. The administering entity shall then select the firm in accordance with the requirements of this article.

Paragraph two: The contract executed by the producer and the audit firm shall include the following provisions:

1. The expert opinion, certificate, or report described in the auditing contract shall be issued by the audit firm in the manner established by the FFC Resource Allocation Manual, addressed to the administering entity.
2. The administering entity may seek clarifications and may have a reporting relationship with the audit firm.
3. The audit firm shall present to the administering entity any explanations or clarifications required by this entity.
4. It is understood that the producer shall exercise no form of interference or control over the audit firm.

Article 17. FFC cash rebate. In accordance with Law 1556 of 2012, producers that comply with the requirements and procedures indicated in this manual shall be entitled to a cash rebate equal to 40% of expenditures paid for film services and 20% of expenditures paid for film logistics services.

The administering entity shall disburse the FFC cash rebate after all required proof of payment documents have been satisfactorily received. To this end, it shall make a single transfer within two (2) months of receiving all proof of payment documents, subject to the availability of FFC funds.

Paragraph one: Disbursement shall not rectify defects that occurred during the submission or execution of the project. Therefore, if the administering entity discovers irregularities at any time, it may take the appropriate contractual or legal actions.

Paragraph two: Taxes or fees resulting from the transfer of the FFC cash rebate shall be directly discounted from the transfer.

Article 18. Forfeiture of the FFC cash rebate. Entitlement to the FFC cash rebate shall be forfeited in the following cases:

1. If the Colombia Filming Contract is not executed or the trust is not created in the manner and under the terms stipulated in this manual.
2. When the producer does not pay expenses for film services or film logistics services for the minimum amount of one thousand eight hundred (1,800) SMLMV.
3. When the request for disbursement and the required proof of payment documents are not submitted within the time period specified by article 14, paragraph 1 of this manual.
4. In cases of breach of contract specified in the Colombia Filming Contract or in any other case specified in this manual.

Article 19. Proportional cash rebate. Without prejudice to the provisions of the preceding article, in cases in which the FFC cash rebate is disbursed, it shall only be paid fully or proportionally based on the expenses that meet each of the requirements established in this manual.

Article 20. Annual allocation limits. Through a resolution, the CPFC may set for each year the maximum amount of the FFC cash rebate that may be allocated to each project. This determination may take into consideration differences in the duration or genre of the film.

The CPFC has the authority to increase this maximum allocation when deemed desirable for the objectives of the FFC.

CHAPTER SIX FINAL PROVISIONS

Article 21. Works created for television. In accordance with Law 1556 of 2012, films produced with the purpose of broadcast on television or media other than cinema screens are eligible for the FFC cash rebate as set forth in this manual, provided that they meet the following conditions:

1. The film shall be a single work, suitable for broadcast to the public in a maximum of two parts.
2. It shall not be an institutional or advertising film.

Article 22. Forms. The CPFC may adopt forms for any of the documents, requirements, or certifications established in this manual. These shall be modified by the administering entity in accordance with any changes in this manual.

The administering entity shall communicate this situation to applicants.

Article 23. Voluntary consent. By submitting a project, the producer declares that it is familiar with the FFC rules and is able to voluntarily comply with them.

Article 24. Information reporting. At the request of the CPFC, the administering entity may report information from the proof of payment documents to the National Tax and Customs Department (DIAN), the Financial Information and Analysis Unit (UIAF), or any other administrative or judicial authority that may require it.

Article 25. Projects in process. Projects currently in the application and evaluation process are subject to the provisions of this manual.

Article 26. Effectiveness of the agreement and rescissions. This agreement takes effect on the date of its publication. It rescinds the previous Resource Allocation Manual, adopted by Resolution 001 of 2013 and amended by Resolution 003 and 008 of 2013 and by Resolution 013 of 2014.

Let this be published and enforced,

Mariana Garcés Córdoba
President

Silvia Echeverri Botero
Secretary

FORM FOR SUBMISSION OF PROJECTS TO THE FFC

Date: _____

Colombia Film Promotion Committee Bogota, Colombia

Attention: *Fondo Mixto de Promoción Cinematográfica* "Proimágenes Colombia"

I, _____ (hereinafter the "Producer"), hold ID number (citizen ID card for Colombians; foreign national ID card or passport for foreigners) _____, issued at _____. I have my legal residence at _____ in the city of _____. My telephone number is _____ and my email* is _____. I act herein on behalf of the company _____, incorporated in _____. The institutional ID number (for Colombian companies, NIT and Chamber of Commerce book number; for foreign companies, information and certification equivalent to a certificate of incorporation and legal representation in the country of origin) of such company is _____. Its phone number is _____ and its email is _____*. I hereby declare to you the following:

1. I hereby submit the audiovisual project with the original title _____ (hereinafter the "Project") for the cash rebate from the Colombia Film Fund (hereinafter the "FFC"), in accordance with Law 1556 of 2012, its implementing regulations, and the Resource Allocation Manual adopted by the Colombia Film Promotion Committee (hereinafter the "CPPC").

2. The Project has the following characteristics (check the appropriate option and write its characteristics):

Feature-length film. Runtime: _____

Short film. Runtime: _____

TV movie. Runtime: _____

Country of origin of the project: _____

(If the project is an international co-production, list the participating countries).

Animation: Yes ; No

3. The following stages of the project shall take place in Colombia:

Production

Production and post-production

4. The project plans to film approximately _____ percent of its scenes in Colombia, in relation to its total duration and plan of shooting (this does not apply to animations).

5. I am familiar with the rules, terms, and conditions established by Law 1556 of 2012, its implementing regulations, the Resource Allocation Manual, and the model contract and forms

published on the website of the Colombian Film Commission. I undertake to comply with these documents in executing the Project and obtaining the FFC cash rebate.

6. I declare that the Project, the Producer, and the persons involved in this Project are not covered by any of the restrictions on participation or the application of projects established in the Resource Allocation Manual.

7. The _____ project has planned expenditures of _____ (amount in Colombian pesos, in words), COP _____ (amount in Colombian pesos, in numbers) for film services, and _____ (amount in Colombian pesos, in words), COP _____ (amount in Colombian pesos, in numbers) for film logistics services, as per the Budget for Expenses in Colombia attached to the Project.

8. We will contract services through the following Film Services Company/Companies; an engagement letter from the Company or Companies is attached:

Company _____,
NIT _____
Company _____,
NIT _____

Sincerely,

ID number _____, issued in _____.

* Remember that all correspondence and communications from the FFC will be sent to this email.

TECHNICAL SPECIFICATIONS

Title _____

Feature-TV movie-Short _____

Genre (Fiction, documentary, animation) _____

Subgenre _____

Language _____ Duration _____

Nationality _____

Film format _____

CHARGE	NAME	NATIONALITY
Producer(s)		
Executive Producer(s)		
Line Producer		
Head of Production		
Screenwriter(s)		
Director(s)		
1°Director's Assistant		
Main Cast		

Secondary Cast		
Casting Director		
Director of Photogr.		
Cameraman		
Camera assistant		
Gaffer		
Production Designer		
Art Director		
Set Designer		
Costume Designer		
Sound Engineer		
Film / Sound Editor		
Mixer (audio)		
Illustrators		

Total Number of Persons who make up the work team: _____

Number of Colombian natural persons residing or headquartered in the country that make up part of the crew, artistic, and production team: _____

Note: This is a technical specifications sheet of the persons that are defined in the work team at the moment of submitting the project to the Colombia Film Fund-FFC. If you deem pertinent you may include additional positions in this sheet. Each item may include more than one person.

FILM SERVICES COMPANY ENGAGEMENT LETTER

Date: _____

Colombia Film Promotion Committee
Bogota, Colombia

Attention: *Fondo Mixto de Promoción Cinematográfica* “Proimágenes Colombia”

I, _____, with the identification card number _____ from _____, who appear on behalf of and in legal representation of the following film service company _____, TIN _____ (current certificate of incorporation and legal representation, issued by the Chamber of Commerce and certification of Ministry of Culture's Registry of Film Services Provider attached), indicate to you for purposes of Law No. 1556 enacted in 2012 and the relevant Resource Allocation Manual, that we have agreed to work as film services company in the audiovisual _____ project _____ titled _____, which shall be submitted for the reimbursement from the Colombia Film Fund by the following production company _____.

We assume the commitment of submitting the relevant certifications regarding the performance of our activities to Proimágenes Colombia once project expenses have been incurred.

Cordially,

Identification _____ from _____

Legal Representative of _____

Address _____

Telephone _____

ITEMIZED BUDGET AND SUMMARY TABLES

An itemized, detailed budget of total expenses in Colombia, in Colombian pesos, shall be submitted. This budget shall indicate the budget of expenses eligible for the cash rebate (i.e., a detailed budget of expenses for Film Services [FS] and Film Logistics Services [FLS]). This budget shall be submitted in its original file format with editing enabled. Budgets shall only be accepted that were made with the program Entertainment Partners – Movie Magic Budgeting with details up to at least level 3, or a detailed Excel file.

In addition, the producer shall attach a copy of the budget in PDF format with the date that the budget was drafted.

Please note that the cash rebate only applies to expenses for Film Services and Film Logistics Services spent in Colombia, excluding VAT (Value Added Tax).

No expenditures for the purchase of any goods shall be covered by the cash rebate.

Furthermore, the cash rebate shall not cover per diems paid to the production team (technical, artistic, and production personnel) or expenditures for the domestic or international promotion of the project (P&A).

Budget Summary Table

COD	RUBRO	VALOR PRESUPUESTADO
	SERVICIOS CINEMATOGRAFICOS EN COLOMBIA (SC) / FILM SERVICES (FS) IN COLOMBIA	
1	Equipo Técnico & Artístico / Technic & Artistic Crew	
2	Actores, figurantes y extras / Cast and extras	
3	Alquiler de equipos / Equipment Rental(incluye alquiler de cámara, óptica, accesorios, luces, grip, paquete de sonido, generador eléctrico, etc) / (includes camera and accesories rental, lighting and grip package, generator and sound rental, etc)	
4	Gastos administrativos / Management Expenses (incluye servicios públicos, alquiler de oficinas, muebles y equipos para oficina, seguros, seguro de buen fin) / (includes utilities, office, furniture & office's equipment rental, insurance, and completion bond)	
5	Alquiler de locaciones y permisos / Location rental and permits	
6	Efectos especiales / SPFX Services	
7	Alquileres & servicios de Arte (arte, vestuario, maquillaje, ambientación, utilería) / Art rentals & services (art, costume, make-up, set design, props)	
8	Servicios de producción / Production fee	
9	Servicios de posproducción / Postproduction services	
10	Servicios de posproducción de sonido / Sound postproductions services	
11	Derechos música original / Original music rights	
12	Producción música original / Original music production	
13	Otros Servicios Cinematográficos	
	SERVICIOS LOGÍSTICOS CINEMATOGRAFICOS EN COLOMBIA (SLC) / FILM LOGISTICS SERVICES IN COLOMBIA (FLS)	
14	Transporte aéreo de personas / People Air transport	
15	Otro Transporte diferente a aéreo de personas / Other people's transport different than air	
16	Transporte de carga y correos / Freight and courier	
17	Hotelería / Hotel expenses	
18	Alimentación / Catering	
	BUDGET OF EXPENSES ELIGIBLE FOR CASH REBATE (FS+ FLS) (1)	
	TOTAL OF VAT IN COLOMBIA (2)	
	OTHER NON ELIGIBLE EXPENSES (3)	
	BUDGET OF TOTAL EXPENSES IN COLOMBIA (4)	
	PRESUPUESTO TOTAL DE PRODUCCION DEL PROYECTO (5)	

1. This refers solely to FS and FLS, i.e., expenses eligible for the cash rebate, excluding VAT.
2. This refers to the total amount of VAT payable in Colombia.
3. This refers to other expenses paid in Colombia that are not eligible for the cash rebate.
4. This refers to all project expenses paid in Colombia. It includes FS, FLS, other expenses not eligible for the cash rebate, and VAT.
5. This refers to the total amount for the production of the project, not including promotion costs (P&A).

Rebate summary table

Title	Total Amount	% of Cash Rebate	Amount of Cash Rebate
Budget for FS expenses in Colombia (excluding VAT) (1)		40%	
Budget for FLS expenses in Colombia (excluding VAT) (2)		20%	
Total amount of cash rebate (3)			

1. Total budget for film services (FS) in Colombia, excluding VAT. In the cash rebate box, multiply the total amount by the percentage of the cash rebate.
2. Total budget for film logistics services (FLS) in Colombia, excluding VAT. In the cash rebate box, multiply the total amount by the percentage of the cash rebate.
3. This refers to the total amount of the cash rebate, the sum of 40% of Film Services (FS) and 20% of Film Logistics Services (FLS).

Note:
The amounts in this table must correspond to those indicated in the itemized budget.

TRUST COMPANY CERTIFICATE

Date: _____

**Colombia Film Promotion Committee
Bogota, Colombia**

Attention: *Fondo Mixto de Promoción Cinematográfica* “Proimágenes Colombia”

The trust company _____, with NIT _____, duly authorized to operate and supervised by the Colombian Financial Regulatory Agency, hereby attests that:

1. The company _____, with Tax ID number _____, represented by _____, with ID number _____ (hereinafter the “Trustor”), has created at this trust company the management and payment trust _____; stand-alone trust _____; with the following annotations _____ (hereinafter the Trust).
2. The trust was created on [date] _____, for the payment of film services and/or film logistics services expenses in Colombia, for the audiovisual project entitled _____.
3. The following film services companies participated in the project:

	; NIT
	; NIT
	; NIT
	; NIT
	; NIT
	; NIT
4. The disbursements from the Trust for film services and/or film logistics services expenses were made between [date] _____ and [date] _____. The attached list includes the item, amount paid, and invoice number of these disbursements, which totaled _____ (amount in words and numbers). This is the equivalent of a total of _____ (in words and numbers, the equivalent number of legal minimum monthly salaries in effect in [year]_____, the year the project was approved, excluding the transportation allowance).
5. The disbursements from the Trust for film services and/or film logistics services expenses correspond to the budget of expenses eligible for the cash rebate, attached to this certificate, which was delivered at the time that the Trustor created the Trust.

Sincerely,

Position _____

EXTERNAL AUDIT EXPERT OPINION, CERTIFICATE, OR REPORT

Date: _____

**Colombia Film Promotion Committee
Bogota, Colombia**

Attention: *Fondo Mixto de Promoción Cinematográfica* “Proimágenes Colombia”

The audit firm _____, with NIT _____, duly authorized to operate in Colombia (hereinafter the Audit Firm), certifies that:

1. The company _____, with Tax ID number _____, represented by _____, with ID number _____ (hereinafter the Producer), created at the trust company, the management and payment trust _____; stand-alone trust _____; with the following annotations _____ (hereinafter, the “Trust”).
2. The trust was created on [date] _____, for the payment of film services and/or film logistics services expenses in Colombia, for the audiovisual project entitled _____.
3. The following film services companies participated in the project:

_____	;	NIT	_____.
_____	;	NIT	_____.
_____	;	NIT	_____.
_____	;	NIT	_____.
_____	;	NIT	_____.

4. The disbursements from the Trust for film services and/or film logistics services expenses were made between [date] _____ and [date] _____. The attached list, duly audited by the audit firm, includes the item, amount paid, and invoice number of these disbursements, which totaled _____ (amount in words and numbers). This is the equivalent of a total of _____ (in words and numbers, the equivalent number of legal minimum monthly salaries in effect in [year] _____, the year the project was approved, excluding the transportation allowance).

5. The disbursements from the Trust for film services and/or film logistics services expenses correspond to the budget of expenses eligible for the cash rebate, which was delivered by the Producer to the Audit Firm.
6. An attached document presents changes in the budget of expenses eligible for cash rebate.
7. This audit firm audited film services and/or film logistics services expenses based on payments made by the Trust Company. The Audit Firm attests that these payments fulfil current legal requirements in Colombia regarding the issuing of formal printed invoices (“*facturas*”) and billing statements (“*cuentas de cobro*”), and meet all health, pension, and *parafiscal* obligations.
8. This Audit Firm attests that expenditures for film services and film logistics services were made in compliance with the requirements established by Law 1556 of 2012 and by the Resource Allocation Manual issued by the Colombia Film Promotion Committee. Formal printed invoices and billing statements meet the requirements of the Resource Allocation Manual.
9. Consequently, this Audit Firm considers that it is appropriate for Proimágenes Colombia to disburse the FFC cash rebate to the Producer for a maximum amount of [REDACTED] (amount in words and numbers), in accordance with the Colombia Filming Contract concluded between the aforementioned parties.

Sincerely,

[REDACTED]
Position [REDACTED]

Accountant’s professional ID number. [REDACTED]

COLOMBIA FILMING CONTRACT No. 000/2000, ENTERED INTO BY FONDO MIXTO DE PROMOCIÓN CINEMATOGRAFICA “PROIMÁGENES COLOMBIA” AND NAME OF THE PRODUCTION COMPANY (CHARGED TO THE COLOMBIA FILM FUND)

This Contract number 000 of 2000 (hereinafter, the “Contract”) is entered into between the following parties:

The first party, **Fondo Mixto de Promoción Cinematográfica “Proimágenes Colombia”** (hereinafter “Proimágenes”), is a non-profit civil corporation which has been legally incorporated under the laws of the Republic of Colombia. It has registered offices in the city of Bogota; its Tax Identification Number (NIT) is 830.046.582-4. It is registered with the Bogota Chamber of Commerce under number 15532 in book I of non-profit entities. Proimágenes is represented in this Contract by Claudia Triana Soto, of legal age, identified as shown below her signature, who acts herein as its legal representative.

The second party is **Name of the production company** (hereinafter, the “Producer”). The Producer has been legally incorporated in accordance with the laws of **country of incorporation** and is identified by business ID number 000000. The Producer is represented in this Contract by **Name of legal representative**, of legal age, identified as shown below his or her signature.

These parties, which shall be jointly referred to as the “Parties,” have agreed to enter into this Contract based on the information in the following recitals.

RECITALS

- I. Whereas, Law 1556 of 2012 regulates the operations and use of the Colombia Film Fund (hereinafter the “FFC”).
- II. Whereas, the Producer submitted the audiovisual project entitled “**Name of the project**” (hereinafter the “Project”) in order to receive the cash rebate established in Article 9 of Law 1556 of 2012 (hereinafter the “Cash Rebate”) for expenses in contracting film services and film logistics services in Colombia (hereinafter jointly referred to as the “Project Services”).
- III. Whereas, paragraph 1 of Article 8 of Law 1556 of 2012 establishes a minimum amount for spending on Project Services, corresponding to one thousand eight hundred (1,800) SMLMV, including taxes (hereinafter, the “Minimum Expenditure”).
- IV. Whereas, given the above, the Producer submitted the following: (a) a budget including all items and amounts that will be spent in the country, broken down by film services, film logistics services, taxes, and other expenses (hereinafter the “Budget of Total Expenses”); and (b) a budget of expenses in the country for film services and film logistics services that are eligible for the FFC cash rebate, excluding VAT taxes, i.e., excluding expenses not covered by the FFC tax rebate (hereinafter the “Budget of Expenses Eligible for Cash Rebate”).
- V. Whereas, the Producer deposited in the account indicated for that purpose the sum of forty (40) legal minimum monthly salaries (SMLMV), in effect at the time the Project

was submitted, in order to guarantee the fulfillment of the specified obligations (hereinafter the "Guarantee").

- VI. Whereas, by means of resolution No. 000 issued on [date], the Colombia Film Promotion Committee (hereinafter the "CPFC") approved the Project in accordance with Law 1556 of 2012, its implementing regulations, and the Resource Allocation Manual approved by the CPFC (hereinafter the "Resource Allocation Manual"). The aforementioned Law, regulations, and Manual shall hereinafter be jointly referred to as the "FFC Rules."

The Parties hereby enter into this Contract, which is governed by the clauses set forth below, and for matters not covered therein, by the FFC Rules and by private law, specifically by all civil and commercial legal provisions in force in the Republic of Colombia.

CLAUSES

ONE. Subject Matter: This Contract sets forth the conditions, obligations, and other requirements for disbursing the Cash Rebate to the Producer, provided that the Producer pays expenses for Project Services in accordance with the Project submitted to the CPFC, the established Minimum Expenditure, and the requirements and parameters established in the FFC Rules.

Paragraph one: The Project is an integral part of this Contract. In the event that there are any inconsistencies between the Project and the Contract, the latter shall prevail.

TWO. Terms and definitions: In addition to the terms written in capital letters and in parentheses in this Contract, the terms set forth in the Resource Allocation Manual shall apply for the purposes of this Contract.

THREE. Obligations of the Producer: The following are obligations of the Producer:

- 3.1.** Establish a trust at an entity under the oversight of the Colombian Financial Regulatory Agency (*Superintendencia Financiera*) for the administration and disbursement of funds to be spent for Project Services. The trust shall be specifically designated or identified with this purpose and shall be established in a period of no more than three (3) months after entering into this Contract.

Paragraph one: The trust shall be established for an amount of no less than ten percent (10%) of the total submitted by the Producer to be spent on Project Services, according to the Budget of Total Expenses.

Paragraph two: In the event that the Producer fails to create the trust in the stipulated time period and for the stipulated amount, regardless of the reason, the Producer shall be deemed to withdraw from the Project, even if it creates the trust after the stipulated date. In this event, the amount of the Guarantee shall remain to be used for the purposes of the FFC. Furthermore, restrictions shall apply to the Producer's future participation, as set forth in the Resource Allocation Manual.

- 3.2.** Pay expenses for film services through a film services company or companies (hereinafter the "Film Services Company"), registered in the Ministry of Culture's registry of film services providers and duly identified in the Project.

Paragraph one: If the Producer intends to pay expenses through a company that is not specified in the Project approved by the CPFC, the Producer shall request prior approval from the CPFC. If

the CPFC denies approval, this expense shall not be deemed to be eligible for the FFC Cash Rebate.

Paragraph two: The Producer shall have the option of using the Film Services Company to pay for film logistics expenses in Colombia. It is hereby agreed that if the Producer chooses to contract film logistics services through the Film Services Company, these expenses shall be subject to the provisions for film services.

Paragraph three. In any event, for domestic film projects the use of the Film Services Company is optional.

3.3. Pay expenses for Project Services for which the Cash Rebate has been requested, solely for the items in the Budget of Expenses Eligible for Cash Rebate.

Paragraph one: Regardless of the reason, in the event that the Producer does not pay the Minimum Expenditure, the Guarantee shall remain to be used for the purposes of the FFC. Furthermore, the restrictions on the Producer's future participation, set forth in the Resource Allocation Manual, shall become effective. As established in the Resource Allocation Manual, the minimum expenditure shall be calculated based on the legal minimum monthly salary in effect in Colombia in the year the project is approved.

Paragraph two: The Budget of Expenses Eligible for Cash Rebate may be reduced by no greater than twenty per cent (20%) without incurring the consequences stipulated in the preceding paragraph, provided that the payments are made for the established Minimum Expenditure.

3.4. Film the audiovisual work described in the Project, in whole or in part, in Colombia. Proimágenes may designate a person from its team to be present during filming.

Paragraph one: In the case of animation projects, production activities are carried out, rather than filming activities. A person designated by Proimágenes may also be present in these activities.

3.5. Comply with FFC Rules in the submission and execution of the Project.

3.6. Deliver to Proimágenes in a timely manner the proof of payment documents required for disbursement of the Cash Rebate, and make any needed corrections within the allotted time period.

3.7. Provide the reports on the Project stipulated in this Contract, as well as those required by the CPFC or Proimágenes.

Paragraph one: Without prejudice to any other reports that have specifically been agreed upon, the Producer undertakes to submit and support all reports regarding any aspect of the management and execution of the Project. These shall include all reports detailing the financial, accounting, contractual, execution, and documentation aspects of the Project. The reports shall be submitted within the period required by Proimágenes, which shall be no less than three (3) days.

3.8. Exhibit or present to the public the audiovisual work resulting from the Project. The failure to publicly exhibit or present the film shall lead to the restrictions on future participation established in the Resource Allocation Manual.

3.9. Upon completion of the film, include a credit in the film for public presentation via any platform and in any format, in accordance with the instructions of Proimágenes. In the event of non-compliance with the provisions of this section, the restrictions on future participation established in the Resource Allocation Manual shall apply.

3.10. For strictly cultural, non-commercial purposes, allow the use of images from the film receiving the Cash Rebate, for a duration of up to five (5) minutes, in order to carry out activities promoting Colombia for audiovisual work. This authorization is granted for public institutional materials and for the objectives of the Film Commission in all territories, media, and formats. To this end, the administering entity may edit and reproduce such images and may distribute them directly or through the aforementioned institutions.

Paragraph one: The provisions of this section are equally applicable to audiovisual images on the creation of the film, "behind the scenes," and the film trailer, whether provided by the Producer or directly filmed by Proimágenes.

3.11. Not assign this Contract to third parties.

Paragraph one: Notwithstanding the above, Proimágenes may disburse the Cash Rebate to a financial institution or financing fund that has provided credit to the Producer, upon request by the Producer and provided that the proof of payment documents requested by Proimágenes are satisfactory.

3.12. Not accept the participation in the Project of persons described in the application restrictions, as established in the Resource Allocation Manual.

3.13. Any other obligation established in the Resource Allocation Manual.

FOUR. OBLIGATIONS OF PROIMÁGENES. The following are obligations of Proimágenes:

- 6.1. Disburse the FFC Cash Rebate within the agreed-upon time period, provided that the requirements, obligations, and conditions stipulated in this Contract and the FFC Rules have been met.
- 6.2. Return the Guarantee to the Producer within sixty (60) days of the termination of this Contract, provided it has been verified that the established requirements have been met.

FIVE. Cash Rebate: The maximum amount of the Cash Rebate that Proimágenes may disburse to the Producer, if it fulfills each and every one of the required obligations and conditions, shall be the sum of **amount in pesos in words (COP 000,000,000)**. This shall be used as the amount of the Contract for all purposes.

Paragraph one: Any taxes or withholding resulting from the Cash Rebate shall be the responsibility of the Producer.

Paragraph two: In any event, the cash rebate shall only be provided up to the amount approved by the CPFC.

SIX. Disbursement of the Cash Rebate: Proimágenes shall disburse the FFC Cash Rebate, upon request by the Producer, based on the proof of payment documents for Project Services expenditures. This shall cover:

- 6.1.** A maximum of forty percent (40%) of the amount paid for film services identified in the Budget of Expenses Eligible for Cash Rebate.

6.2. A maximum of twenty percent (20%) of the amount paid for film logistics services identified in the Budget of Expenses Eligible for Cash Rebate.

Paragraph one: The total Cash Rebate may not exceed the amount stipulated in clause five, provided that the Minimum Expenditure has been proven.

Paragraph two: The amount of the value-added tax (VAT) shall not be reimbursed for the expenditures accepted for the Cash Rebate.

SEVEN. Proof of payment documents: For the disbursement of the Cash Rebate, the Producer shall submit the following documents to Proimágenes:

7.1. Certificate issued by the trust company (hereinafter the "Trust Company Certificate") and addressed to Proimágenes. This certificate shall confirm the deposit of the Project funds into the trust and that such funds have been spent for the items in the Budget of Expenses Eligible for Cash Rebate. The Trust Company Certificate shall be issued in the form established by the Resource Allocation Manual and shall meet the following requirements:

- 7.1.1. The total amount of expenditures on Project Services shall be a sum no less than the established Minimum Expenditure.
- 7.1.2. The certificate shall list the numbers of formal printed invoices ("*facturas*") or billing statements ("*cuentas de cobro*"); their issuers; the dates of issue of each one; and dates of payment.
- 7.1.3. Film services expenses certified with billing statements shall be accepted only if: the issuer thereof is a natural person registered under the simplified tax system ("*regimen simplificado*"); the issuer is one of the technical or artistic personnel, pursuant to the definitions in the Resource Allocation Manual; or the issuer has performed work related to screenwriting or script editing. All other film services or film logistics services shall be billed with a formal printed invoice. Proof of payment documents (formal printed invoices or billing statements, as the case may be) may not be dated prior to the creation of the trust.
- 7.1.4. If general payments are made to Film Services Companies for film services, a formal printed invoice shall be provided for all of these payments. In this event, it is the obligation of the Producer to submit a detailed list of each of the film services and film logistics services, audited by the external auditor described in this Contract and in the Resource Allocation Manual.
- 7.1.5. Proimágenes may request detailed information regarding the expenditures from the trust company or the Producer.

7.2. Expert opinion, certificate, or report issued by the external auditor (legal person meeting the requirements established in the Resource Allocation Manual) that has been contracted by the Producer (hereinafter the "Audit Firm"). Such expert opinion, certificate, or report shall be submitted in the form established by the Resource Allocation Manual. In addition to the information required in the form, it shall certify the following:

- 7.2.1. Compliance with each of the requirements for the Trust Company Certificate described in section 7.1, above, with the exception of the dates of payments made by the trust company.
- 7.2.2. Formal printed invoices or billing statements supporting the Trust Company Certificate shall: (a) be truthful; (b) be for expenditures from the Budget of Expenses Eligible for Cash Rebate; and (c) meet all legal requirements.
- 7.2.3. Compliance with *parafiscales* obligations and provision of all required health and pension benefits for Colombian personnel employed by the project.

Paragraph one: The contract entered into by the Producer with the audit firm, which may be verified by Proimágenes, shall include the following provisions:

- a) The expert opinion, certificate, or report described in the audit contract shall be issued by the audit firm in the form established by the Resource Allocation Manual, addressed to Proimágenes.
 - b) Proimágenes may seek clarifications and may have a reporting relationship with the audit firm.
 - c) The audit firm shall submit to Proimágenes any explanations or clarifications required by Proimágenes.
 - d) It is understood that the producer shall exercise no form of interference or control over the audit firm.
- 7.3.** For foreign film projects, the Producer shall attach a certificate or certificates issued by the film services company or companies, stating which of the expenses certified by the trust company were paid through that company. This certificate shall also be attached if the Producer has voluntarily contracted film logistics services through such company. If a domestic Project has voluntarily contracted these services through a film services company, it shall also submit this certificate.

EIGHT. Interpretation and joint agreements: The Parties hereby agree to be bound by the following stipulations and statements, and accept them as the rules of interpretation of this Contract:

8.1. In view of the nature of film projects, non-compliance with this Contract or the Project by the Producer cannot be excused. The Producer recognizes and declares that the following events shall in no case constitute force majeure or unforeseeable circumstances:

- 8.1.1. Insufficient other sources of financing, or circumstances making it impossible for the Producer to obtain or administer funds.
- 8.1.2. Difficulties, disagreements, or disputes arising out of the contractual relationship between the Producer and the artistic, technical, and creative staff, or with co-producers, participants, investors, or third parties associated with the Project.

Paragraph one: In entering into this Contract, the Parties understand that the Cash Rebate shall not substitute the obligation of the Producer to carry out the Project with its own funds.

- 8.2. The Cash Rebate shall not constitute compensation to the Producer for services rendered. This Contract is civil and commercial in nature, and shall not create any other relationship between the Parties.
- 8.3. The Producer hereby agrees that if Proimágenes has any doubts regarding the submitted reports or certificates, Proimágenes shall be entitled to refrain from disbursing the Cash Rebate until the situation has been clarified. Furthermore, the Producer hereby declares that this suspension of the disbursement may not be presented as grounds for it to not complete the Project, or as a cause of injury to the Producer or to third parties.
- 8.4. Neither Proimágenes nor the CPFC have any liability regarding the Project. Any consequence of the Project, including labor, contractual or other relationships that the Producer enters into with third parties, shall be the sole responsibility of the Producer. The Producer shall at all times hold harmless the aforementioned entities, including but not limited to any claims or disputes regarding salaries, fees, copyright, or matters involving co-producers or investors.
- 8.5. The Producer's obligations under this Contract are performance obligations.
- 8.6. The Producer hereby declares that all of the information included in the Project is true and correct. Inaccuracy of the information in the Project or in the proof of payment documents for Project Services shall constitute grounds for denying the Cash Rebate.
- 8.7. In any of the cases described in this Contract, the interests generated by the Guarantee shall be used for the purposes of the FFC.
- 8.8. The signer of this Contract hereby declares that he or she possesses all of the capacities needed to bind the Producer in the stipulated manner, and that he or she shall be personally and jointly and severally liable for any inaccuracy in this statement.
- 8.9. The Parties hereby declare that each of the statements and obligations in this Contract have been freely made and assumed, without any limitations to their consent and with full understanding of the scope of each statement and provision. Furthermore, the parties declare that each of them has been separately counseled prior to entering into this legal relationship.

NINE. Term: The maximum term of this Contract shall be **months in words (00)** months from its signing. In the event that it is satisfied before the end of this term, the Parties shall be able to terminate it by mutual agreement and perform the stipulated reconciliation of accounts.

Without prejudice to the aforementioned maximum term, the following terms are hereby agreed upon:

- 9.1. The maximum term to pay expenses for Project Services shall be **months in words (00)** months from the signing of this Contract.

- 9.2. The term to establish the trust for administering funds for Project Services expenses shall not exceed **three (3)** months from the signing of this Contract.
- 9.3. The maximum term for providing the proof of payment documents for the Cash Rebate shall be **three (3) months** from the end date of the term established in section 9.1 above. In any event, the Producer may submit the proof of payment documents at an earlier date after the expenses for Project Services have been paid. If all proof of payment documents are not submitted within this term, the Producer shall be deemed to forgo the Cash Rebate.
- 9.4. The term for the disbursement of the Cash Rebate, if all conditions have been fulfilled and all proof of payment documents have been submitted, shall be **two (2)** months from Proimágenes' receipt of all proof of payment documents in the correct form.
- 9.5. Without prejudice to the maximum term of the Contract, the credit obligation to the FFC shall continue until the date of the premiere of the audiovisual work.
- 9.6. The right to file a claim for facts discovered by Proimágenes after the date of termination of this Contract shall survive indefinitely and, if applicable, until the statute of limitations has expired for the corresponding actions.

TEN. Non-compliance by the Producer: Without prejudice to other facts that may generate non-compliance of the subject of the contract and that are not specifically stated in the Contract, for all purposes of this Contract the following are deemed non-compliance by the Producer:

- 10.1. Any act of providing untrue information regarding this Contract or the Project submitted to the CPFC, regardless of when Proimágenes learns of this act. The Parties agree that for these purposes, a court judgment or ruling shall not be necessary; rather, an examination of the information by Proimágenes shall be sufficient. In these cases, Proimágenes shall notify the appropriate criminal authorities of any acts that may be punishable by law. Any disbursement that may have been made of the Cash Rebate does not rectify deficiencies that may have occurred during the submission of the Project or during the execution of the Contract.
- 10.2. The conclusion of this Contract by the Producer, when the Producer is covered by any of the restrictions on the submission of projects described in the Resource Allocation Manual.
- 10.3. The failure to include the credit recognizing the FFC in the public presentation of the audiovisual work. In this case, the consequences shall only be the payment of the monetary penalty and the restrictions on participation described in the Resource Allocation Manual.

In these cases, the following procedures, agreed upon by the parties to guarantee their rights, shall be followed:

- 10.4. Proimágenes shall invoke this clause and shall notify the Producer, in writing, of the non-compliance. The Producer may present its explanations, also in writing, within ten (10) days of the date of sending the notice. Proimágenes may send one or several notices.

10.5. If the non-compliance continues, Proimágenes shall contact the Producer for a meeting to mutually terminate the Contract, if it is still in effect, for which a term of not less than thirty (30) days shall apply. In the event that the Producer does not attend the meeting to mutually terminate the Contract and does not pay the agreed upon monetary penalty, Proimágenes shall notify the Producer in writing of the termination of the contractual relationship. Proimágenes may demand payment of the monetary penalty and, if applicable, may initiate the appropriate actions and file a claim for the damages caused. In the event of non-compliance and the application of the provisions of this clause, the Cash Rebate shall not be partially or fully disbursed.

Paragraph one: Non-compliance with the Producer's obligations shall result in the collection of the stipulated monetary penalty, the termination of the Contract, if it is still in effect, and the appropriate legal actions.

Paragraph two: At any stage of the procedures agreed upon in this clause, the Parties may settle their dispute.

Paragraph three: The events for which another consequence has been set forth in this Contract shall not be considered contractual non-compliance that would result in the actions established in this clause or in the payment of the agreed upon monetary penalty. Specifically, these events are:

- a) Failure to create the trust in the time period and for the amount agreed upon.
- b) Failure to pay expenses for the amount established as the Minimum Expenditure.
- c) Failure to pay the expenditures established in the Budget of Expenses Eligible for Cash Rebate approved by the CPFC. In these cases, as stipulated, the Guarantee shall remain in possession of Proimágenes to be used for the purposes of the FFC. Furthermore, the restrictions on the Producer's future participation, set forth in the Resource Allocation Manual, shall become effective.

ELEVEN. Monetary penalty: By agreement between the parties, in the event that the Producer breaches the provisions of the preceding clause – except the cases described in paragraph three of the above clause – an amount equal to ten percent (10%) of the total amount of the Contract is hereby established as a penalty clause. This amount shall be considered a preliminary, but not definitive, valuation of the damages caused to Proimágenes as the administrator of the FFC. The Parties hereby accept that payment of the penalty shall not discharge the primary obligation, and they waive any court injunction or notice of default.

TWELVE. Enforceable document: The parties hereby agree to grant and recognize the nature of this Contract as an enforceable document for collection in the stipulated cases of non-compliance.

Paragraph one: The Parties hereby agree that a notice of default or a court injunction shall not be necessary as prior requirements for the herein agreed upon enforceability or any other contractual action.

THIRTEEN. Monitoring: Proimágenes shall monitor this Contract through its staff, according to their duties at Proimágenes. This shall be documented prior to the disbursement of the Cash

Rebate. Notwithstanding the disbursement of the Cash Rebate, and notwithstanding the monitoring and reconciliation of accounts of the Contract, the parties hereby understand and agree that in the event of subsequent events constituting non-compliance with the Producer's obligations, Proimágenes shall be able to proceed with the appropriate legal actions and claims.

Paragraph one: Any delay by Proimágenes in exercising the rights and actions arising from non-compliance by the Producer may not be interpreted as waiving the exercise of these rights and actions, or as accepting the circumstances leading to the non-compliance.

FOURTEEN. Reconciliation of accounts: Upon the end of this Contract, the Parties shall conduct a reconciliation of accounts detailing the disbursement of the Cash Rebate and the current situation of the Project. Proimágenes shall conduct this reconciliation of accounts directly, as authorized by the Producer, if the Producer has not done so within two (2) months from the end of the Contract.

FIFTEEN. Termination: The grounds for termination of the Contract are those established by civil legislation and by mutual agreement. The Parties hereby agree that the Contract shall end at an earlier date upon notification by Proimágenes to the Producer in the cases and following the procedures stipulated in this Contract.

SIXTEEN. Election of domicile: For all purposes, the domicile of this Contract shall be Bogota D.C., Colombia. Any legal claim shall be pursued in the jurisdiction of the Republic of Colombia.

SEVENTEEN. Notices: The Parties shall be deemed to have been notified at the following addresses. Each Party undertakes to inform the other of changes in the information contained in this clause:

- Proimágenes:

Address: Calle 35 No. 5 - 89 (Barrio La Merced), Bogotá D.C.

Phone: +57 1 2870103

- The Producer:

Address:

Phone:

Email:

EIGHTEEN. Validity and execution: This Contract shall be executed and take effect for legal purposes on the date of its signing by the Parties.

In witness whereof, the Parties sign this Contract in two (2) counterparts, each of which shall be deemed to be an original, on [date in words](#) (2000).

Proimágenes,

The Producer,

Claudia Triana Soto

Citizen ID Number (C.C.) 41.685.231

**Representative of the production
company**

Note:

The content of this document does not constitute any type of professional advice whatsoever. If it is intended to act based upon the information included herein, will be under sole responsibility of the reader, who should seek professional advice for its own particular situation.

Therefore, Proimágenes Colombia shall not assume any type of responsibility whatsoever, for any decisions made based on this document or the web page www.locationcolombia.com. All the information for participation purposes must be submitted in Spanish. The content in English is a simple guide for the reader and does not compromise in any way the liability of Proimágenes Colombia.