

# Corporate tax deduction for investments in cinematographic films and other audiovisual works

Includes the latest modification:

Regional Order 131/2025 modifying Regional Order 69/2021

Regional Law LF 17/2025 modifying several taxes and other tax measures



## REGIONAL LAW 26/2016 ON CORPORATE TAX IN NAVARRE REGIONAL ORDER 69/2021

Audiovisual and digital projects section



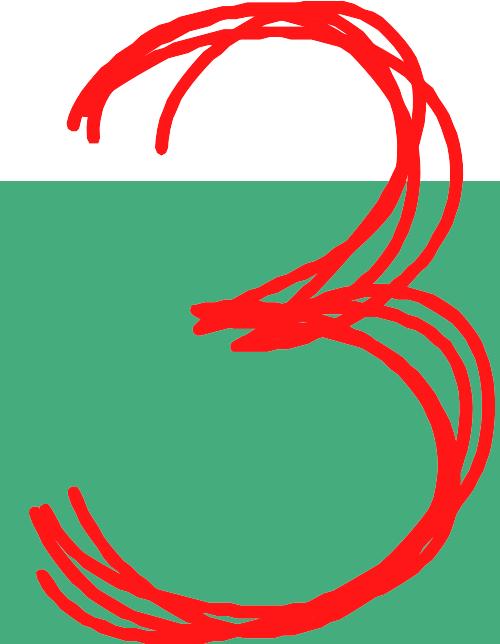
**REGIONAL LAW 26/2016  
ON CORPORATE TAX IN NAVARRE**

## **Deduction for investments in cinematographic films and other audiovisual works**

**This is a tax benefit for investments in film productions and other audiovisual works of fiction, animation or documentary.**

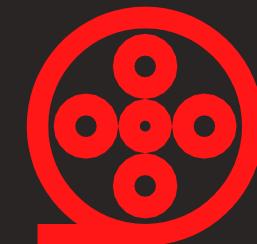
**(Regional Law 26/2016 on Corporate Tax in Navarre, article 65).**

**Article 65 of Regional Law 26/2016 on Corporate Tax in Navarre regulates the **tax incentive** for film-making and audiovisual production.**



main areas covered,  
**always affecting Corporate Tax**  
**in the form of a tax deduction**

# BENEFICIARIES



## Article 65.1.

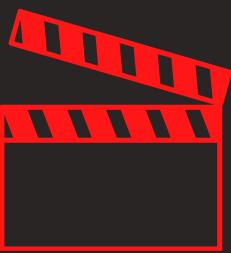
**Production or co-production companies** involved in Spanish productions of cinematographic films and other audiovisual works of fiction, animation or documentary.

### % TAX DEDUCTION

General: **45%** of the deductible base.

Special: **50%** on the **first three million** of the deductible base in the following cases:

- The only original version is in the **Basque language**.
- Made exclusively by **female directors**
- **Documentaries** or **animation**
- Directed by a person who **has not directed** or **co-directed** a feature-length film or audiovisual series in the categories of fiction, animation and documentary.
- **Short films**

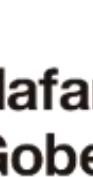


## Article 65.2.

**Services** that are responsible for **the execution of a foreign production** for the production of cinematographic films or audiovisual works which have a cultural certificate.

### % TAX DEDUCTION

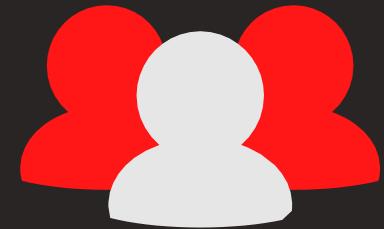
35% of expenses incurred in Navarre



**Gobierno de Navarra**



**Nafarroako Gobernua**



## Article 65.bis.

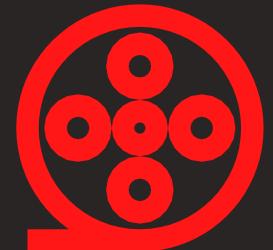
**Payers** of Corporate tax or Non-resident income tax that **participate in the financing** of Spanish **productions** of cinematographic films and audiovisual works of fiction, animation and documentary.

### TAX DEDUCTION

Taxpayers that participate in financing will be entitled to accredit the deduction relevant to the production company provided for in article 65.1 to a maximum resulting from multiplying the sum of the amounts disbursed to finance the audiovisual work by **1.20**.

The amount of the deduction not applied by the financing company may be applied by the production company.

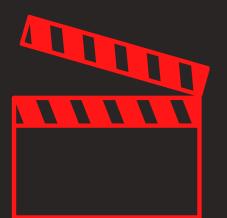
# TAXABLE AMOUNT



Article 65.1.

## DEDUCTIBLE BASE (Regional Order 69/2021)

- The costs of production of the work until the standard or digital master copy is obtained, with certain special cases and limits.
- Advertising and promotion expenses to a limit of 40% of production costs.
- Expense of adaptation to a support or system, expenditure on creating the necessary supports to preserve the work and obtain copies intended for screening in cinemas or cinematographic exploitation, or, in the case of series, for broadcasting on television or on platforms that offer streaming content.
- The expenses of the special audit report.



Article 65.2.

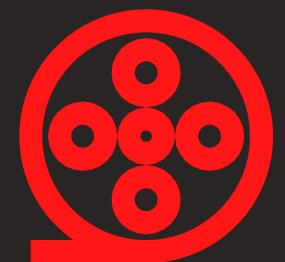
## DEDUCTIBLE BASE (Regional Law on Corporate Tax 26/2016)

The expenses incurred in Navarre.



Article 65.bis.

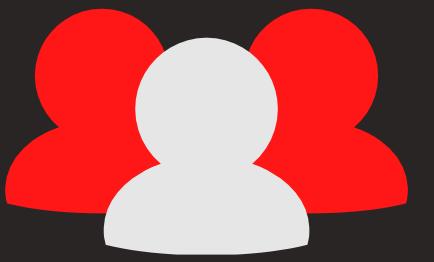
# REQUIREMENTS



Article 65.1.



Article 65.2.



Article 65.bis.

**Expenses in Navarre must account for no less than 40% of the investment.**

(If the percentage is lower, the deductible base will be calculated by dividing expenses in Navarre by 0.4)

## RECOGNITION OF THE INVESTMENT

Procedure under the responsibility of the Directorate General of Culture of the Government of Navarre according to Regional Order 69/2021 of 7 May.

### In addition, the production company must:

Provide or permit access to the graphic and audiovisual material from the shooting and locations in Navarre for its non-commercial and exclusive use for the promotion of Navarre.

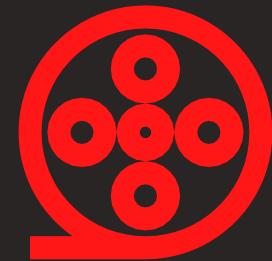
#### Include in the closing credits:

- 1.º "Que la producción se ha acogido al esquema de incentivos fiscales previsto en la Ley Foral del Impuesto sobre Sociedades de la Comunidad Foral de Navarra"/"Ekoizpen hau Nafarroako Foru Komunitateko Sozietateen gaineko Zergaren Foru Legean aurreikusten diren sustagarri fiskalen babesarekin egin da"/"This production has benefited from the tax deductions included in the Foral Law of Corporate Tax of the Region of Navarra".
- 2.º The Government of Navarre logo.



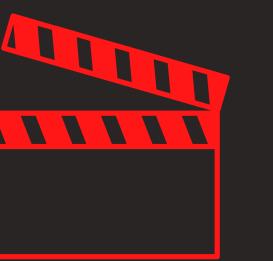
Deliver a copy of the production to the Navarre Film Library (Filmoteca de Navarra) within six months of applying for the certificate of nationality in the case of national productions or co-productions.

# CAPS



## Article 65.1.

**Cap on the deduction: €5,000,000**



## Article 65.2.

**Cap on the deduction: €5,000,000**

**Cap on the deductible base: 80% of the total cost of production.**



## Article 65.bis.

**NOT applicable when the taxpayer is associated with the production company.**

- The taxpayers may **NOT** acquire **intellectual property rights or rights of any other nature regarding the results of production.**

The sum of the deduction and other forms of aid **may not exceed 50%** of the **eligible costs**.

• This cap will be raised in the following cases:



**85%** for short films or projects with **production costs of less than 1,000,000 euros**.

**80%** for productions:

- directed by a person who has not directed or co-directed more than two feature-length films qualified for commercial exploitation in cinemas, whose production budget does not exceed 1,500,000 euros
- shot entirely in the Basque language
- directed exclusively by people with a degree of disability equal to or greater than 33%
- of animation whose production budget does not exceed 5,000,000 euros

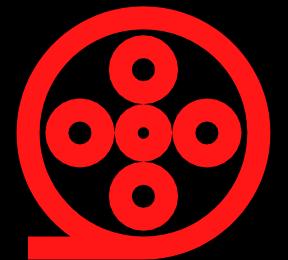
**75%** for audiovisual works:

- made exclusively by **women directors**
- of **special cultural and artistic value** which require exceptional funding support according to the criteria established by Regional order or in the corresponding calls for grants
- which are documentaries

**60%** in the case of:

- cross-border productions financed by more than one Member State of the European Union and in which producers from more than one Member State take part
- international co-productions with Ibero-American countries



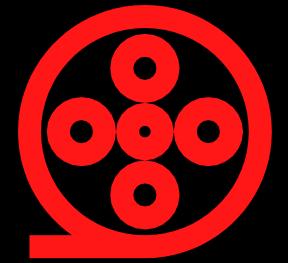


## DECUCTIBLE BASE IN THE CASE OF CO-PRODUCTION

**DEDUCTIBLE BASE: To be determined individually for the co-producer applying the following rules:**

- 1. The deductible base will consist of the amount of the applicant co-producer's investment if the expenses incurred in Navarre reach 40 percent of its investment. Otherwise, the deductible base will be the result of dividing the expenses incurred in Navarre by 0.4.
- 2. If the increased deduction applies, the first three million euros of the deductible base will be prorated for each production company according to its percentage of participation in the **total cost of the audiovisual work**.
- 3. The maximum deduction cap of 5,000,000 euros will also be prorated according to the percentage of participation in the **total cost of the audiovisual work**.





## CONCEPT OF TOTAL COST OF THE AUDIOVISUAL WORK

**TOTAL COST OF THE AUDIOVISUAL WORK:** The total cost of the audiovisual work will be understood as the sum of the following:

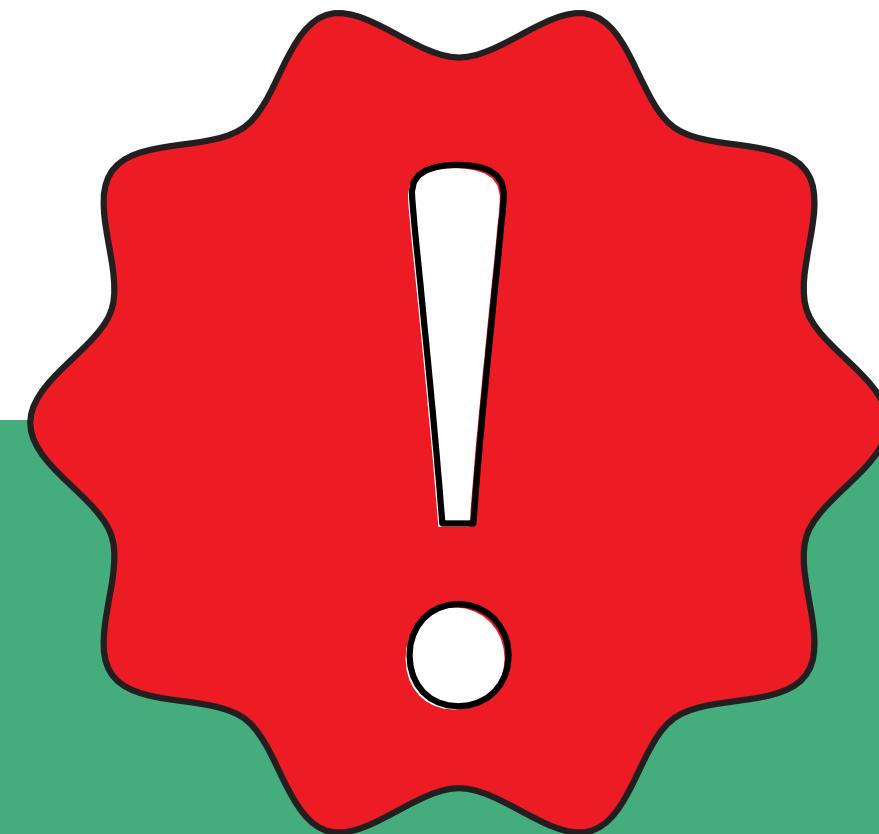
- **cost of production** until the standard or digital master copy is obtained,
- **promotion and advertising expenses**
- **adaptation expenses** for screening or broadcast
- **preservation expenses**
- **expenses to obtain copies**
- **the special audit report** to accredit the total cost of the audiovisual work



**without considering time or monetary limitations.**

In the case of international co-production, the **cost of the audiovisual work will include the foreign contribution.**

## The applicant's deductible base will be reduced:



by the amount of aid received by the applicant to finance the investments or to promote activities that generate entitlement to deduction  
(Article 67.2 of Regional Law 26/2016 on Corporate Tax in Navarre)

by the amount of the co-producer's financial contribution in the case of financial co-productions

# In what period is it understood that the deduction is generated?

In the tax period in which the production of the work ends.

If the production period is longer than twelve months or affects more than one tax period, the taxpayer may choose to apply the deduction as payments are made and in the amount of these.

In this case, the deduction will be understood to be generated in the periods in which the expenditure is incurred.

PROCEDURE

Arts. 3 and 4.

?

Deductible base

Art. 1.

?

**REGIONAL ORDER**

**69/2021**

Expenses in Navarre

Art. 2.

?

Audit report

Art. 4

?



# pre-validation

Stage 1.

## application for prior report

from that moment, the deduction generated  
can be entered

## issue of prior report

in a maximum of 3 months

# post-validation

Stage 2.

justification of the investment  
made and compliance with the  
established requirements

in a maximum period of 6 months from  
application for a nationality certificate

subsequent validation and  
determination of the  
deductible base

in a maximum of 6 months

# pre-validation

Stage 1

application for prior report

issue of prior report

## ■ Who applies for it?

THE PRODUCTION COMPANY. From that moment on, the deduction generated can be entered in its settlement statement.

The application for a prior report can be made at any time prior to the application for subsequent validation.

## ■ How?



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### Trámites

Sede electrónica del Gobierno de Navarra

Buscar trámites

BUSCAR

Con el plazo de solicitud abierto

## ■ Who issues it?

The General Directorate of Culture

## ■ When?

Maximum 3 months after application

## ■ What documentation needs to be submitted?

- Application for prior report
- Basic details of the project
- Report explaining the project
- Declaration on honour for the 50% deduction, if applicable
- Declaration on honour of nationality and cultural nature
- Declaration on honour to apply an intensity limit higher than 50%
- Project expense budget

**In the case of co-productions, the budget for cost of production and the total cost of the audiovisual work.**



## ■ What must the report include?

If the project meets the conditions to be entitled to the deduction

If 45% or 50% applies

The applicable intensity limit

# post-validation

Stage 2

**justification of the investment  
made and compliance with the  
established requirements.**

**subsequent validation and  
determination of the  
deductible base**



## Who applies for it?

**THE PRODUCTION COMPANY.** Within 6 months of applying for a nationality certificate.  
The application for subsequent validation must be processed within six months of applying for the nationality certificate for the audiovisual project.  
**Application for the prior report does not need to be resolved at the time of application for subsequent validation**



How?



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### Trámites

Sede electrónica del Gobierno de Navarra

Buscar trámites

BUSCAR

Con el plazo de solicitud abierto



Who validates it?

**The General Directorate of Culture**



When?

**Maximum 6 months after submitting documentation**

# ■ What documentation needs to be submitted?

- Application for subsequent validation
- Declaration of the total cost of the audiovisual work.
- In the case of co-productions, in addition to the applicant's cost, the cost of production and the total cost of the audiovisual work
- Special audit report reviewing and verifying the cost of the work (\*)
- Certificate of nationality
- Cultural certificate
- Notification of start and end dates of shooting
- Proof of compliance with the obligations established in Article 65.6 of the Regional Law on Corporate Tax in Navarre through proof of delivery of a copy of the audiovisual work issued by the Archive of the Navarre Film Library
- Declaration on honour regarding tax regime of AIE components, if applicable
- In the case of co-productions: last co-production contract signed by all the co-producers expressly stating the percentages of ownership, execution and the total cost of the audiovisual work. If it is an international co-production, also the resolution approving the co-production issued by the ICAA.

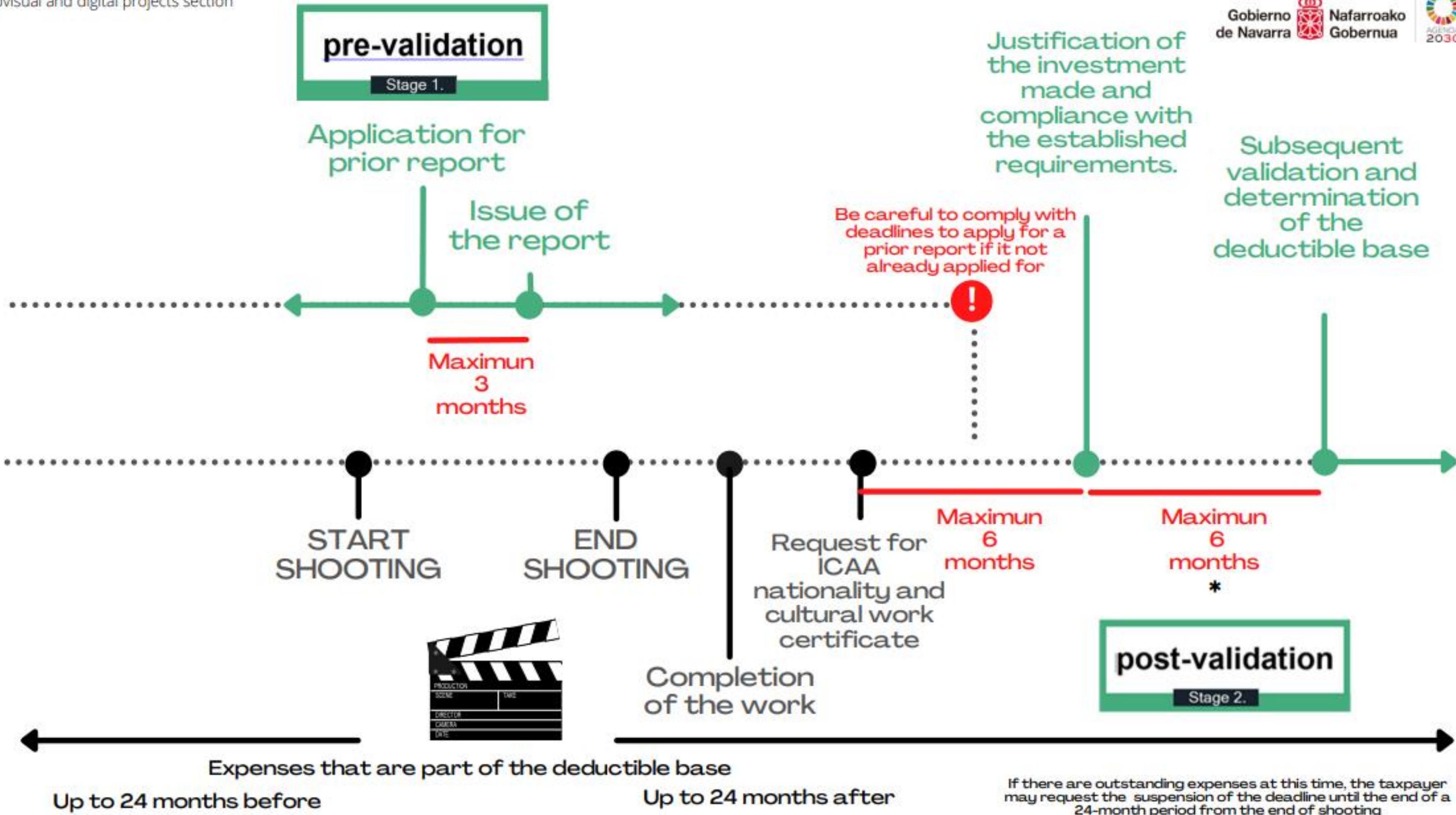


(\*) In the case of international co-production, to demonstrate the cost of production and the total cost of the audiovisual work corresponding to the foreign co-producer, the following are accepted:

1. Audit report by an independent auditor in the country of the foreign co-producer.
2. Cost certification issued by the competent public body in the country of the foreign co-producer.
3. In the case of international co-production approved by the ICAA, the resolution approving co-production issued by the ICAA.

## ■ What will post-validation include?

- The cost of production and the total cost of the audiovisual work
- The expenses incurred in Navarre by the applicant that form part of the deductible base
- The production company's investment
- The applicant's prior deductible base
- The aid received by the applicant production company to finance the audiovisual production



# Deductible base Art. 1



NOT  
financial expenses  
indirect taxes

**The cost of production until the standard or digital master copy is obtained, with certain special cases and limits**



**Promotion and advertising expenses (limit of 40% accounting cost of production)**

**Expenses of adaptation to support or system**

intended for screening in cinemas or cinematographic exploitation, or, in the case of series, for broadcasting on television or on platforms that offer streaming content.

**Expenditure on making supports to preserve the work and obtain copies**

**Expense of the special audit report**



## special cases:

Compensation of the executive producer  
**(with specific contract + corporate purpose  
executive production + effective participation)**

Amount of overhead expenses

Utility and supply expenses  
**(water, electricity, gas, cleaning)**

Depreciation/amortisation cost  
**(technical material belonging to the production company)**

Catering, hotels, travel, mobility, telephony and  
internet services

## limits

Cannot exceed the higher of the following limits:  
a) 10 per cent of the accounting cost of production  
b) 100,000 euros

Up to 10 per cent of the accounting cost of production. To be allocated to overhead expenses:  
- Staff personnel expenses for those who do not have a specific employment contract for the work eligible for the deduction.  
- Expenses on supplies occurring at the registered office of the production company when these are not the premises directly associated with shooting  
- Catering, hotel, travel, mobility, telephony and internet service expenses outside the shooting period

Produced within the shooting period at premises or facilities directly associated with shooting

That corresponding to the time of use making the audiovisual work

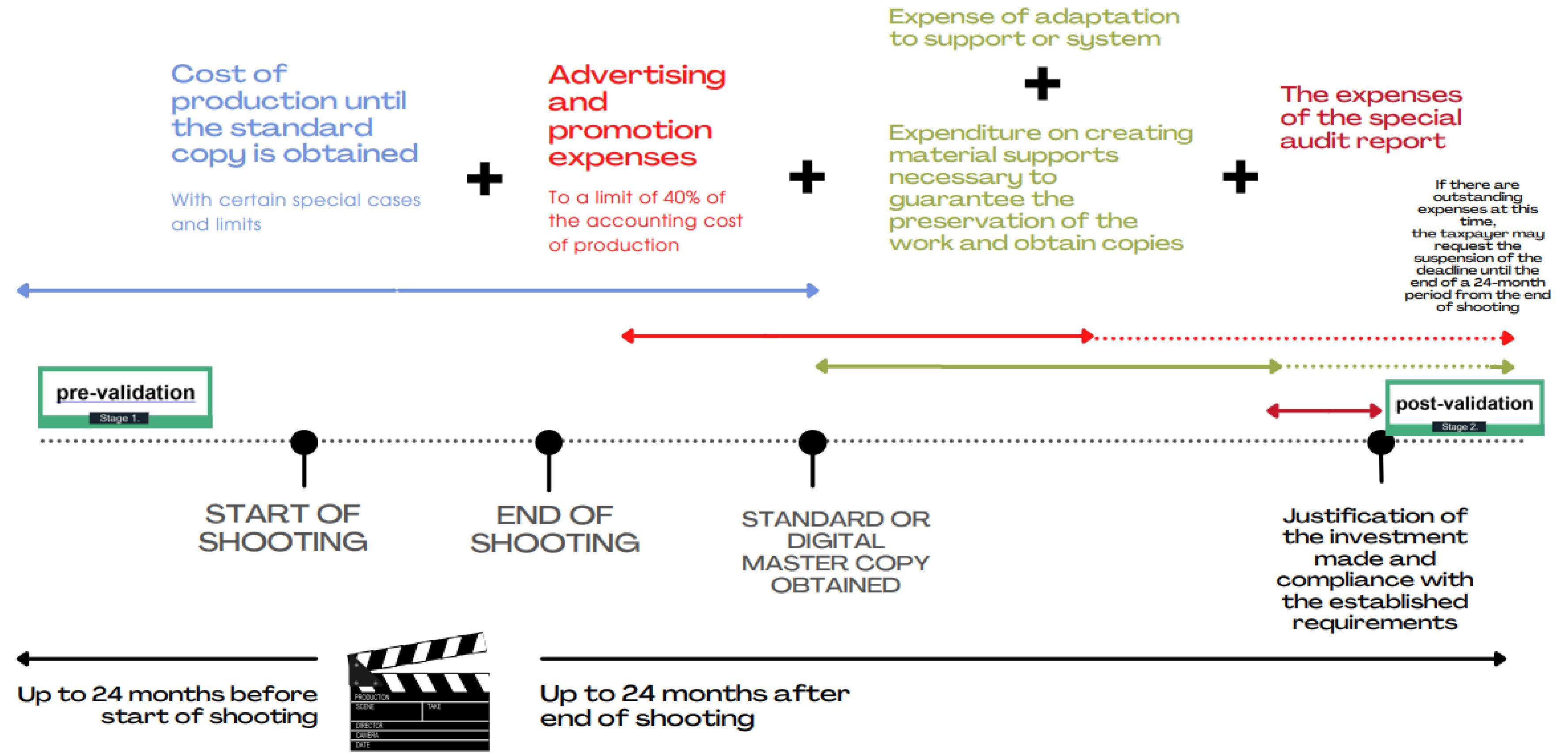
In the shooting period



- **Services that are carried out from Navarre when the provider is domiciled in Navarre.**
- **Expenses corresponding to the acquisition of goods used in Navarre and paid to persons or entities domiciled in Navarre.**
- **Depreciation/amortisation expenses derived from tangible or intangible fixed assets when their effective use occurs in Navarre and the deliverer is domiciled in Navarre.**

The following expenses are also considered to have been incurred in Navarre:

- **Expenses derived from the payment of wages of workers in employment when the work or services are provided in Navarre.**
- **Expenses derived from water, gas or electricity supplies when made available to the customer from Navarre, understanding as such the place where the meter or connection is located.**
- **Expenses derived from the payment of insurance when the location of the risk or commitment occurs in Navarre.**
- **Expenses related to the concession of use or rental of real estate when said assets are located in Navarre.**
- **Hotel and catering expenses when the service is provided at establishments located in Navarre. Except for services provided by outside catering companies.**



# Special audit report

**OBJECTIVE:**  
**TO REVIEW AND VERIFY THE COST OF PRODUCTION**



## WHO?

WHO DOES IT?: External auditor registered in the Official Register of Auditors  
 WHO SUBMITS IT?: The taxpayer

## WHEN?

In a maximum period of 6 months from applying for a nationality certificate.

## REGULATIONS?

Procedural rules provided for in current legislation on auditing.

## IMPORTANT:

If the audiovisual work is made by several production companies, there will be one single report

## CONTENTS

### Description of the scope of the work performed

If done by sampling:  
 - >85%  
 - Personnel costs 100%

### Procedures carried out

### Conclusion

- Structure of the total costs of the audiovisual work.
- If the applicant is a Navarrese co-producer, its cost structure.
- Calculation of these follows Regional Order 69/2021

### Auditor name, contact details, signature and date

## SPECIFIC INDICATION

Labour and commercial contracts, and those related to the acquisition of rights

+  
 Related invoices and documentation.

Travel and mobility

+  
 Tickets, invoices and documentation of probative value

Accreditation of Navarrese expenses

+  
 % of the deductible base

Service, supply and utility contracts

+  
 Invoices and documentation of probative value

List of sub-contracted expenses

+  
 Identification of contractors and relationship Art. 28 Regional Law on Corporate Tax

Amount of public aid and grants obtained by the project

### IMPORTANT:

The association of the expenses will be accredited by indicating the title of the work on the invoices.

Art. 4 Regional Order 69/2021 specifies: expenses for scenography, decoration, storyboarding, modelling, editing...

# Frequently asked questions

1

Depreciation/amortisation must be associated with the equipment and technical material belonging to the producer.

These have to be directly related to the production.

2

Catering, hospitality, travel and mobility expenses are part of the cost of production. Only those incurred in the shooting period are part of the deductible base. The rest are considered overhead expenses.

3

Expenses corresponding to insurance which are not associated with the audiovisual production are considered overhead expenses

4

Financial expenses are NOT considered part of the deductible base even if they are part of the cost of production

5

Legal and financial advice, notary public, registration and expert expenses will be part of the cost of production if they are necessary in order to make the film and comply with the accounting regulations.

6

Recoverable indirect taxes and personal income tax are NOT considered costs of production

7

When the taxpayer requests the suspension of the resolution period to determine the deductible base to incorporate expenses:

- The deadline for issuing a resolution is suspended for the remaining period until the end of the 24-month period from the end of shooting
- The Directorate General responsible for culture may in such cases request a complementary audit report.

8

The expense of the audit report, structural expenses and those of promotion and marketing are not costs of production but are part of the deductible base.

# Contact

## Tax Agency

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## Culture

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