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Analysis of the Tax and Economic Regime of the Republic of San Marino. Subsidies for the Film Industry.

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1. GENERAL DATA ABOUT THE REPUBLIC OF SAN MARINO

The Republic of San Marino represents a small Sovereign , Independent and Autonomous State, situated in the center of Italy. With its 1716 years of history, it is the oldest Republic of the World.

The economy system of this Country is characterized by an important presence of a productive industry, a highly advanced tertiary sector and an innovate vocation for tourism.

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San Marino is also a destination for large investments by foreign entities given the particularly advantageous economic system that allows to be, nowadays, one of the most competitive European markets on the tax approach. This Republic is also characterized by a faster bureaucracy compared to the other European Countries. In the last years, several national and international investors thanks to these particular characteristics.

Nowadays, the Republic of San Marino is not a member of the European Union yet, even though it has signed several agreements with the other European Countries, one of each, the most important one, is the Customs Agreement, and in these days it is also negotiating a new corporate agreement that could possibly make San Marino even more competitive on the Economy Scale but also more in line with the European Laws.

2. CORPORATE TYPES:

In the Republic of San Marino is possible to develop and carry the business both on an individual and corporate for,. The individual businesses are only reserved to San Marino's citizens or residents.

Instead, the corporate ones, have no limits and in fact, both the partners of San Marino's corporations and the managers can usually be persons who actually have the residency outside the Country's borders.

There are just few restrictions concerning the corporations that work in the trade range, which consist in a request of having at least the 51% of partners with San Marino's citizenship.

The other fields, in particular the Industry and the tertiary ones, are not subjected to any kind of restriction on their social composition.

The law n.47/2006, about the corporations, rules different types of corporation, in particular the two most used of all, which are:

- Corporation/Company with limited liability; the minimum authorized Capital is as € 25.500, to entirely and immediately subscribed and deposit at least, the half of it within 60 days from the first day of the registration of the Corporation in the concerned register. The other half of the total amount will have to be deposited within the first 3 years from the registration. It is possible to have a one-person Corporation with limited liability, which means a corporation with just one partner, if the whole authorized Capital is deposited within 60 days from the registration's day. The time needed to register a Corporation's about a week.
- Join-stock Company; the minimum authorized capital is higher than the first case and it must be equal or higher than: € 77.000. The regime that rules the deposit regulations are the same of the previous case (Corporation with limited liability). In this case too, it is possible to register a one-person company, The time needed to register a corporation are about a week as well.

3.TAX REGIME

The San Marino's tax regime surely represents the biggest subsidy that this Country offers to its investors also because San Marino is one of the European Countries with lowest taxation. There are

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a large number of tax laws, but the main one is the law n. 156/2013, that expects (art.43) a percentage of 17% as an ordinary tax rate for legal entities.

Art. 43

(Tax rate's Application)

1. The General tax on the incomes referred to the Title III of this article, shall be determined by applying the proportional rate, to the extent of 17% , to the taxable income calculated in accordance with the following Articles. This rate's measure can be modified by delegated decree.

There are also several subsidies provisions that greatly help to reduce the rate of reference, regulating it to some indexes in particular, like the level of engagements or investments. The decree n.19/ 2016 allows the halving of the tax rate during the first six years of it, by halving it of about 8,5% in the case in which the company hires an employee in the first twelve months of activity and other two ones within the following months. The law allows also to postpone the tax exemption period no later than the third year after the start of the activity. There are also exemptions on the license fee (€ 1700 at the time of release for Companies, € 650 per year for the renewal of the license). It is except also the exemption of the minimum tax during 6 years (€ 2000 per year, for Companies.)

Art 73.

(more subsidies)

1. To the new business activities trained out in individual corporate form or as a freelance, which owners have not exercised, in the year preceding the date's request, any kind of business activity similar to the one for which the owners require the access to the following benefits, are recognized:

- a) exemption of the payment of the license's first release's tax;
- b) for the following 3 years of business, the exemption of the license's Annual tax's payment;
- c) for the first six tax years, the removal of planned tax rate equal to 50%.** the taxpayer has the right to postpone the effective date of the tax exemption's period no later than the third tax year following the start of the new business activities.
- d) tax credit on employee training programs, technological development and innovation, whose criteria are defined with a special delegated decree.

2. the provisions of the present article also apply to the benefit of the limited liability companies/corporations or Cooperative societies whose members fall under the conditions specified in the preceding paragraph, which means:

- a) when these are new created economic activities, whose shareholders have not exercised any kind of business activity similar to the one for which they require the access to the benefits, in the year preceding the date of request;
- b) The shareholder must provide the hiring of at least one employee within two months from the license's issue and the hiring of two more ones within twelve months from the license's release.**

The preservation of the requirements concerning the shareholders in case of releasing of their shares, units and of the obligations set at the letter b) of this comma, are essential terms to preserve the benefits.

3. The break provided at letters a) and b) of the previous comma 1, shall apply from the date of release of the license on penalty of forfeiture of them; or in the case of self-employed, at the time of registration at the Labor Office.

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4. The break provided at letters c) and d) of the previous comma 1, shall apply under payee's request, notwithstanding the time limits set by this article
5. The failure of the requirements provided at the commas 1 and 2 of this article, implies the loss of the requirements for the current year's activity and for the next ones.
6. With the Circulars of the Tax Office and the Office of Industry, each for its own part, the definitions and application procedures will be specified in this article.

Therefore, besides halving to the 8.5% in the cases cited supra, the San Marino's law expects more cuts on this percentage, linking them to the investments that are made. The articles 62 and 63, provide cuts up to 90% of the tax rate, in case of some business investments are made, taking then, the tax rate of 17% or 8.5% down to 0,5% or 4% depending the different cases and investments made time by time.

Moreover, the same law also provides a total immunity, only if the company's profits are re-invested inside the company's itself, if that company has at least five employees.

Art 62.

(Subsidized Investments)

1. The company's projects are considered as investment interventions when:
 - a) the introduction of technological progresses able to improve the goods or producing processes already existing, that is the acquisition of new implants or technologies finalized to the realization of new goods or new production processes, only if these kind of interventions will not negatively affect the company's employment;
 - b) constructions, acquisitions, renovations or expansions of properties able to improve already existent producing processes or to introduce new ones, in company's projects that provide the hiring of at least five employees which 60% of them hired with a permanent contract;
 - c) the acquisition of establishments, machines or technology processes able to obtain some consistent energy and water savings or significant reductions of pollution according the parameters, the coefficients and methods that represent the considerable and substantial energy savings and lowest pollution load as agreed by the section specific provision and with the specific certification.
2. these investments could be effectuated both via direct purchase and leasing contract; in this case the value of the capital good is given by the price paid by the grantor for the purchase of goods and related services.
3. a) b) the amount of the investments mentioned above shall be less than: € 50.000,00 = for the investments described in comma 1 letter a); € 300.000,00 = for the investments described in comma 1 letter b) ; in the case of constructions and acquisitions must not be less than € 150.000,00, in the case of renovations and expansions ; € 20.000,00 = for the investments of the comma 1, letter c)
- c) 4. They cannot be alienated before that 10 years are passed since the authorization (described in the article 66) has been given. Notwithstanding the foregoing, it is allowed to substitute the real estate before the end of the condition terms, written on below, on the basis of an evaluation with the aims of the project, subject to the tax office approval.
5. They are also important investments all those company's projects of a relevant entity, introduced by entrepreneurs who are particularly asserted in their business area, and that can be realized in the touristic sector and which are able to better improve the Accommodation facilities, catering and the tourism and cultural services which expect the

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construction, acquisition, renovation or expansions of buildings. If these investments' realization expects some changes to the existing planning instruments, the period expected for their approval (art. 3 of the law n. 87/1995 Single Text of Building and Zoning Laws), is reduced of the half.

The real Estate of the comma 1 letter b), owned or held under finance leases,

Art.63

(Coefficients- Application formalities)

1. For the purposes of taxation are not taxable incomes:

- a) the 60% of annual operating profits for actions referred to the subparagraph a) of the article 62 comma 1.
- b) the 40% of annual operation profits for actions referred to the subparagraph b) of the article 62 comma 1
- c) the 90% of annual operating profits for actions referred to the subparagraph c) of the article 62 comma 1.

2. Notwithstanding the maximum coefficients referred to the previous comma, in case of interventions' accumulation referred to the art 62 comma 1 subparagraphs a) and b), the highest percentage of the taxable income is equal to 70%.

3. The tax benefits described at the beginning of this paragraph, are recognized to the extent of intervention investment value authorized in the article 66, by the fifth year after the year in which the authorization has been given.

4. The profits which are taxable incomes must be allocated to a special fun budget and are boned for five years starting by the period of their formation.

5. If the intervention value of total investment exceeds € 7000.000,00 the tax benefits described in the I paragraph, are recognized within the seventh year after the year in which the authorization has been given.

6. If the company has kept their average employment level steady in the year of the income's producing, compared to the existing one of the year before the benefits access, the provision to the special fund may be limited to the amount of the general tax on incomes corresponding to the tax benefit taken.

7. in order to ensure the payment of the amount of the General tax on incomes which has not be paid as a result of the facilities concessions, the economic operator is required to sign the debt statement with consent to the registration of lien on the goods which are objects of the investment. The formalities linked to these deeds included the formalities of the deeds linked to them, are exempt from stamp duty, registry and mortgage.

4. INDIRECT TAXES:

San Marino doesn't have a VAT regime but it does have an Indirect tax called Single-Phase, which is a tax on imports. The goods enter the Republic of San Marino VAT exempted and pay the Single-Phase on the import. If a good is sold inside the San Marino's territory, it will not be submitted to any other taxes. The Ordinary Single-Phase tax is of 17% but different other categories have reduced ones. This tax is established by the Delegated decree n.183/ 2011.

To purchase goods needed by the company's business, the Single-Phase is 1% calculated on the value of purchased good.

5. CONTRIBUTORY SCHEME, SUBSIDIES TO WORK.

San Marino provides a contributory system which subdivides the contribution to the pension and insurance system between the employer and the employee.

The percentage in charge of the employer is equal to 27, 10% on the salary an equal to the 7.8% for the employee's one.

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The San Marino's contribution's system provides hi incentives which make possible the demolition of the percentages on contributions and on labor cost as a consequence, in particular regarding the employer.

The most important law of the subject is the law n. 71/2014. This law provides that in the case of the company could hire employees who are registered in the Mobility Lists or retrain staff to a new occupation, the contributions will completely be eliminated and taken at 0% during the first two

years, furthermore it is expected that the government would take a percentage on the salary of the employee, up to 60% for the first twenty-four months of business activity of the company.

These subsidies also are aimed to young people under 35 and to all people over 50 who have the citizenship and residence in San Marino.

There are some restrictions concerning the hiring of the employees who are not citizens of San Marino, which are written in the Decree n.169/2005 and Decree n. 130/2011 that provides a maximum percentage up to 50% of employees with no San Marino's citizenship.

Given the specificity of the sector such as the film Industry, the third comma of the article 4 of the Decree n. 130/2011 provides important derogations to this principle and it gives so, the opportunity to hire only employees with no San Marino's citizenship, in case of particular situations or in case the lists of job placement are faulty of capable employees for these specific sectors, such as the Film Industry, which doesn't have good resources raised inside the Country's territory indeed.

Art.4

(Job placement of the employees who are not registered in the lists).

1. A partial amendment of the method of recruitment provided by the Decree 23rd November 2005 n.169, subjected to the limits on the use of cross-border workers provided by the Article n.8 of that decree, the hiring of workers who are not registered in the job placement lists, is always allowed in the limits of 20% of employees hired with a permanent contract, taken from the lists themselves. The labor Office issues the special work permit on individual request of the employer, in full respect of what provided by the Decree 23rd November 2005 n.169.
2. Up to the percentage described in the previous comma, till the maximum percentage of 50% the work permit will be issued only in the case the employees who have the right skills, qualifications and the job request, are not available from the job placement lists, also verified the presence of skills required to the different employers who are in layoffs for mobility and employment registered in special list already described in the article 7 Decree 23rd November 2005 n.169
3. Eventual Derogations to the percentage limits indicated up here , could be authorized by a deliberation of the Labor Commission, only in case of demand properly justified by the employers, or, it could be authorized following the rules written and explicated in the article 10 comma 2, of this Decree. The Labor Commission could deliberate higher percentages as well, in case of there would be sectors or work skills for which the lists of Job Placement are not able to provide good or enough employees, or they could reduce the percentage already indicate in the first comma, for those sectors or work skills for which availability of employees registered to the lists is significant for short periods of time.
4. By authorization of Labor Commission, the hiring of unregistered employees could legally be effectuated using part-time contracts even though this opportunity is restricted to Industrial, Trade and Craft industries.
5. To each company which has at least an employee who is registered in the job placement lists, has been given the opportunity to recruit workers under the first comma indicated in this article, in the full respect of limits provided by the Decree 23rd November 2005 n.169 abovementioned, making the right request directly to the Labor Commission.

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The Labor Law provides another important opportunity to the companies, which is the chance to stipulate specific conventions with the Secretary of State to Work, with whom could agree on any changes to the types, modalities times of hiring, in case of sectors with special needs.

Art.10

(Conventions finalized to the Job Placement)

1. The Conventions indicated in the articles 25,26,27 of Law 31st March 2010 n.73, through which can be individualized new ways of placement of unemployed workers, are stipulated between the Secretary of State to Work and concerned employers.

2. To help the placement of young people aged 18-32 years old, female single workers, which have children in charge and workers aged more than 50 years old whose are registered in the placement lists but whom do not receive any unemployment benefits, the Secretary of State to Work can stipulate special conventions with all the available companies even if some of them are new built, in order to agree on types, modalities and time of hiring also in a new multiannual programming perspective.

3. These Conventions are mailed to the Labor Office which will take care of the implementation.

4. The directors of Labor Office and of the Vocational Training Center will report to the Secretary of the State to Work, all companies wishing to make use of the options already described in the previous commas.

Concerning the different types of work, besides the permanent contract and the fixed-terms ones, the Republic of San Marino recognizes other contractual types, such as the Contract by Call and the Contract by Project, which give so to the employer, the opportunity to hire his own partners with maximum flexibility. In this case as well, the Law allows the company operating in special sectors to make request to overcome the maximum percentage of partners' number provided by the law, without limits.

Art. 5

(Coordinated and Lasting Collaboration Relationships)

1. Comma 1 of the Article 18 Law 29th September 2005 n.131 is substituted by the following one: “ 1. The coordinated and lasting collaboration relationships for projects are of a personal nature and without any subordination link; they provide the possession of special professional skills that could justify the stipulation of this abovementioned contract, and they consist in a work contract and must concern the realization of a specific project or of a work's program established and coordinated by the developer an independently managed by the employee depending on the result, regardless of the time taken for the exception of work without a working schedule limit. The employer could not use a higher number of partners than the 20% of employees hired in companies which have less than forty employees equal to the 10% of employees hired in companies which have a number of workers higher than forty units except the opportunity for the Labor Commission to deliberate higher percentages referred to economic or specific skills sectors. The judgment of compliance of the project or the work program defined in the contract which is a Labor Office's responsibility will have to turn solely on the existence of the elements abovementioned on this comma.”

6. SUBSIDIZED CREDIT:

The Republic of San Marino provides a high subsidy for its companies that decide to invest inside the territory, the instrument used to help them is the Subsidized Credit, ruled by the Decree n. 73/2013. This decree provides that the Government takes a percentage on the interest payments and

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on the investments made by the Company. The only one limit placed is that this subsidy cannot be combined with tax exemptions as we have seen in paragraph 3); this means that the company will have to decide if obtain the subsidized credit or the tax exemptions. There is any accumulation prohibition of those who get tax relief as ruled in paragraph 5.

The law provides the opportunity for all the economic operators who work in Industrial, Tertiary, Craft and Trade sector, to enjoy some benefits. (in any legal form).

There is a ceiling for subsidized credit that cannot be over € 1.000.000,00 for those who work in Industrial Sector; for those who work in tertiary, trade and Craft Sector instead, it cannot be over € 500.000,00 the regulation is very complex that is the reason why I attach here below the third comma of Article 5, called Financial Project which is the one related to tertiary sector. This article shows the subsidized investment and the interest percentage that are in charge of the Government, which is in the specific, the 70% of the total interests. There are several allowable investments and

they range from capital goods to the acquisition of real estates, to the purchase of intangible capital goods such as trademarks and patents.

3. The economic operator holding the license for the practice of the service in the law force legislation concerning license's subject, can access in the time of years to a maximum subsidized credit total amount of € 500,000.00 and for a maximum of two projects and for projects act to:

a) the acquisition of installations, machines and equipments for a total minimum value of € 100,000.00 provided that at the date of disbursement, the operator has at least two employees hired under permanent contract if he owns a company or at least one employee if he owns a sole proprietorship. The maximum duration of the loan is of five years with interest subsidized by the State equal to 70% of the discounted rate. The investment is to retain concluded in the terms required by this Delegate Decree no longer than six months from the disbursement (which means from the last disbursement in the case of the situation indicated in the article 10 comma 1, would eventually occur), the start of the production has been updated whenever this would be required by the specific norms of the sector.

b) to the acquisition and building of real estates, premises' expansion and work areas as well as their renewal or upgrading in order to improve the production process, safety in the work place, the reduction of polluting emissions, provided that they refer to areas that already are or are going to be place of business, with release and adjustment of the license and the update of beginning of the production wherever needed within twelve months after the decision to grant the benefits. The purchase of real estate and the expansions of premises and areas, are financed by the amount resulting from the total value of the acquisition, divided by the square meters resulting from the act of purchase registered at Registry Office and Conservatory, following the rule of twenty-five square meters of usable area per employee. The minimum duration of the loan is of ten years with the interest subsidy by the Government equal to 70% of the discounted rate. In the case of the investment would have premises which are not held by the economic operator as object of it, an agreement of the premises' works' owner, must be submitted at the same time of investment's request.

c) to the acquisition of intangible capital goods which have industrial patents rights, the right to use intellectual properties, for a minimum value of € 100.000,00 provided that, at the date of disbursement, the operator has at least two employees hired under permanent contract if he owns a company or one employee hired under permanent contract if he owns a solo proprietorship. The maximum duration of the loan is of five years with a contribution in interest subsidy by the state equal to 70% of the discounted rate.

7. RESIDENCY

The San Marino's laws provide for the individuals who decide to invest and open business inside the territory the opportunity to obtain the residence in order to avoid the problem of double taxation

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or in order to have a tax advantage. In fact, the deduction for individuals who reside in San Marino are particularly low..

The deduction tax on dividends paid by corporations to individuals is 5% of the profits produced by San Marino Companies. Instead, the profits distributed to subjects other than individuals are not subjected to taxation, provided that the receiving subject declares to the company which arrange the profits, to do not act as an individual.

The taxation on incomes of individuals who reside in San Marino is particularly low, for example, for whose incomes are in a range between € 38.000,00 and €50.000,00 the percentage is 25% to which it is also possible to deduct some amounts which are calculated in percentage on the expenses effectuated by the individual during the whole year, inside the Republic, or referring to his family situation.

The Residence's release could be effectuated o the entrepreneur, to a certain number of other business characters and to their families (only members who actually live in the same house).

Nowadays, there are laws of this Country that rule the release of Residence; the Decree n. 63/2014 and the decree n.118/2015. Both of them provide the release of residence in case of the entrepreneur opens a business inside the Republic's territory and engages himself to hire employees who have San Marino citizenship. The recent trends of the Foreign Affairs Committee of the Republic of San Marino are to grant a Residence permit (included the family) every three- four hired persons.

8. START-UP

On the same level of the World evolution, San Marino has recently decided to approve a specific law in order to help the start-up, such as all those small innovative companies that are taking place worldwide. From this situation a new decree is created, the Delegated Decree n. 76/2014.

The delegate Decree defines the requirements according to a Company can be classified as a high-tech start up and all the tax subsidies and work's contracts applicable to this kind of business.

In order to register at high-tech Start up companies Register and in order to access o the expected benefits and take advantage of the maximum promotion transparency, the Company must have the objective and subjective requirements and has to submit an application for the registration at the Industry, Craft and Trade Office.

The companies are considered as high-tech start up by the National Manger of the Science and Technology Park, following the application submitted by the promoting members at the Industry, Craft and Trade Office. The members cannot award the profits during three solar years after the date of the registration at the corporation Register.

For this kind of companies there are several tax breaks including a total tax exemptions for five years of duration, the opportunity to pay the Share Capital within three years and last, new hiring ways possibilities thanks to the fixed term contract for high-tech start up companies.

This kind of Contract has maximum duration of thirty-six months and can be used by the Company for a maximum of eight employers coming from the job placement lists or not and it also possible to

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use it to hire only in the first three years after the license's release for the business activity; once this term expires the general norm must be applied.

9. DOUBLE TAXATION AGREEMENT, AUTOMATIC INFORMATION EXCHANGE.

In the last years, the Republic of San Marino has signed several agreements against double taxation and automatic Information Exchange. On the Official Website of the Secretary of the State for foreign Affairs, we can take off the whole list. The biggest part of these list is about the second subject, especially because San Marino works together with OSCE for years and it also adheres to the Global Forum on the transparency and information exchange on tax subjects (Global Forum). Last 29th October 2014 in Berlin, it has been subscribed the multilateral agreement about the automatic exchange of financial information against International Tax Evasion. Moreover, there already are some conventions between San Marino and other countries against double taxation and other agreements are on the way on a European Level.

10. EUROPEAN CUSTOMS AGREEMENT.

Following the Custom Agreements that the Republic of San Marino has stipulated with the European Union, the abolition of customs duty inside the Community is also valid for the Republic, concerning the imports from extra European Countries others than Italy.

The goods purchased by San Marino's operators must arrive to San Marino together with custom documents such custom document of community transit T2 or T2L.

11. TRADEMARKS AND PATENTS; PROTECTION OF COPYRIGHT.

The Republic of San Marino protects the trademarks and adheres to the International Conventions of this subject. The registration tax lasts for ten years and it costs € 150.00 up to three classes of goods, additional ones involve an additional amount. The registration is extendable without limits of time. The classification follows the parameters of Nice Agreements. Therefore, San Marino is also member of the Madrid Agreement and of the Additional Protocol which refers to the World Intellectual Property Organization. (OMPI-WIPO).

The regulation that rules the European Community trademarks' release are not applicable in San Marino because this country is not a member of the European Union.

Even for patents, San Marino adheres to several International Conventions and the tax of deposit is € 100,00. In this case, as to increase on the ground of the number of pages, the tax of preservation is proportional on the ground of the patent's duration. Even though San Marino is member of OMPI-WIPO concerning trademarks' regulations in order to rule the Patents Regulation, the Country became a member of the European Patents Convention, since 2009.

San Marino also has a strictly pressing law that protects the Copyright, such as the Law n.8/1991 which involves both the moral protection of this right and the right of property's nature with the

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economic utilization faculties deriving from it. In this law there are clear references about film works. The law is very strict and provides hard civil and criminal penalties for offenders.

12. INVESTMENTS FUNDS:

The Reference law on financial matters is the law n.165/2005 that is the law on Companies, Banks, Financial and Assurance Services, briefly called LISF (in Italian Language). This law rules also the mutual funds. A specific regulation is to be found inside the regulation on Collective Investment Services matters n. 3/2006. The Regulation is well developed and it is on the same level of the European one.

For, these reasons in San Marino it is possible to set up San Marino's Investment Funds of any kind, both opened and closed. The main benefit is the property's separation so that each mutual fund or each sub-fund constitutes independent assets, completely separated from the property of each other holder, as well as from each property held by the authorized person.

The opportunity to create Mutual Investment funds from which collect savings and investment that could be invest in return in the Film Production Industry in San Marino, could be an important solution, especially because the productions made or purchased by San Marino's companies could become very profitable from a taxation point of view.

13. SPECIFIC INCENTIVES ON THE FILM INDUSTRY.

The decree n.165/ 2013 created to attract Foreign Investments provides a specific paragraph, the paragraph III entitled "Incentives for the Audiovisual Industry's development" which is made by two articles:

The article 12 provides several tax breaks for all the audiovisual Industry's companies (inside which there is also the Film Industry) that totally or partially make audiovisual, theatrical or Film projects inside the San Marino's territory, that must be added to the tax breaks we have seen in paragraph 3. In fact, this article provides also another total reduction of the taxable income equal to 50% of the costs incurred for productions, taking so, the minimum tax rate to less than 1%. In addition to tax subsidies as explained in paragraph 4, the single-phase is got down by a further 50% that means that, for example, a 8,5% will be applied on the normal tax rate instead of a 17% on the strumental goods' tax rate.

It must be add a subsidy on contribution that will reduce the employees' costs both with San Marino's citizenship and not, thanks to a contribution relief for the 20% that the employer can have for each employee hired for a period of twenty-four months.

The article 13 provides instead that each donation effectuated both by individuals and companies (including those already written in paragraph 12.) The investment's funds in favor and support of film productions, is completely deductible.

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Art 12.

(tax breaks measures art 37 of the Law 27th June 2013 n.71)

1. The companies of Audiovisual both National and foreign ones, that have a fixed organization inside the territory, and that realize film, audiovisual, theatrical projects partially or totally made in San Marino enjoy the following tax breaks:

a) the abrogation of the taxable income equal to 50% of the costs incurred in the territory and attributable to every single production;

b) reduction of the ordinary single-phase tax rate equal to 50% except the tax rates on instrumental goods.

In addition to the current benefits already described in comma 1, the companies here indicated, have the right to a relief contribution up to a maximum of 20% for each employer hired in execution of employments plans approved by the Secretary of State to Work. With its approbation the measure and duration of the contribution's relief is determined, considering the number of employers hired and of the form and duration of hiring. The benefit indicated in comma 2 cannot exceed the twenty four months from the hiring date.

Art. 13

(tax Regime of Individuals economical help to the film production indicated in art. 37 of the Law 27th June 2013 n.71)

1. The donations made by individuals or companies entities, banks, foundations, associations effectuated in favor and support of film productions to which it is recognized an adding value for the promotion of culture, tourism and places of San Marino, are totally deductible to better determine the taxable income.

2. The productions already indicated in comma 1, are spotted through the resolution of the State's Conference.

Finally, there is another interesting aspect which is in activation phase, indicated in paragraph 3, talking about the art 73 of the law n. 156/ 2013 as modified this year. There is a very important comma concerning the Film industry, such comma d).

d) Tax Credit on the programs of employers' training, technologic and development innovations, of which criteria are defined with the delegate decree.

The decree provides a specific subsidy, consisting in a tax credit on training programs, technologic and development innovation. Any economic help hasn't been established by the legislation yet, but this important legal prevision could become a subsidy for those who want invest in San Marino.

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SUMMARY OF SAN MARINO'S LAWS TRANSLATED IN ENGLISH LANGUAGE

1. Regulations governing licenses to perform industrial, service, handicraft and trade activities, n. 40/2014
2. Company law and subsequent amendments n. 47/2006
3. Measures concerning high-technology start-ups n.116/ 2014
4. Law on support to economic development n.71/2013
5. Delegated Decree implementing law on support to economic development 29/2014
6. Law on companies and banking, financial and insurance services n.165/ 2005.

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