

# Statutes of the Czech Audiovisual Fund

## A. INTRODUCTORY PROVISIONS

### 1. General Provisions

- 1.1 The Czech Audiovisual Fund (hereinafter the “Fund”) is a legal entity with its registered office in Prague.
- 1.2 The Fund was established by Act No. 496/2012 Coll. on Audiovisual Works and Film Support and on the Amendment to Certain Laws (hereinafter the “Act”). The Fund is a state fund within the meaning of Section 28 of Act No. 218/2000 Coll. on budget rules and on the amendment to some related laws (Budget Rules) (hereinafter the “Act on Budget Rules”), as amended. The Fund falls into the competence of the Ministry of Culture (hereinafter the “Ministry”), which is its superior administrative authority.
- 1.3 The Fund's mission consists of promotion, cultivation and development of audiovisual art and industry.
- 1.4 Pursuant to Section 9(3) of the Act, these Statutes of the Fund (hereinafter the “Statutes”) define the details of the Fund's activities, internal organisation, financial management, the provision of selective support and production incentives, and are binding for applicants for selective support or for production incentives, as well as for payers of audiovisual levies. Terms defined in the Act have identical meanings in the Statutes. The Statutes are approved by the Government upon a proposal presented by the Fund's Board of Representatives.
- 1.5 Unless specified otherwise by the Act, proceedings on applications submitted in accordance with the Act are governed by Act No. 500/2004 Coll., the Administrative Procedure Code, as amended (hereinafter the “Administrative Procedure Code”),.
- 1.6 With regard to the conditions of the provision of state aid, the Fund abides in the provision of selective support and production incentives by directly applicable legal regulations of the European Union declaring certain categories of aid compatible with the internal market. If the selective support or production incentive cannot be provided under the conditions determined by the directly applicable regulation of the European Union which declares certain support categories compatible with the internal market, the selective support or production incentive shall only be provided after the competent body of the European Union grants its consent with the provision of the support, or permits an exception from the general ban on the provision of state aid, and subject to the conditions determined by the European Commission.
- 1.7 Unless specified otherwise by the Act, the Fund manages audiovisual levies in accordance with Act No. 280/2009 Coll., the Taxation Code, as amended (hereinafter the “Taxation Code”).

## **2. Fund's Activities**

- 2.1 The Fund manages audiovisual levies in accordance with the Act and administrative fees.
- 2.2 The Fund provides selective support in 4 categories: support of cinematography, support of television works, support of animated audiovisual works and videogames and support of the audiovisual infrastructure. An audiovisual work that uses animation procedures but does not meet the conditions of the definition in Section 2(1)(e) of the Act may apply for selective support under the subsidy area “development or production” in the category “support of cinematography” or “support of television works”, provided that it complies with the relevant call.
- 2.3 The Fund exercises proprietary rights to audiovisual works, author's works and artistic performances used audiovisually which have been or will be inherited by or passed to the state in cases where the exercise of such rights belongs to the Fund under Section 26 of Act No. 121/2000 Coll. on the copyright, rights related to copyright and on the amendment to some laws (the Copyright Act), as amended (hereinafter the “Copyright Act”), i.e. the escheats.
- 2.4 The Fund exercises copyright to audiovisual works, as well as other rights resulting from legal obligations which passed to its legal predecessor upon merger with the state-owned organisations Barrandov Film Studio – Copyright and Zlín Film Studio – Copyright under Section 14 of Act No. 273/1993 Coll. on certain conditions of production, dissemination and archiving of audiovisual works, as amended, as well as the rights of producers of audiovisual recordings which belong to the Fund and which relate to audiovisual works published in the period from 1 January 1965 until 31 December 1991 under Section 106(4) of the Copyright Act, and grants authorizations for use of such works.
- 2.5 Pursuant to Section 53 of the Act, the Fund grants co-production status under the Convention, the Revised Convention or under any other international agreement on film co-production, and certificates of compliance with co-production terms.
- 2.6 The Fund grants production incentives.
- 2.7 The Fund carries out methodological activities, collects, processes and analyses data resulting from its own activities and from the field of audiovision in general and performs related analytical and conceptual activities.
- 2.8 The Fund engages in activities associated with the development of conditions for the production of audiovisual works on the national and regional level and promotional activities in the field of audiovision and film industry in the Czech Republic and abroad, including the organization of the participation of the Czech Republic in national and international festivals and markets, and activities related to the membership of the Czech Republic in specialized associations in the field of audiovision.
- 2.9 The Fund is entitled to manage the agenda management system, which is owned by the State.

- 2.10 The Fund shall prepare a concept of audiovision (hereinafter the “Concept”), which is the key strategic document of the Fund. The Concept defines the development goals and measures through which the Fund shall fulfil those goals.
- 2.11 Measures set out in the part of the Concept relating to the selective support shall be published by the Fund in the form of four short-term concepts (hereinafter “Short-term Concepts”), prepared annually for each of the four support categories.

## **B. INTERNAL ORGANISATION AND BODIES OF THE FUND**

### **3. Internal Organisation of the Fund**

#### **3.1 The Fund's bodies are as follows:**

- a) the Board of Representatives, which approves the Concept and, in accordance with the Concept, the distribution of financial funds intended for selective support among the 4 categories set forth in Art. 2, clause 2.2, approves the draft Statutes of the Fund and amendments thereto and proposes to the Minister of Culture (hereinafter the “Minister”) the appointment and recalling of project assessors
- b) the Director of the Fund, who is the head of the Fund, its statutory body and its employee. The Fund's Director of the Fund is responsible for the management of the Fund's finances, issues the organizational rules and performs tasks associated with organizational, technical and legal aspects of the Fund's activities;
- c) four councils for the provision of selective support (hereinafter the “Councils” or each of the individually a “Council”), which decide on the form of selective support, on support of the projects and its amount, on the demands of an audiovisual work or project, if allowed by its nature, on the intensity of state aid, on the conditions under which the selective support is provided, as well as on the conditions failing which decision will be taken to withdraw selective support, i.e.
  - the Fund's Council for the Provision of Support to Cinematography,
  - the Fund's Council for the Provision of Support to Television Works,
  - the Fund's Council for the Provision of Support to Animated Audiovisual Works and Videogames, and
  - the Fund's for the Provision of Support to Audiovisual Infrastructure;
- d) the Supervisory Committee (the “Committee”), which oversees financial management of the Fund and notifies the Fund's Director of any identified shortcomings.

#### **3.2 The advisory bodies of the Fund are as follows:**

- a) the project assessors, who are engaged in activities performed by groups of project assessors appointed by the Councils for the purpose of assessment of applications for the provision of selective support; and
  - b) the Commission for Production Incentives (the “Commission”), which evaluates applications for registration of incentivized projects (submitted until 31 December 2025) and applications for filing of incentivized projects (submitted after 1 January 2026) with regard to their compliance with the content requirements, as the basis for the issue of a decision on such applications, and performs other tasks stipulated by the Act and the Statutes.
- 3.3 The Board of Representatives, the Councils, the Commission and the Committee are collective bodies.
- 3.4 The Fund's office, which consists of the Fund's employees, performs tasks related to the management and organizational, technical and legal arrangements of the Fund's activities. In particular, it provides support for the decisions of the Fund's bodies and arranges for the execution of the decisions of those bodies. The Fund's Office further collects, processes and analyses data generated by the Fund's own activities and in the field of audiovision, performs the related analytical and conceptual activity and prepares a draft of the Concept using data acquired and reference materials prepared by the Councils for this purpose.

#### **4. Procedure for Nominating and Appointing Members of the Fund's Bodies and Advisory Bodies**

- 4.1 The Fund announces calls for submission of nominations of candidates for membership in the Board of Representatives, whose members are appointed by the Minister pursuant to Section 11b(5) and (6) of the Act, for members of the Councils, five Committee members, who are nominated under Section 18(1) of the Act by payers or persons liable to pay audiovisual levies or by entities associating payers or persons liable to pay audiovisual levies, the Commission members and project assessors via the Fund's website. The Fund shall publish the call no later than three months before the expiration of the office term of the relevant member of the Board of Representatives, the Council, Committee or Commission who is to be replaced by the new member, or no later than one month in case of termination of the office term due to other reasons. The calls for submission of nominations are published by the Fund as required, usually upon request of the Councils or the Board of Representatives so that the Fund has sufficient number of project assessors to evaluate applications for selective support.
- 4.2 Each such call must indicate the time limit in the course of which the nominating entities may nominate their candidates. Documents that form part or are attached to a nomination may be submitted in copies and the Fund may subsequently ask the nominator to present a certified copy of any such document. Documents written in other than the Czech or the Slovak language must be accompanied with their translation into the Czech language. The Fund may demand submission of a certified translation into the Czech language.

- 4.3 In a call for submission of nominations of candidates for members of the Board of Representatives appointed by the Minister, the Fund shall designate the members of the Board of Representatives who are to be appointed pursuant to Section 11b(5) and (6) of the Act and the nominating legal entities to which the call is addressed. In a call for submission of nominations for candidates for Council membership, the Fund shall designate the Council to which such members are to be appointed. In a call for submission of nominations of candidates for project assessors, the Fund shall identify the selective support category and the subsidy area listed in Section 31 of the Act in respect of which the candidates are to be nominated.
- 4.4 Each nomination of a candidate for membership in the Board of Representatives, a Council, the Committee and the Commission, or for a project assessor shall contain the following:
- a) if the nominating subject is a legal entity, their name and registered office, their identification number (if allocated), and the name, surname, position and contact information of the person representing the nominating entity if the nominating subject is a legal entity,
  - b) if the nominating subject is an individual, their name and surname, permanent residence address, their identification number, if allocated, and contact information,
  - c) in the case of nomination for Council membership, the specification of the Council to which the candidate is to be nominated,
  - d) in the case of nomination of a project assessor, the designation of the selective support category and the subsidy area listed in Section 31 of the Act, for which the candidate is nominated,
  - e) the candidate's name and surname, date of birth, permanent residence address, contact address, identity card number (if the candidate is a citizen of the Czech Republic), e-mail address and telephone number,
  - f) a detailed professional CV of the candidate with a focus on their expertise in audiovision,
  - g) the candidate's written consent with their membership in the relevant body or advisory body of the Fund, accompanied with a solemn declaration that the candidate meets all prerequisites of membership in such body in accordance with the law, signed by the candidate,
  - h) the candidate's excerpt from the Criminal Register not older than three months,
  - i) the data concerning the candidate who is a citizen of the Czech Republic, required for the verification of his/her integrity by the Fund,
  - j) the candidate's excerpt from criminal records or an equivalent document issued by the relevant court or administrative authority of a state other than the Czech Republic whose citizenship the candidate holds or in whose territory the candidate has stayed continuously for at least 6 months within the last 3 years; if such state does not issue such excerpt from criminal records, it shall be replaced by the candidate's statutory declaration of integrity. The integrity of a candidate who used to be or is a citizen of, or resided or resides in another Member State of the European Union, can be documented instead of the excerpt referred to in the previous sentence by an excerpt from the Criminal Register with an appendix containing information recorded in criminal records of such other Member State of the European Union. The documents referred to in this clause d) may not be older than three months; and

- k) other information specified in the call for submission of nominations.
- 4.5 If the Fund obtains documents concerning the candidate that are listed in Subsection 4.4 (f) to (j) from at least one of the nominating subjects, the Fund shall not consider as incomplete the proposals received from other nominating subjects submitted on the basis of the same call and nominating the same candidate for membership in the same body of the Fund. If the candidate has established a candidate profile in the agenda management system and the nominator submits the nomination via the agenda management system, the nominator will refer to such profile in the nomination and will not provide information and attach documents listed in clause 4.4(e) to (g) and (i). If the profile contains the relevant documents that meet the conditions specified in clause 4.4(h) or (j), particularly with regard to their age, the documents listed in clause 4.4(h) or (j) need not be attached by the nominator submitting the nomination via the agenda management system and such nominator will only refer to the candidate's profile.
- 4.6 No later than within three weeks after the expiration of the deadline for submission of nominations under the relevant call, the Fund's Director shall eliminate nominations submitted by persons who are not authorised to nominate the candidates, nominations that do not meet the particulars listed in clause 4.4 (tasking note of the provisions of clause 4.5) and nominations delivered to the Fund after the expiration of the deadline for their submission. All other nominations shall be delivered by the Fund's Director to the Minister together with information about the number of a members of the relevant body who are to be appointed, and in the case of members of the Board of Representatives, also the range of the nominating entities. However, nominations of project assessors shall be delivered by the Fund's Director to the Board of Representatives, which shall select at its nearest meeting the nomination that shall be delivered to the Minister via the Fund's office. The Fund shall publish a summary of nominations submitted to the Minister via the Fund's website, specifying the candidate's name and surname, the body to which they are nominated and the identification of their nominator(s).
- 4.7 While presenting candidates for the Councils to the Chamber of Deputies, the Minister shall see, if possible, that various professions are represented equally in the Council, taking into account at the same time the profession of the Council members whose membership will terminate or has terminated, and the focus of the relevant form of selective support which is the subject of the decision of the Council where the member is to be appointed.
- 4.8 The Minister shall always appoint members of the Board of Representatives representing the Ministry of Culture and the Ministry of Finance pursuant to Section 11b(4) of the Act without undue delay following the end of the office term of the preceding Board member appointed in this manner. The members representing the Ministry of Finance shall be so appointed upon a proposal submitted by the Minister of Finance, which the Minister shall request for this purpose.
- 4.9 The Minister shall always propose to the Government the appointment of the Committee members representing the Ministry of Culture and the Ministry of Finance pursuant to Section 18b(4) of the Act without undue delay following the end of the office term of the preceding Committee member appointed in this manner. A Members

representing the Ministry of Finance shall be appointed by the Minister upon a proposal submitted by the Minister of Finance, which the Minister shall request for this purpose.

- 4.10 Each appointed project assessor shall confirm, by their signature, the conditions under which they will perform their duties and evaluate applications for selective support using the creative and the realization test. Specific performance requirements for project assessors may be included by the Fund in the call announced pursuant to clause 4.1. In such cases, the candidate's consent under clause 4(g) shall be deemed consent to these conditions.
- 4.11 The membership of a Board member who holds office by virtue of being the chairman of a Council shall commence upon their election as chairman of the Council and shall terminate upon the end of their term as chairman. The chairman of the Council may not be represented by the vice-chairman in the performance of duties as a member of the Board of Representatives.
- 4.12 The Director of the Fund shall be appointed and dismissed by the Minister. To select a suitable candidate for the position of Director, the Minister shall announce a public tender no later than six months before the expiration of the current Director's term of office, or within two weeks following the premature termination of the Director's term for reasons other than the expiration of the term.
- 4.13 Until the agenda management system becomes operational, nominations of candidates shall be submitted in writing using the Fund's forms available on the Fund's website.

## **5. Suggestions and Motions to Dismiss Members of the Fund's Bodies and Advisory Bodies**

- 5.1 A motion to dismiss a member of the Board of Representatives, the Council, the Commission, the Committee, or a project assessor may be submitted by any person who has a justified suspicion that there are grounds for such dismissal under the Act. Each motion shall include: the name and surname of the person whose dismissal is proposed; the name, surname, date of birth, and permanent residence address of the natural person submitting the motion, or, in the case of a legal entity, their name, identification number (if allocated), and registered office address; the date and signature of the submitter; and a detailed reasoning of the motion, including a specification of the grounds for dismissal as defined by the Act.
- 5.2 If a motion to dismiss a member of the Board of Representatives is submitted by the entity that originally proposed the appointment of that member, the motion need not include any reasoning. Each such motion shall be submitted to the Fund, which shall forward it to the Minister without undue delay.
- 5.3 A motion to dismiss a Committee member that is submitted by a legal entity associating payers or persons liable to pay audiovisual levies which originally proposed the appointment of that member must contain a reasoning. Each such motion shall be submitted to the Fund, which shall forward it to the Minister without undue delay.

- 5.4 Without undue delay after the delivery of the motion to the Fund under clauses 5.1 or 5.3, the Director shall ask the relevant member of the Board of Representatives, the Council, the Commission, or the Committee or the relevant project assessor for response to such motion, shall provide to them for such purpose the motion and shall set a deadline for the response. However, this procedure shall not be used if the proposed dismissal is based on the qualified absence of a Council member from a Council meeting or of a Committee member from a Committee meeting, as specified by the Act.
- 5.5 The Fund's Director may propose dismissal of a member of the Board of in the case of a justified suspicion that there are grounds for such dismissal under the Act. In such case, the Director shall proceed in accordance with clause 5.4.
- 5.6 If the Fund's Director finds out that the condition concerning qualified absence of a Council member from a Council meeting or of a Committee member from a Committee meeting, as specified by the Act, has been met, the Director shall be obliged to propose the dismissal of the relevant member of the Council or of the Committee.
- 5.7 The Fund's Director shall deliver to the Minister each motion to dismiss a member of the Board of Representatives, the Council, or the Committee, together with the response of the person whose dismissal has been proposed (if submitted in time under clause 5.4), no later than 14 days after receiving such response from the relevant member or project assessor. Except in the case of the Director's own motion, the submission shall also include the Director's recommendation to either approve or reject the motion. At the same time, the Fund's Director shall notify the chairman of the body whose member is proposed to be dismissed of each such motion and of the related proposal submitted to the Minister, unless the member concerned is the chairman of that body.
- 5.8 If the Minister determines that the motion to dismiss a member of the Board of Representatives or of the Commission is justified, or if the motion to dismiss a member of the Board of Representatives is submitted under clause 5.2, the Minister shall dismiss such member of the Board of Representatives or of the Commission from his office.
- 5.9 If the Minister determines that the motion to dismiss a member of a Council is justified, the Minister shall propose the dismissal to the Chamber of Deputies.
- 5.10 If the Minister determines that the motion to dismiss a member of the Committee is justified, or if the motion to dismiss a member of the Committee is submitted under clause 5.3, the Minister shall propose the dismissal to the Government.
- 5.11 The Fund's Director shall deliver each motion to dismiss a project assessor, together with the response of the person whose dismissal has been proposed (if submitted in time under clause 5.4), to the Board of Representatives, which shall decide on its next meeting whether to propose the dismissal to the Minister. The motion to dismiss the project assessor shall be delivered by the Board of Representatives to the Minister via the Fund's office. For the purpose of its decision, the Board of Representatives is entitled to demand the opinion of the Council to which the project assessor forwarded



assessments of applications for selective support. If the Minister determines that the proposal of the Board of Representatives to dismiss the project assessor is justified, the Minister shall dismiss the project assessor from the office.

- 5.12 Each person appointed as a member of a Fund's body, of the Commission, or as a project assessor shall notify the Fund's Director of any legal grounds for the termination of their membership or office without delay after becoming aware of such grounds.

## **6. Remuneration of Members of the Councils, the Commission and of Project Assessors**

- 6.1 The remuneration of Council and Committee members for the performance of their duties shall be determined by a Government resolution adopted upon the Minister's proposal.
- 6.2 The remuneration of project assessors for the assessment of applications for selective support shall be determined by a Government resolution adopted upon the Minister's proposal. At their own discretion, however, the project assessors may perform their tasks without remuneration. The remuneration shall be paid to the project assessor in the event that they have fulfilled duly and in time their duties related to the assessment of applications for selective support. It shall generally be paid quarterly, by the end of the first month of the following calendar quarter.
- 6.3 Members of the Councils, the Board of Representatives and the Commission shall be entitled to the reimbursement of travelling expenses in accordance with the law.

## **7. Conflict of Interests of Members of the Bodies and Advisory Bodies**

- 7.1 A breach of the obligation of a Council member under Section 14(7) of the Act, a breach of the obligation of a member of the Board of Representatives under Section 18(8) of the Act, or a breach of the obligation of a member of a Council, the Committee or the Commission under Section 14(4) of the Administrative Procedure Code, or under Section 8 of Act No. 159/2006 Coll. on the conflict of interests, as amended (hereinafter the "Act on the Conflict of Interests"), or a breach of an obligation of a member of a body who holds a public office in accordance with Section 2 of the Act on the Conflict of Interests, as specified in that Act, is considered conduct that threatens trust in the independence of such member of the Council, the Committee, or the Commission or in the impartial performance of their duties.
- 7.2 If a project assessor is appointed by the Council as a member or substitute member of a group of project assessors in accordance with Section 23 of the Act, and an application for support of audiovisual projects is submitted under a call concerning a project in which the project assessor is involved in any way, or if the project assessor is otherwise prevented from evaluating such an application due to an impediment defined in Section 14 of the Administrative Procedure Code, the project assessor shall be obliged to notify the relevant Council and the Fund's office without delay after becoming aware of the submission of the relevant application. This notification shall be made no later than three working days after the project assessor receives from the Fund's office the list of applications submitted under that call. In case of any doubts,

the decision as to whether an impediment exists that prevents the project assessor's participation in the assessment of projects submitted under that call, or whether the project assessor should be excluded from reviewing the matter shall be taken by the Council that appointed the project assessor to the relevant group of project assessors pursuant to Section 23(1) of the Act.

- 7.3 If an appointed project assessor is prevented by an impediment from evaluating projects under the Act, they shall be replaced by a substitute project assessor in accordance with Art. 13, clause 13.4. If an application for selective support that impedes the project assessor's participation in the evaluation of projects pursuant to Section 23(2) of the Act has been submitted under a rolling call, the replacement of that assessor shall not affect their previous assessments of other applications submitted under the same call. Furthermore, any assessments conducted by the assessor prior to becoming aware of the relevant applicant's submission shall not be considered as conflicting with the law.
- 7.4 A breach of the project assessor's obligation specified in clause 7.2, Section 23(2) of the Act, or in Section 14(4) of the Administrative Procedure Code, is considered conduct that threatens trust in the independence of the project assessor or in the impartial performance of their duties.
- 7.5 For the purpose of restricting participation of persons who are not allowed to evaluate projects due to a bias, conflict of interest, or other impediments specified by law, the applicant shall identify in their application for audiovisual support members of the relevant Council and project assessors (using the public list of project assessors appointed for the relevant audiovisual support category and subsidy area) whom they believe are subject to impediments that would prevent them from evaluating their project.
- 7.6 A member of the Board of Representatives, a Council, of the Committee or the Commission is obliged to disclose no later than without delay after the commencement of review of a matter their relationship to the reviewed matter if they could obtain a personal benefit or suffer a detriment with regard to the result of review of the matter or if they are otherwise involved in such matter. This information shall be given orally during the meeting and shall be included in the minutes of the meeting. In case of doubts, the decision to exclude a member of the body from review of the matter shall be taken by the body where he is a member.

## **8. General Provisions on the Deliberations of the Fund's Bodies and Advisory Bodies**

- 8.1 Meetings of the Board of Representatives, the Councils, the Committee, and the Commission may be held in person, remotely with members attending via audiovisual technology (such as video- or teleconferences), or in a hybrid form where some members are present in person and others participate through remote access.
- 8.2 If a member of a body is unable to attend a meeting in person, the Fund's office shall, upon their timely request and if possible, enable them to participate via remote connection. The member shall be responsible for ensuring that the place from which they connect is equipped with the necessary technology to participate remotely,

including adequate mobile and data signal. A member of the Board of Representatives, the Council, the Committee, or the Commission may not be represented by another person at meetings of the respective body. Where permitted by the Statutes, the relevant collective body may also vote on a matter by correspondence (by roll-call).

- 8.3 Meetings of the Board of Representatives, the Committee or the Councils shall be convened by the chairman of the Council or in his absence by the vice-chairman of the relevant body via the Fund's office. If all members of a body are present at a meeting, they may waive the right to timely convening of the meeting. The Fund's Director shall convene via the Fund's office a meeting of the Board of Representatives, the Committee or a Council in the event that the chairman or vice-chairman of such body have breached their obligation to convene such meeting. A meeting may also be convened in the course of a previous meeting of the relevant body. Such fact shall be stated in the minutes of the meeting.
- 8.4 Each member of a body who is unable to attend a convened meeting shall, without delay after becoming aware of the obstacle preventing their attendance, send an apology to the Fund. Any member who cannot attend a convened meeting in person and wishes to participate via remote access shall submit a request for remote access to the Fund no later than three working days before the meeting.
- 8.5 Meetings of the Board of Representatives, the Committee, the Commission and the Councils are not open to the public and are presided over by the chairman of the relevant body, or, in his absence, by the vice-chairman, or in case of the absence of both the chairman and vice-chairman by another member of that body who has been elected chairman of the relevant meeting.
- 8.6 The Board of Representatives, each Council, the Committee and the Commission elect their chairman and vice-chairman from among their ranks.
- 8.7 The office of chairman and vice-chairman shall terminate by resignation, removal by the body that has elected them to the office, or upon termination of their membership in the relevant body. The chairman and vice-chairman of the Board of Representatives and the Committee are elected for an office term of 6 years, whereupon their tenure expires. In case of a change of more than one half of members of the Board of Representatives, a Council, the Committee or the Commission, as compared with the composition of the body at the time of election of its chairman or vice-chairman, the tenure of the such elected chairman or vice-chairman shall terminate as of the date when the number of members of the relevant body who were not its members at the time of election, exceeds one half of its members.
- 8.8 The election of the chairman and vice-chairman of the Board of Representatives, a Council, the Committee, or the Commission, which is to be held upon the termination of the chairman's or vice-chairman's tenure under clause 8.7, shall take place without undue delay thereafter.
- 8.9 The election or removal of the chairman or vice-chairman of the Board of Representatives, a Council, the Committee, or the Commission, may only take place in the case that the agenda of the meeting that has been sent in advance includes this

item, otherwise only in the case that the meeting is attended by all members of the relevant body.

- 8.10 Each member of the relevant body has the right to propose candidates to the office of chairman or vice-chairman. Each candidate for the office of chairman or vice-chairman must express their consent with their candidacy no later than at the meeting of the body in the course of which the election will be held and if they express their consent their attendance at the meeting where the election of chairman or vice-chairman take place shall not be necessary.
- 8.11 The election of the chairman and vice-chairman is held separately by ballot. The candidate who has got the majority of votes of the present members shall be elected. If no candidate gets a majority of votes of the present members, the voting on the same candidates shall be repeated. If none of the candidates gets the majority of votes of the present members even in a repeated vote, the body shall choose in a new election the chairman or vice-chairman out of two candidates who got most votes in the first round of the previous election. If there are more candidates who placed the second in the first voting round with the same number of votes, the candidate holding the first place and all candidates holding the second place shall be put to vote in the new election. If there are more candidates who placed the first in the first voting round with the same number of votes, only the candidates holding the first place shall be put to vote in the new election. If the chairman and vice-chairman are still not elected, a new election with new candidates will be held.
- 8.12 Each member of the Board of Representatives, a Council, the Committee and the Commission, each project assessor and each of the Fund's employees are obliged to keep confidential all facts learned by them in connection with their activities in the Fund. Each member of the Board of Representatives, a Council, the Committee and the Commission and each project assessor shall act in a manner that will not jeopardise the trust in their independence or impartial performance of their duties, and will not breach the dignity of their office. Each member of the Board of Representatives, a Council, the Committee and the Commission and each project assessor who comes into contact with information about projects that are the subject-matter of applications for selective support or about production incentives may not use such information for their own benefit.
- 8.13 The communication between the Fund and members of the Fund's bodies relating to the convening of their meetings and provision of reference materials for their deliberations and decision-making is generally carried out by the Fund by means of electronic mail, remote access to materials through another means of electronic communication or through the agenda management system.
- 8.14 Minutes of meetings of the Board of Representatives, the Councils, the Committee and the Commission are accessible to Fund employees who need to know their contents to perform their work tasks.
- 8.15 A Council member shall be deemed not to have attended the Council meetings for more than 3 months pursuant to Section 16(2)(d) of the Act in the event that they did not attend any of the Council meetings held in any period longer than 3 months if at least two Council meetings were held in that period.

- 8.16 A member of the Committee shall be deemed not to have attended the Committee meetings for more than 6 months pursuant to Section 20(2)(d) of the Act in the case that they did not attend any of the Committee meetings held in any period longer than 6 months, if at least two Committee meetings were held in that period.
- 8.17 Voting of a Council or of the Committee held by correspondence shall not be considered a meeting of the Council or the Committee for the purposes specified in clauses 8.15 and 8.16.

## **9. Board of Representatives**

- 9.1 Each member of the Board of Representatives is obliged to attend meetings of the Board of Representatives and to take part in activities and decision-making of the Board of Representatives.
- 9.2 Each member of the Board of Representatives is entitled:
- a) to present to members of the Board of Representatives through the secretary conceptual proposals for review, but is obliged to do so at all times sufficiently in advance before the meeting of the Board of Representatives, so that the relevant item may be included in the agenda of the meeting and the other members and employees of the Fund are able to prepare for the review of that item;
  - b) to send to the other members his opinions on matters that will be included in the agenda of a meeting of the Board of Representatives where the member cannot participate;
- 9.3 Administrative matters related to the meetings of the Board of Representatives are handled by an authorised employee of the Fund (the “Secretary of the Board of Representatives”). The Secretary is responsible, in particular, for ensuring the organizational and technical arrangements of the meetings, preparing reference materials, convening the meetings, drafting the Fund office’s opinions on agenda items, and preparing and publishing the minutes of the meetings.
- 9.4 Meetings of the Board of Representatives shall be convened usually three times per calendar year, by means of a written invitation containing the date and time when and the place where the meeting will be held, or information that the meeting will take place via electronic equipment by remote access, and the agenda of the meeting. Each such invitation shall be sent to the Board members by electronic mail or the data box at least 7 days in advance.
- 9.5 The chairman or, in his absence, the vice-chairman of the Board of Representatives shall be obliged to convene a meeting if requested by at least five members of the Board of Representatives or by the Director, no later than within 14 days after receipt of such request so that the meeting shall be held no later than one month after receipt of the request.
- 9.6 If the Board of Representatives is not quorate or if it is evident, with regard to the excuses received by the Fund, that it will not be quorate, the meeting shall be

dissolved by the person who has convened it and the chairman or vice-chairman shall convene without delay a new meeting via the Fund's office.

- 9.7 Meetings of the Board of Representatives shall be attended by the Board's Secretary and by the Director of the Fund and may also be attended by secretaries of all four Councils. The persons mentioned in the previous sentence shall receive invitations in accordance with clause 9.4.
- 9.8 The Fund's office shall provide to members of the Board of Representatives reference materials for the meeting no later than 8 days before the date of the meeting; however, this does not exclude the possibility of later delivery of other reference materials that were not available earlier.
- 9.9 Voting on a Board resolution shall be conducted by a show of hands, unless voting by ballot is prescribed by the Statutes.
- 9.10 The Board of Representatives adopts decisions by a majority vote. A proposal is approved if it receives the majority of votes from the Board members present. A proposal for a Board resolution is put to a vote by the Board member presiding over the meeting, based on the approved agenda and prior discussion of the matter. Additionally, any other Board member may put a proposal to a vote, provided that it complies with the approved agenda.
- 9.11 Minutes of the Board meetings are written by the Secretary of the Board of Representatives. The minutes shall include the date and place of the meeting, an attendance list of the Board members present and other persons attending the meeting, the approved agenda of the meeting and a brief summary of the discussion on each item of the agenda, decisions adopted by the Board and, if requested by the Board members, also their opinions.
- 9.12 The minutes shall include a protocol on voting on the resolutions of the Board of Representatives, specifying how each Board member voted. However, if the voting took place by ballot, the protocol shall only contain the number of votes for, against and abstained. Minutes of the meeting of the Board of Representatives shall be signed by the Board member who presided over the meeting, and by the secretary of the Board of Representatives. The minutes shall be sent electronically without delay to the Board members and to the Director. The Fund publishes minutes of meetings of the Board of Representatives through the Fund's website.
- 9.13 If a matter cannot bear any delay, the chairman of the Board of Representatives (or, in his absence, the vice-chairman) may invite the Board members via the Fund's office to vote by correspondence (roll-call) through electronic mail or other suitable voting interface operated by the Fund. Votes that are taken into account are those received by the Fund within the time limit specified in the call, which may not be shorter than 7 days. All members of the Board of Representatives are deemed present for the purpose of the determination whether a proposed resolution has been passed or rejected. A record of voting shall be written by the Board's Secretary, and shall be sent electronically without delay to the Board members of the Director of the Fund. The provisions of the last sentence of clause 9.12 shall apply accordingly.

- 9.14 The Concept prepared by the Fund's office pursuant to Section 11(2) of the Act, the Short-term Concepts and the distribution of funds earmarked for selective support between the 4 categories pursuant to Section 10(1)(c) of the Act is approved by the Board of Representatives upon the proposal of the Fund's Director.
- 9.15 The Fund's Director shall present to the Board of Representatives the Fund's annual report, financial statements and auditor's report prior to their presentation to the Government, as well as with the final approved wording of those documents.
- 9.16 In justified cases, the Board of Representatives may authorize its member to undertake a business trip locally or abroad. The expenses incurred in connection with the member's business trip shall be paid by the Fund but only in the amount approved in advance by the Director.

## **10. The Council**

- 10.1 Each member of the Council is obliged to attend the Council's meetings and to take part in the Council's activities and decision-making.
- 10.2 Each member of the Council is entitled:
- a) to present to the Council members through the secretary proposals for review, but is obliged to do so at all times sufficiently in advance before the meeting of the Council, so that the relevant item may be included in the agenda of the meeting and that the other Council members are able to prepare for the review of that item;
  - b) to send to the other members his opinions on matters that will be included in the agenda of a Council's meeting where he/she cannot participate;
  - c) to inspect all of the Fund's materials concerning the provision of support to audiovision in the category falling within the competence of the relevant Council.
- 10.3 Administrative matters related to the meetings of each Council are handled by an authorised employee of the Fund (the "Council's Secretary"). The Secretary is responsible, in particular, for ensuring the organizational and technical arrangements of the meetings, preparing reference materials, convening the meetings, drafting the Fund office's opinions on agenda items, and preparing and publishing minutes of the meetings.
- 10.4 The Council meetings shall be convened by means of a written invitation containing the date and time when and the place where the meeting will be held, or information that the meeting will take place via electronic equipment by remote access, and the agenda of the meeting. Each such invitation shall be sent to the Council members by electronic mail or the data box at least 7 days in advance, or at least 2 days in advance if the meeting is only held to approve the composition of a group of project assessors.
- 10.5 The chairman or, in his absence, the vice-chairman of the Council shall be obliged to convene a meeting if requested by at least three Council members or by the Director, no later than within 14 days after receipt of such request so that the meeting shall be held no later than one month after receipt of the request.

- 10.6 If the Council is not quorate or if it is evident, with regard to the excuses received by the Fund, that it will not be quorate, the meeting shall be dissolved by the person who has convened it and the chairman or vice-chairman shall convene without delay a new meeting via the Fund's office.
- 10.7 The Council meetings shall be attended by the Council's Secretary and may also be attended by the Fund's Director and employees of the Fund's office, who must be given the floor upon request. A Council meeting may also be attended by any other person approved by the Council as a guest. The Council meetings shall be attended to the extent determined by the Council by applicants for selective support for the purpose of presentation of their projects. The Council's Secretary or an authorised employee of the Fund's office shall send invitations to the persons who may or must attend a meeting.
- 10.8 The Fund's office shall provide to Council members reference materials for the meeting no later than 7 days before the date of the meeting; however, this does not exclude the possibility of later delivery of other reference materials that were not available earlier.
- 10.9 Unless determined otherwise by the Council in a specific case, voting on resolutions of the Council shall be conducted by a show of hands, unless voting by ballot is prescribed by the Statutes. The Council adopts decisions by a majority vote. A proposal is approved if it receives the majority of votes from the Council members present. A proposal for a Council resolution is put to a vote by the Council member presiding over the meeting, based on the approved agenda and prior discussion of the matter. Additionally, any other Council member may put a proposal to a vote, provided that it complies with the approved agenda. In case of a tie, the vote of the chairman of the meeting shall be decisive.
- 10.10 Minutes of the Council meetings are written by the Council's Secretary. The minutes shall include the date and place of the meeting, an attendance list of the Council members present and other persons attending the meeting, the approved agenda of the meeting and a brief summary of the discussion on each item of the agenda, decisions adopted by the Council and, if requested by the Council members, also their opinions.
- 10.11 The minutes shall include a protocol on voting on the Council resolutions, specifying how each Council member voted, and in the case of assessment of an application for selective support, also information how the application was assessed by each member. However, if the voting was conducted by ballot, the protocol shall only contain the number of votes for, against and abstained. Minutes of the Council meeting shall be signed by the Council member who presided over the meeting, and by the Council's Secretary. The minutes shall be sent electronically without delay to the Council members and to the Director. The Fund shall publish minutes of the Council meetings through the Fund's website.
- 10.12 Decisions of the Council issued in administrative proceedings shall be signed by the chairman or, in the chairman's absence, by the vice-chairman of the Council.
- 10.13 If a matter cannot bear any delay, the chairman of the Council (or, in his absence, the vice-chairman) may invite the Council members via the Fund's office to vote by



correspondence (roll-call) through electronic mail or other suitable voting interface operated by the Fund. Votes that are taken into account are those received by the Fund within the time limit specified in the call, which may not be shorter than 7 days. All Council members are deemed present for the purpose of the determination whether a proposed resolution has been passed or rejected. A record of voting shall be written by the Council's Secretary, and shall be sent electronically without delay to the Council members of the Director of the Fund. The provisions of the last sentence of clause 10.11 shall apply accordingly. The procedure described in this clause may not be used in voting on applications for selective support, on the form of selective support, on support of projects and on the amount of such support, on the demanding nature of an audiovisual work or project, on the level of provided state aid, or on the conditions under which the selective support is to be granted. However, this procedure may be used when voting on changes to previously issued decisions.

- 10.14 The Council shall provide to the Fund's Director expert assistance in the implementation of decisions on selective support issued by the Council, including reviews of documents and reference materials supplied to the Fund by the applicants in accordance with the issued decisions. Pursuant to Section 11(2) of the Act, the Council shall provide to the Fund's office reference materials for the purpose of preparation of the draft Concept and Short-term Concepts.
- 10.15 The Council may authorize a member to undertake a domestic business trip. Aside from the Council meetings, such trips may only be undertaken to participate in domestic audiovisual festivals, expert panels and workshops. The expenses incurred in connection with the member's business trip shall be paid by the Fund but only in the amount approved in advance by the Director.

## **11. The Committee**

- 11.1 Each member of the Committee is obliged to attend the Committee's meetings and to take part in the Committee's activities and decision-making.
- 11.2 Each of the Committee members is entitled:
- a) to present to the other members of the Committee proposals for review;
  - b) to send to the other members his/her opinions on matters that will be included in the agenda of a Council's meeting where he/she cannot participate;
  - c) in the course of overseeing the Fund's management, to inspect all of the Fund's documents and records held by the Fund, except for the contents of administrative files and documents containing business secret.
- 11.3 While overseeing the Fund's management, the Committee performs, in particular, the following tasks:
- a) examines the draft budget of the Fund presented by the Director;

- b) oversees the Fund's management, particularly on the basis of reports on the balance of the Fund's income and expenses that shall be presented each quarter by the Fund's Director pursuant to Section 17(3) of the Act,
  - c) examines the draft annual report, financial statements and auditor's report presented by the Fund's Director to the Committee pursuant to Section 17(4) of the Act;
  - d) cooperates with the Director in the preparation of the contract-awarding documentation for selection of the auditor in accordance with Act No. 134/2016 Coll. on public procurement, as amended;
  - e) is entitled to request from the Fund's Director information or explanations concerning the Fund's management;
  - f) reviews results of controls of the Fund's management, presented by the Fund's Director, including proposals of appropriate remedial measures;
  - g) is entitled to propose to the Fund's Director to conduct an independent audit for review the Fund's management.
- 11.4 Administrative matters related to the Committee meetings are handled by an authorised employee of the Fund (the “Committee’s Secretary”). The Secretary is responsible, in particular, for ensuring the organizational and technical arrangements of the meetings, convening the meetings, preparing reference materials for the Committee meetings and preparing minutes of the meetings.
- 11.5 Meetings of the Committee shall be convened at least once every calendar quarter by means of a written invitation containing the date and time when and the place where the meeting will be held, or information that the meeting will take place via electronic equipment by remote access, and the agenda of the meeting. Each such invitation shall be sent to the Committee members by electronic mail or the data box at least 7 days in advance.
- 11.6 The chairman or, in his absence, the vice-chairman of the Committee shall be obliged to convene a meeting if requested by at least four Committee members, by the chairman of the Board of Representatives, the chairman of a Council or by the Director, no later than within 14 days after receipt of such request so that the meeting shall be held no later than one month after receipt of the request.
- 11.7 If the Committee is not quorate or if it is evident, with regard to the excuses received by the Fund, that it will not be quorate, the meeting shall be dissolved by the person who has convened it and the chairman or vice-chairman shall convene without delay a new meeting via the Fund's office.
- 11.8 Meetings of the Committee shall be attended by the Committee’s Secretary and Director, who shall receive the invitation in accordance with clause 11.5.
- 11.9 The Fund's office shall provide to the Committee members reference materials for the meeting no later than 7 days before the date of the meeting; however, this does not

exclude the possibility of later delivery of other reference materials that were not available earlier.

- 11.10 Unless determined otherwise by the Committee in a specific case, voting on resolutions of the Committee shall be conducted by a show of hands, unless voting by ballot is prescribed by the Statutes. The Committee adopts decisions by a majority vote. A proposal is approved if it receives the majority of votes from the Committee members present. A proposal for a Committee resolution is put to a vote by the member of the Committee presiding over the meeting, based on the approved agenda and prior discussion of the matter. Additionally, any other member of the Committee may put a proposal to a vote, provided that it complies with the approved agenda and with the procedural rules of the Committee. Only matters included in the announced agenda of the meeting may be put to vote at the Committee meetings.
- 11.11 Minutes of the Committee meetings are written by the Committee's Secretary. The minutes shall include the date and place of the meeting, an attendance list of the Committee members present and other persons attending the meeting, the approved agenda of the meeting and a brief summary of the discussion on each item of the agenda, decisions adopted by the Committee and, if requested by the Committee members, also their opinions. The minutes shall include a protocol on voting on the resolutions of the Committee, specifying how each member voted. However, if the voting took place by ballot, the protocol shall only contain the number of votes for, against and abstained. Minutes of the Committee meeting shall be signed by the Committee member who presided over the meeting, and by the Secretary of the Committee. The minutes shall be sent electronically without delay to the Committee members and to the Director. Minutes of the Committee meetings are non-public.
- 11.12 If a matter cannot bear any delay, the chairman of the Committee (or, in his absence, the vice-chairman) may invite the Committee members via the Fund's office to vote by correspondence (roll-call) through electronic mail or other suitable voting interface operated by the Fund. Votes that are taken into account are those received by the Fund within the time limit specified in the call, which may not be shorter than 7 days. All Committee members are deemed present for the purpose of the determination whether a proposed resolution has been passed or rejected. A record of voting shall be written by the Committee's Secretary, and shall be sent electronically without delay to the Committee members and to the Director of the Fund. The provisions of the last sentence of clause 11.11 shall apply accordingly.

## **12. The Commission**

- 12.1 Each member of the Commission is obliged to attend the meetings of the Commission and to take part in the Commission's activities and decision-making.
- 12.2 Administrative matters related to the meetings of the Commission are handled by an authorised employee of the Fund (the "Commission's Secretary"). The Secretary is responsible, in particular, for ensuring the organizational and technical arrangements of the meetings, convening the meetings, preparing reference materials for the Commission meetings and preparing minutes of the meetings.

- 12.3 Meetings of the Commission shall be convened as needed by the Commission's Secretary or by another authorised employee of the Fund by means of a written invitation containing the date and time when and the place where the meeting will be held, or information that the meeting will take place via electronic equipment by remote access, and the agenda of the meeting. Each such invitation shall be sent to the members of the Commission by electronic mail or the data box at least 5 days in advance. If all of the Commission members are present at a meeting, they may waive the right to timely convening of the meeting. A meeting may also be convened in the course of a previous Commission meeting. Such fact shall be stated in the minutes of the meeting.
- 12.4 If the Commission is not quorate or if it is evident, with regard to the excuses received by the Fund, that it will not be quorate, the meeting shall be dissolved and the Commission's Secretary or another authorised employee of the Fund's office shall convene without undue delay a new meeting of the Commission.
- 12.5 Meetings of the Commission shall be attended by the Commission's Secretary and the Fund's employees from the department of production incentives, who shall be authorised by the Director and who shall receive the invitation in accordance with clause 12.3.
- 12.6 The Fund's office shall provide to members of the Commission reference materials for the meeting no later than 5 days before the date of the meeting; however, this does not exclude the possibility of later delivery of other reference materials that were not available earlier.
- 12.7 Voting on resolutions and opinions of the Commission shall be conducted by a show of hands, unless voting by ballot is prescribed by the Statutes. The Commission adopts decisions by a majority vote. A proposal is approved if it receives the majority of votes from the Commission members present. A proposal for a Commission resolution is put to a vote by the member of the Commission presiding over the meeting, based on the approved agenda and prior discussion of the matter.
- 12.8 Minutes of the Commission meetings are written by the Commission's Secretary. The minutes shall include the date and place of the meeting, an attendance list of the Committee members present and other persons attending the meeting, the approved agenda of the meeting and a brief summary of the discussion on each item of the agenda, decisions and opinions adopted by the Commission and, if requested by members of the Commission, also their opinions. The minutes shall include a protocol on voting on the resolutions of the Commission, specifying how each member voted. However, if the voting took place by ballot, the protocol shall only contain the number of votes for, against and abstained. Nevertheless, it is not possible to abstain from voting on the assessment of applications for registration of incentivized projects (under the wording of Act effective until 31 December 2025), of applications for filing of incentivized projects (under the wording of Act effective from 1 January 2026), and from voting on opinions concerning incentivised projects, which is entrusted to the Commission under the Act, is not permitted. Minutes of the Commission meeting shall be signed by the member of the Commission who presided over the meeting, and by the Commission's Secretary. The minutes shall be sent electronically without delay to

the Commission members and to the Director. Minutes of the Committee meetings are not published.

- 12.9 If a matter cannot bear any delay, the Fund's office may invite the Commission members to vote by correspondence (roll-call) through electronic mail or other suitable voting interface operated by the Fund. Votes that are taken into account are those received by the Fund within the time limit specified in the call, which may not be shorter than 7 days. All Committee members are deemed present for the purpose of the determination whether a proposed resolution has been passed or rejected. A record of voting shall be written by the Commission's Secretary, and shall be sent electronically without delay to the Commission members of the Director of the Fund. The provisions of the last sentence of clause 12.8 shall apply accordingly.
- 12.10 By the procedure specified in the wording of the Act effective until 31 December 2025, the Commission:
- a) shall evaluate applications for registration of incentivised projects with regard to their compliance with the content requirements and shall determine by its opinion whether the incentivised project meets the content requirements for the provision of a production incentive, and if it determines that the project does not meet such content requirements, it shall provide a reasoning of its opinion;
  - b) shall determine whether an audiovisual work produced as a part of an incentivised project in relation to which no decision to provide selective support under the subsidy area "production" was issued as of the submission date of the application is a demanding audiovisual work, and shall set the maximum amount of state aid to be provided in such a case.
- 12.11 By the procedure specified in the wording of the Act effective from 1 January 2026, the Commission:
- a) shall evaluate the applications for filing of incentivised projects with regard to their compliance with the content requirements under Section 43(1)(c) of the Act, even in the case of a change which is to be made upon the applicant's request pursuant to Section 52b(5) of the Act, and shall determine by its opinion whether the incentivised project meets the content requirements for the provision of a production incentive, and if it determines that the project does not meet such content requirements, it shall provide a reasoning of its opinion;
  - b) shall evaluate whether the incentivised projects are identical pursuant to Section 42(7) of the Act, whether some audiovisual works form a series for the purpose of production incentives and whether the audiovisual work in question is a fiction, animated or documentary audiovisual work;
  - c) shall determine whether an audiovisual work produced as a part of an incentivised project in relation to which no decision to provide selective support under the subsidy area "production" was issued as of the submission date of the application is a demanding audiovisual work, and shall set the maximum amount of state aid to be provided in such case;

- d) upon request of the Fund's Director, the Commission shall provide other expert opinions in connection with production incentives.
- 12.12 The assessment pursuant to clause 12.10 (a) and clause 12.11(a) shall be carried out to the extent of the requirements of a cultural product under the directly applicable European Union regulation by means of the cultural test, presented by the applicant, containing a list of cultural criteria determined by the Fund. The cultural test is divided into two parts called “cultural criteria” and “production criteria“. An incentivised project shall meet the content requirements for the provision of a production incentive pursuant to the first sentence if the total score achieved in both parts of the cultural test, as assessed by the Commission, is at least half of the maximum possible score, and at the same time the project obtains at least 4 points in the part “cultural criteria”.
- 12.13 The Commission shall allocate points to individual criteria of the cultural test pursuant to clause 12.10(a) and 12.11(a), respectively, as follows:
- a) where the assessment of the criteria is based on objective data, points shall be awarded on the basis of the data provided by the applicant;
  - b) Where the assessment of a criterion is based on the subjective assessment of the Commission, each member present shall award the specified number of points within the range permitted by the cultural test. The number of points ultimately awarded by the Commission for the relevant criterion shall correspond to the number allocated by the majority of the members present. If no majority number can be determined, the final score shall be calculated as the average of all individual scores awarded by the members, rounded to the nearest whole number.
- 12.14 An incentivised project meets the content requirements pursuant to clause 12.10(a) and 12.11(a) if it meets those requirements on the basis of the assessment of the cultural test under clause 12.12 and if it meets, at the same time, all criteria prescribed by the Act (particularly the compliance with the laws of the Czech Republic), which shall be determined by the Commission's vote.

### **13. Project Assessors**

- 13.1 Without undue delay after the expiration of the time limit for submission of applications for selective support, the Council shall compose, out off the list of project assessors, a group of project assessors, which shall consist of at least 3 members and 3 substitute members, taking into account the following:
- a) the objectives and type of the relevant call to select project assessors who possess the expertise required for the relevant selective support category and for the relevant subsidy area;
  - b) based on information provided by the applicants and by the selected project assessors, impediments concerning potential bias that may affect individual project assessors in the assessment of projects under the relevant call.
- 13.2 The Council shall select a group of project assessors, including substitute project assessors, separately for each call for submission of applications for selective support.

- 13.3 The Fund's office shall notify each project assessor without undue delay that they have been included in a group of project assessors and substitute project assessors and of the call for which they have been selected, and shall inform them about the time schedule of assessment of the applications.
- 13.4 A project assessor who is prevented by a legal or other impediment from participating in the assessment of projects shall notify the Fund of without undue delay of such an impediment. Such project assessor shall be replaced either by a substitute project assessor according to the general order of substitution or, at the discretion of the Council, by a substitute specifically designated for the project assessor who is unable to participate.
- 13.5 Each project assessor shall be obliged to attend meetings of the group of project assessors and to participate with the other members of the group in the assessment of applications for selective support submitted under the relevant call in accordance with the time schedule referred to in clause 13.3, and in accordance with the organizational instructions of the Fund.
- 13.6 Meetings of groups of project assessors shall be convened by the Fund's office and shall be usually held by means of remote access.
- 13.7 The project assessors shall evaluate the applications for selective support in person, using all their professional expertise, fairly and in good faith.

#### **14. The Fund's Director**

- 14.1 As a part of the exercise of the tasks of his office, the Fund's Director performs, in particular, the following activities:
- a) ensures the operation of the Fund;
  - b) is responsible for the management of the Fund's finances, particularly for bookkeeping;
  - c) is the supervisor of the Fund's employees, determines the number of the Fund's employees in accordance with the Fund's needs and budget and the job description of each employee, and performs on behalf of the Fund legal acts vis-à-vis the employees;
  - d) determines the organisational structure of the Fund's office, the competences of individual departments and relations among them and powers of their heads and other employees authorised to act in the Fund's name, which are regulated by the organizational rules of the Fund's office;
  - e) implements decisions of the Councils to provide selective support;
  - f) issues decisions on production incentives and incentivised projects;

- g) issues decisions on granting the co-production status and certificates of compliance with the conditions of co-production pursuant to Section 53 of the Act,
  - h) issues certificates to selective support recipients pursuant to Section 41 of the Act,
  - i) issues decision on the withdrawal of selective support pursuant to Section 40a of the Act,
  - j) represents the Czech Republic in international organisations involved in the field of audiovision, cinema, and film industry, but may entrust such task to another employee of the Fund;
  - k) issues the organizational rules, rules of approbation and other internal regulations of the Fund;
  - l) issues the methodology for the agenda management system and for the communication by means of that system;
  - m) issues guidelines for the settlement of the selective support and the eligible costs for the purpose of granting of production incentives, which are binding for the applicants; and
  - n) issues decisions on matters that are not reserved for other bodies of the Fund.
- 14.2 Representation of the Director in his absence is governed by an internal policy of the Fund.

## **15. The Fund's Office**

- 15.1 The Fund's office is composed of the Fund's employees, organized in a structure and with job descriptions determined by the Director. The Fund's office is responsible for the organizational, administrative, and technical support of the Fund's activities. In carrying out its duties, the Fund's office acts in accordance with the Fund's internal regulations.
- 15.2 With regard to the Fund's management, the Fund's office performs, in particular, the following tasks:
- a) administers audiovisual levies, keeps records of payers and persons liable to pay audiovisual levies and conducts proceedings related to the collection of audiovisual levies;
  - b) administers fees collected in connection with applications submitted to the Fund under the Act,
  - c) administers subsidies distributed by the state budget and intended for the provision of selective support and of production incentives and for the Fund's tasks and activities pursuant to Section 10 of the Act, and for the operation of the Fund,



- d) administers income generated by the use of the Fund's assets, particularly by the exercise of the rights pursuant to Art. 2, clauses 2.3 and 2.4, including payment of royalties to holders of copyright and of the rights related to copyright.

15.3 With regard to controlling activities, the Fund's office performs, in particular, the following tasks:

- a) checks the completeness of applications submitted under the Act and compliance with the conditions for drawing of selective support;
- b) carries on public control in accordance with the Act No. 255/2012 Coll. on the control (the Rules of Control), as amended (hereinafter the “Rules of Control”), including onsite inspection, as well as the control of the applicants or recipients of selective support, carried out under Act No. 320/2001 Coll. on the financial control in public administration and on the amendment to some laws (the “Financial Control Act”), as amended (hereinafter the “Financial Control Act”);
- c) checks compliance with the conditions for payment of production incentives, including the determination of its amount in accordance with the Act; and
- d) checks compliance with the conditions under which the Fund provided selective support or production incentives and with the requirements that must be complied with by recipients of the selective support and production incentives under the Act.

15.4 Furthermore, the Fund's office performs, in particular, the following tasks:

- a) prepares calls for submission of nominations of candidates to the Fund's bodies and of the project assessors;
- b) prepares calls for submission of applications for selective support;
- c) prepares reference materials for meetings of the Fund's bodies;
- d) administers the rights defined in Art. 2, clauses 2.3 and 2.4;
- e) collects, processes and analyses data generated by the Fund's own activities and in the field of audiovision and carries on the related analytical and conceptual activities;
- f) implements decisions and resolutions of the Fund's bodies and arranges for the publication of the Fund's documents and information on the Fund's website in accordance with the Act, with other legal regulations, the Statutes, internal regulations of the Fund, decisions of the Board of Representatives, the Councils, the Committee, the Commission or the Director of the Fund;
- g) collects applications and prepares reference materials for granting of the co-production status under the Convention, the Revised Convention or another international agreement on film co-production;

- h) administers the agenda management system, proposes and implements its adjustments;
  - i) arranges for the operation of the Fund's website;
  - j) engages in the activities specified in Art. 2, clause 2.7, including the issue of guidelines for the provision of selective support or production incentives for the applicants, organizes informative meetings, consultations or seminars for the applicants, etc., prepares the draft Concept and draft Short-term Concepts; and
  - k) engages in activities associated with the development of conditions for the production of audiovisual works on the national and regional level and promotional activities in the field of audiovision and film industry in the Czech Republic and abroad, including the organization of the participation of the Czech Republic in national and international festivals and markets, and activities related to the membership of the Czech Republic in specialized associations in the field of audiovision, all of the foregoing in accordance with the Statutes
- 15.5 Members of the Board of Representatives, of the Councils, the Committee or the Commission may assign to the employees of the Fund's office specific tasks related to the activities and decision-making solely through a resolution of any such body or through the Fund's Director.

## **C. CONCEPTUAL, METHODOICAL AND PROMOTIONAL ACTIVITIES OF THE FUND**

### **16. Concept of the Development of Audiovision and Short-term Concepts**

- 16.1 The Concept is the key strategic document of the Fund. The Concept defines the development goals and measures through which the Fund shall fulfil those goals. The Concept and amendments thereto shall be published by the Fund by a method allowing for remote access.
- 16.2 Measures set out in the part of the Concept relating to selective support shall be approved by the Board of Representatives in the form of 4 Short-term Concepts prepared annually for each of the 4 categories named in Section 10(1)(c) of the Act, in connection with the decision on the distribution of funds intended for selective support for the given calendar year among those 4 categories, all of the foregoing upon a proposal of the Fund's Director. The distribution of financial funds designated specifically for selective support among the 4 categories must comply with the Concept and must ensure the development of each of these categories. The amount of the funds designated every year for the distribution among the 4 selective support categories shall be determined by the Director on the basis of an estimate of the amount for funds that will be available to the Fund for the purposes of selective support. The Short-term Concepts shall be published by the Fund on its website no later than by the 30 September of the previous calendar year for the following year.

- 16.3 The Concept defines the Fund's goals across all its activities. The Short-term Concepts include only those measures, aligned with the approved Concept, that support audiovisual projects for the relevant calendar year. Drafts of both the Concept and the Short-term Concepts are prepared by the Fund's office, based on the collection, processing, and analysis of data generated by the Fund's own activities and developments in the field of audiovision during the relevant year. The goals and priorities set out in the Concept and the Short-term Concepts, along with the related measures, are proposed within the framework of the Fund's medium-term budget outlook, taking into account the Fund's anticipated income.
- 16.4 In the process of drafting the Concept and the Short-term Concepts, the Fund's office may consult individuals and institutions active in the field of audiovision through surveys, questionnaires and assessment inquiries.
- 16.5 The Concept shall include, without limitation:
- a) the basic strategic data, particularly the objective al that is to be achieved;
  - b) the premises, analyses of reasons for the provision of the selective support and production incentives, compared with the status of the audiovisual environment in the Czech Republic and abroad;
  - c) definition of the goals for the provision of selective support of production incentives and for the other areas of the Fund's activities, including measures proposed for the achievement of those goals.
- 16.6 The Short-term Concept for each selective support category prepared for the relevant calendar year shall contain:
- a) a list and specifications of calls planned under the individual selective support categories listed in Section 31(1) of the Act, including a time schedule and the determination of the amount of funds designated for selective support on which the Council shall decide on the basis of each call (hereinafter also the "funds allocated to the call") in accordance with the decision of the Board of Representatives adopted under Section 11a(b) of the Act a
  - b) a description of the difference of the Short-term Concept compared with the Short-term Concept for the previous year.
- 16.7 If the funds designated specifically by the Fund to the selective support are not sufficient for the distribution among the 4 audiovision categories specified in the decision of the Board of Representatives, the Board of Representatives shall approve without undue delay upon a proposal of the Fund's Director an adjustment of this distribution and the related amendments to the Short-term Concepts.
- 16.8 The Board of Representatives also may decide on a change of its decision on the distribution of the funds designated for selective support among the 4 selective support categories pursuant to Section 10(1)(c) of the Act and on the related change of the Short-term Concepts for reasons other than those mentioned in clause 16.7; however, it is not

possible to change the conditions of calls for submission of applications for selective support that have already been announced.

- 16.9 The Fund's office shall provide to the Board of Representatives data and information concerning the current implementation of the Concept and the Short-term Concepts for the purpose of the assessment of the Concept and of any of its amendments, if required.

**17. Development of Conditions for Production of Audiovisual Works and Promotional Activities in Audiovision and Film Industry**

- 17.1 Promotional activities in the field of audiovision and film industry, particularly those targeting international audiences, are performed by the Fund through its departments, namely through the Czech Film Center and the Czech Film Commission.

- 17.2 The Fund implements its own promotional activities through the Department of Concepts and Analyses.

- 17.3 Through the Czech Film Center, the Fund promotes the Czech audiovision, audiovisual works, culture and authors in audiovisual festivals and markets as follows:

- a) by organizing a Czech national exposition or arranging for participation in those festivals and markets for the purpose of presentation of the current Czech production, financing of the audiovision and of the audiovisual infrastructure, establishing new opportunities of foreign cooperation and monitoring the current trends in the field of audiovision, and by the provision of information and contacts;
- b) in the form of cooperation with festival dramaturgs and of presentation of new Czech audiovisual works to festival curators, international sales, representatives of audiovisual markets and fora and of the organisation of selective projections;
- c) by coordinating the participation of Czech audiovisual works and audiovisual professionals in festivals and markets;
- d) in the form of consultations concerning festivals strategies provided to independent producers of audiovisual works;
- e) by creating a background for Czech audiovisual professionals, particularly for independent producers, authors, representatives of festivals and organizations for the presentation of their work and for the establishment of contacts;
- f) in the form of expert consultations with representatives of foreign audiovision and film industry; and
- g) by establishing stable contacts (networking), maintaining awareness about current trends, on the provision of personnel for the organization of the participation in festivals and markets and on the opportunities for the participation of Czech audiovisual works in international events.

- 17.4 Through the Czech Film Center, the Fund maintains the knowledge of Czech audiovision, works and authors by means of a systematic information and presentation campaign, particularly by means of
- a) managing the information and presentation tools mapping the Czech audiovision (the website [www.filmcenter.cz](http://www.filmcenter.cz)), by administering online database tools (a catalogue of completed audiovisual works; a database of projects in progress; a database of individuals and companies; a festival and market guide; a calendar of events and deadlines; an online catalogue of short films);
  - b) an information campaign addressing film professionals in the Czech Republic and abroad (public relations, the press, electronic newsletters, articles, social networks);
  - c) publishing activities (publication of a magazine).
- 17.5 Through the Czech Film Center, the Fund develops conditions for professional and economic growth of the audiovisual environment
- a) in the form of regular presentations and professional events targeting upcoming talents, short films, and of the presentation and consultation of projects;
  - b) by organizing occasional presentations and professional events (partnerships with foreign festivals and markets, expert panels and educational activities);
  - c) by promoting visibility and competitiveness of Czech audiovisual projects abroad (recommendations for international vendors, cooperation with co-production markets, educational programmes and other international entities);
  - d) in the form of consultations concerning the development strategies and production of projects, provided to authors of audiovisual works who are independent producers.
- 17.6 Through the Czech Film Center, the Fund represents the Czech audiovision in selected international professional organizations involved in audiovision and participates in their activities.
- 17.7. Through the Czech Film Commission, the Fund promotes the Czech audiovisual industry particularly by the following means:
- a) in the form of promotion of the Czech Republic as an attractive destination for the implementation of audiovisual works, focusing on the foreign film industry, by means of participation in international audiovisual festivals and markets or by means of own national expositions;
  - b) by means of internally created marketing initiatives;
  - c) by presentations at business trips abroad;

- d) through publishing activities, including the operation of the website filmcommission.cz and the communication through social networks, electronic circulars and press releases;
  - e) through online databases of Czech locations, Czech audiovisual professionals and foreign works that have already been realised in the territory of the Czech Republic;
  - f) by means of cooperation with specialized foreign periodicals, ads in specialised online databases and professional periodicals,
  - g) by performing joint activities with the Ministry of Foreign Affairs (cooperation with embassies and consulates of the Czech Republic abroad, projects of economic diplomacy - PROPED, etc.),
  - h) through the exercise of the office of foreign attaché in Los Angeles,
  - i) in the form of promotion of benefits of the production of audiovisual works addressed to the Czech public, institutions and authorities carried out by means of presentations in regions and at Czech film festivals, online publishing activities, including communication through social networks, and cooperation with public and other media.
- 17.8. Through the Czech Film Commission, the Fund represents the Czech audiovision at selected specialised international organizations involved in audiovision and participates in their activities.
- 17.9. Through the Czech Film Commission, the Fund provides guidelines at the regional level, including but not limited to:
- a) the cooperation with regional and local authorities focused on establishing and dissemination of the awareness of the benefits of audiovisual production;
  - b) specialised advisory activities concerning the establishment and operation of regional film offices, the certification of such offices and training of their employees;
  - c) the cooperation with regions in the promotion and marketing of film destinations, organization of location tours.
- 17.10. Through the Czech Film Commission, the Fund develops conditions for the production of audiovisual works in the Czech Republic, particularly by maintaining and enhancing competitiveness of Czech audiovisual industry services within the European context. This is achieved in cooperation with other departments of the Fund, with institutions and associations involved in audiovision. The Fund promotes the resulting projects and supports initiatives aimed at improving local conditions for filming, ensuring geopolitical security, addressing mental health in the film industry, protecting the environment, promoting the sustainability of audiovisual production, and implementing self-regulatory epidemiological measures.

## **D. PROVISION OF SELECTIVE SUPPORT**

### **18. General Provisions on Selective Support**

18.1. The selective support is provided by the Fund in 4 categories pursuant to Section 10(1) c) of the Act, i.e.:

- a) support of cinematography;
- b) support of television works;
- c) support of animated audiovisual works and videogames; and
- d) support of the audiovisual infrastructure.

Decisions on the provision of the selective support in each category are adopted by the Council responsible for that category.

18.2. The Fund may provide selective support for the implementation of projects falling within the following subsidy areas:

- a) development of a Czech audiovisual work, where the development means, in particular
  - activities aimed at the creation of a literary and other work that serves as the basis for the creation and recording of the audiovisual work or for the creation of a videogame, as well as the acquisition or securing the right to use such literary or other work;
  - activities aimed at ensuring funds to finance the production of the audiovisual work, including the creation of a co-production structure; and
  - activities aimed at ensuring the essential pre-production of the audiovisual work, including cast selection, recruiting key film crew members, technological testing and location scouting.

Selective support for the development of an audiovisual work is provided either in the form of creative development support, which covers only creative activities, or in the form of comprehensive development support, which includes additional specified activities or those defined in the relevant call for applications for selective support.

- b) production of a Czech audiovisual work, meaning the activities including the pre-production works, shooting (or computer animation) and finishing works (the sound, picture, special effects and other) or, in relation to the preparation of a videogame, all activities leading to the creation of the videogame based on the results of its development, and if the Fund did not provide selective support of the relevant audiovisual project under the subsidy area referred to in clause (a), the activities deemed as the development of the audiovisual work may also be included in the production of the work;
- c) distribution of an audiovisual work or a set of audiovisual works, meaning the activities aimed at the public presentation of the audiovisual work notwithstanding the form and technology of such presentation, including technological works,

promotion and public relations in the Czech Republic and abroad, innovative work with the public in the changing audiovision environment and an overall distribution strategy of audiovisual works;

- d) a project in the field of technical development and audiovisual innovations, meaning particularly the activities aimed at the development, acquisition, installation, commissioning and operation of a technology or equipment, or an activity aimed at the development and application of procedures that ensure the compliance with technological standards, including their application in the changing audiovision environment;
- e) audiovisual promotion, meaning, in particular, the activities aimed at the promotion of one or more Czech audiovisual works, including their public presentation, including innovative methods of such presentation, promotion and enhancement of the knowledge of Czech audiovision among both the Czech and foreign public, including innovative use of new technologies;
- f) audiovisual publishing activities and activities in the field of film science, meaning, in particular, activities aimed at the preparation, publishing and distribution of periodical or non-periodical publications and activities aimed at the realization of scientific research in the field of audiovision and presentation of research results;
- g) preserving the national film heritage and making it accessible to the public, meaning, in particular, activities aimed at the digitization, restoring, long-term preservation and provision of access to the national film heritage, including promotion of this heritage, with the exception of audiovisual works and other film heritage owned by state which is managed by the National Film Archives or by the Fund;
- h) education and training in the field of audiovision, meaning, in particular, activities aimed at the creation of educational, training, conceptual, methodological and promotional materials and activities aimed at the implementation of educational and training projects in the field of audiovision;
- i) festivals, conferences and shows in the field of audiovision, meaning the activities aimed at the organization of a festival, conference or a show, including their dramaturgical preparation, acquisition of licences, technical and organizational arrangements and promotion; and
- j) protection of right to audiovisual works and their recordings, which means, in particular, the research, development, implementation and promotion of projects aimed at the protection of copyright and rights related to copyright, including data collection and preparation of analyses, educational and public awareness campaigns, enforcement of rights, support and promotion of projects targeting negative phenomena related to piracy;

Calls for the submission of applications for selective support in the categories referred to under paragraphs (a) and (b) are announced separately for the categories referred to in clause 18.1 (a), (b) and (c), and calls for submission of selective support applications



in categories specified under paragraphs (c) to (j) are announced in the category specified in clause 18.1(d).

- 18.3. The Fund's finances designated for selective support are provided in accordance with the terms and conditions specified in the relevant call for submission of applications for selective support and in the Council's decisions on the provision of selective support as subsidies or as profit-sharing subsidies. Support for the development and production of videogames is always provided in the form of a profit-sharing subsidy.

## **19. Calls for Submission of Applications for Selective Support**

- 19.1 The Fund issues calls for submission of applications for selective support on the basis of the Concept and the Short-term Concepts.

- 19.2 Calls are formulated by the Fund's office in accordance with the Concept and the Short-term Concepts. To facilitate the preparation of these calls, the Council responsible for the relevant selective support category and subsidy area shall provide the Fund's office within the framework of the relevant Short-term Concept with terms and conditions under which the selective support based on the relevant call is to be granted, and with detailed conditions of the relevant call. Each call is typically associated with a single area and a single selective support category. The Fund publishes the calls on its website or through the agenda management system.

- 19.3 The Council may reallocate funds designated for selective support under a call that were not used in its decisions on applications submitted for that call, by adding all or part of those unused funds to:

- a) the amount of funds allocated to another call or other calls that have not yet been announced under the relevant Short-term Concept over which the relevant Council has the decision-making authority; or
- b) the amount of funds allocated to another rolling call or other rolling calls that have not yet been announced under the relevant Short-term Concept over which the relevant Council has the decision-making authority.

- 19.4 Each call shall contain at least the following:

- a) the beginning and the end of the time limit for submission of applications for selective support, which may not be shorter than 30 days;
- b) a specification of one or more subsidy areas and selective support categories to which the call applies;
- c) the timeframe for the assessment of applications submitted on the basis of the call;
- d) the creative and the realization test, which form the basis for the assessment of the project by project assessors and the Council, including the criteria and their scoring, either provided as an appendix to the call or as part of the agenda management system through which the application for selective support is to be submitted;

- e) the determination of the amount of funds allocated to the call; and
- f) the specification of mandatory appendices to the application for selective support.

19.5 Furthermore, the call may:

- a) define the project criteria that may be used to apply for selective support, for example by specifying the artistic, technological, financial, production, and other parameters of the project;
- b) determine the form of support that shall be provided to the applicants on the basis of the call pursuant to Section 32 of the Act,
- c) restrict the group of persons authorized to submit applications for selective support in accordance with their relation to the project that is to be supported;
- d) define the terms and conditions under which a uniform selective support shall be provided on the basis of the call to all applicants whose application for selective support will be granted, including the terms and conditions failing which a decision will be taken to withdraw selective support according to Section 40a of the Act; or
- e) determine whether a verbal presentation of the project by the applicants will be permitted during the review of the application, and specify the scope and form of such presentation.

19.6 If the time limit for the submission of applications for selective support is at least 90 days, the call for applications may be announced as a “rolling call.” Applications submitted under a rolling call shall be reviewed and decided upon by the Fund on a continuous basis, even within the overall submission period.

## **20. Applications for Selective Support**

20.1 An application for selective support shall be submitted on forms published on the Fund's website, or through the agenda management system once it becomes operational. In that forms, the applicant shall fill in all relevant data required for the application, including all information specified by the Act and the Administrative Procedure Code. Each application shall include mandatory appendices prescribed by the Act, the Statutes and the relevant call.

20.2 The application shall include the following appendices evidencing that the applicant has fulfilled all formal prerequisites:

- a) a receipt of payment of the administrative fee;
- b) the documents (or the applicant’s solemn declarations) evidencing that the applicant has fulfilled the prerequisites specified in Section 39 of the Act. For those prerequisites whose fulfilment is attested to by a solemn declaration pursuant to Section 34(4) of the Act, the solemn declaration must be included either as part of

the application submitted on the prescribed form, or in the agenda management system; and

- c) the documents (or the applicant's solemn declarations) evidencing that the applicant has fulfilled further prerequisites prescribed in the Act or in the directly applicable European Union regulations relating to the selective support, either as part of the application submitted on the prescribed form, or in the agenda management system, or as specified in the relevant call.

20.3 The application shall include the following information and appendices, which are essential for assessing the project and through which the applicant shall provide details regarding the artistic and creative goals of the project, its content, and its business purpose:

- a) the project's name and description using specific boxes set forth in the application form;
- b) the creative and the realization test, by means of which the applicant shall defend the relevance of his project on the basis of pre-determined criteria;
- c) materials comprising the "creative package", as specified below and in the relevant call;
- d) an itemized cost budget prepared using the Fund's form or of forms available in the agenda management system;
- e) a project implementation schedule prepared using the Fund's form or of forms available in the agenda management system;
- f) a financial plan of the project, defining planned sources to cover the budget costs, prepared using the Fund's form or of forms available in the agenda management system,
- g) professional CVs of key members of the realization team, unless included in the creative and the realization test;
- h) evidence of the procurement of authorizations unless specified otherwise in the call; and
- i) further appendices specified in the relevant call.

20.4 The creative and the realization test is included in each call for submission of applications for selective support. This test contains evaluation criteria and questions about the applicant and the project, which are assigned to each criterion. The application for selective support is assessed first by the Council and then by the project assessors, based on the applicant's answers to those questions.

20.5 The contents of the creative and the realization test are divided between the creative and realization criteria pertaining to the project areas defined in Section 31(1) of the Act, as follows:

a) development and production of a Czech audiovisual work:

- creative criteria: the project's relevance to the call (the artistic value, the content, the innovativeness), and its audience potential (the target group, the distribution and marketing strategy);
- realization criteria: the project's relevance to the applicant's previous activities, composition of the creative team, the realization strategy and the project's economy and sustainability;

b) audiovisual infrastructure areas:

- creative criteria: the project's relevance to the call and the project contents quality (based on the nature of the area: a contribution to the diversity of offer of audiovisual works, to the enhancement of international cooperation and to the visibility of Czech audiovisual works abroad, a contribution to the analysis of trends and personal growth of those engaged in audiovisual areas, audience potential (the target group, the distribution and marketing strategy);
- realization criteria: the project's relevance to the applicant's previous activities, composition of the creative team, the realization strategy and the project's economy and sustainability.

20.6 The creative package consists of materials used to defend the artistic quality of the project (unless specified otherwise in the relevant call), and includes:

- a) in the case of the subsidy area “development of an audiovisual work” or “production of an audiovisual work”, a synopsis, treatment and/or script of the audiovisual work, in accordance with a detailed specification provided in the call;
- b) a scriptwriting and/or director's explication in case of the subsidy area “development of an audiovisual work” or “production of an audiovisual work”, in accordance with a detailed specification provided in the call;
- c) graphic designs in the case of the subsidy area “development of an audiovisual work” or “production of an audiovisual work” and of an animated audiovisual work or a videogame, in accordance with a detailed specification provided in the call.

20.7 While submitting an application for selective support in the subsidy area “development of an audiovisual work” or “production of an audiovisual work”, the applicant shall provide contractual documents attesting that the applicant

- a) holds at least for the realization period of the project rights to use literary works (including any of the original author's works) and works of visual art, which have been submitted to the Fund as a part of the creative package; or
- b) has concluded an agreement with the relevant rights holders, under which they are obliged to grant such authorizations to the applicant upon request; or

- c) has concluded with the relevant holders another form of a binding and legally enforceable reservation of such rights for the applicant for the period not shorter than the realization period of the development project (the “options”);

unless the call specifies different or more detailed requirements for verifying these facts. Applicants who themselves hold such rights shall demonstrate compliance with this requirement by a solemn declaration in lieu of a contractual document.

- 20.8 The applicant may submit the application for selective support relating to the same project under a single call (including rolling calls) only once.

## **21. Assessment of Applications for Selective Support by a Group of Project Assessors**

- 21.1 The Fund’s office shall deliver to the members of the group of project assessors, appointed by the relevant Council, the duly submitted applications for selective support — together with their appendices, except for those listed in Article 20, clause 20.2 — via the agenda management system or another electronic communication tool. These applications shall relate to the call for which the group of project assessors has been appointed. Unless it is a rolling call, all duly submitted applications for selective support under the call shall be forwarded to the group of project assessors in this manner. The reference materials under the previous sentence shall be provided in accordance with the time schedule specified in the call; however, this does not exclude the possibility of delivery of other reference materials that were not available earlier.
- 21.2 Each project assessor shall be obliged to review the delivered materials before the meeting of the project assessors, in order to be prepared to assess the applications for selective support at the meeting. The project assessor shall be obliged to prepare the assessment of all delivered applications for selective support, taking into account the completed creative and realization tests. This assessment shall be the basis for the deliberations of the group of project assessors.
- 21.3 Each project assessor appointed to the group of project assessors shall assess the applications for selective support submitted within one call on the basis of the creative and the realization tests, where he shall score separately each partial criterion that are to be assessed, and shall draw a written assessment of each such criterion. The score other relevant criterion shall be then determined as an average of points allocated by individual project assessors. If the group of project of assessors fails to achieve a collective text assessment of individual criteria, the text assessment of each project assessor shall be stated separately.
- 21.4 The outcome of the deliberations of the project assessors shall be the completed creative and realization test for each project, which shall serve as the basis for the applicant's subsequent response and for the evaluation of the project by the Council. The group of project assessors shall forward the completed creative and realization test relating to each project without delay after its deliberations. The creative and the realization test shall not be published. Such prepared assessment shall be forwarded by the Fund's office to members of the relevant Council.

- 21.5 Each creative and realization test containing the assessment made by a group of assessors shall be forwarded by the Fund without undue delay to the applicant for selective support and shall enable them to respond within the provided time limit to that assessment. The timely delivered applicant's response shall be forwarded by the Fund's office to the relevant Council as a basis for the Council's decision on the selective support.
- 22. Evaluation of Applications for Selective Support by the Council and Adoption of Decisions on Selective Support**
- 22.1 The Fund shall make available to the Council through the agenda management system or another electronic communication tool applications for selective support that have been duly submitted in response to each call, including their appendices, except for those referred to in Art. 20, clause 20.2., at least 14 days before the scheduled Council meeting where the applications are to be evaluated. If the relevant call is not a rolling call, all applications for selective support that have been duly submitted on the basis of the relevant call shall be forwarded to the Council in this manner.
- 22.2 If a verbal presentation of the project by the applicants will be permitted during the Council meeting, each applicant shall be asked to make such presentation by means of a written invitation sent at least 7 days. The applicant may be represented at the presentation by a proxy. The applicant shall not be obliged to attend the verbal presentation of the project. The verbal presentation may also take place through the applicant's remote connection to the Council's meeting by means of a video- or teleconference. A protocol shall be written on the verbal presentation.
- 22.3 Before the beginning of the review of the applications for selective support submitted under each call, the Council shall determine whether some of its members shall be excluded from the review of some applications pursuant to the Act or other law.
- 22.4 The Council shall decide on the applications for selective support at its meeting, provided that it is quorate. The applications are only assessed by those Council members who are present at the meeting, with the exception of members who are excluded from deciding on the relevant application.
- 22.5 The council shall take note of the assessment of the creative and the realization test completed by the group of project assessors, and to the applicant's response, if it has been provided in time.
- 22.6 If it appears after the completion of the assessment of the creative and the realization test that a project assessor who participated in the assessment should have been excluded from the assessment pursuant to Section 23(2) of the Act, the Council shall not take note of the score determined by such project assessor.
- 22.7 During the collective assessment of the applications for selective support, each Council member shall allocate separately the score to each of the criteria of the creative and the realization test, shall state whether they agree or disagree with the assessment made by the group of project assessors and shall provide a reasoning for any of their different opinions. After the scoring, the sum of the points allocated to each application shall be divided by the number of the Council members who

participated in the scoring. This will result in the average score of the application. Applications for selective support that receive less than 70 points shall be rejected by the Council. Decisions on the applications that will receive 70 and more points shall be adopted by the Council in accordance with clauses 22.8 through 22.10.

- 22.8 The Council decisions on the provision or rejection of the selective support based on the submitted applications for selective support shall be adopted on the basis of the achieved score, the ranking of the applications for selective support after the completion of the assessment made pursuant to clause 22.7, of the amount of the selective support requested by the applicant and of the amount of financial funds that are available to the Council for the provision of selective support in the relevant subsidy area under the relevant call for submission of applications for selective support. The support may only be granted in the maximum amount specified in the application for selective support, in of the Act, in the call for submission of applications for selective support and in the Statutes. While deciding on applications for selective support submitted under one call, the Council need not use up the amount of financial funds specified in the relevant call.
- 22.9 Applications for selective support which the Council did not approve for support under clause 22.8 shall be rejected by the Council. For applications to which the Council granted support under that clause, the Council shall issue a decision on selective support pursuant to clause 22.10.
- 22.10 A decision on selective support shall include:
- a) a definition of the project;
  - b) the form of the selective support;
  - c) the amount of the provided selective support;
  - d) the conditions for payment of the selective support, whether in the lump-sum form or in instalments, including the bank account number of the recipient of the support to which the selective support is payable;
  - e) the purpose of which the selective support is provided;
  - f) the conditions for the determination of the Fund's share in any profits resulting from the project in cases where the support is provided in the form of a profit-sharing subsidy pursuant to Section 32(2) of the Act, and the period for submitting the statements pursuant to Section 40(4) of the Act,
  - g) a decision whether the audiovisual work whose development, production, promotion or distribution is the subject-matter of the supported project is a demanding audiovisual work, and the related decision on the intensity of the state aid granted to the project;
  - h) the time limit for completion of the project;

- i) the time limit within which the recipient of selective support shall present to the Fund for inspection the final settlement account of the project and other documents pursuant to Section 40 of the Act, as well as the final report on the realization of the project;
- j) other conditions under which the selective support has been provided, particularly the conditions concerning the realization schedule of the project, its personnel, eligibility or non-eligibility of the costs covered by the selective support and the maximum possible share of the selective support in the total costs of the project;
- k) definition of the conditions failing which a decision will be taken to withdraw the support pursuant to Section 40a of the Act,
- l) a reasoning of the decision; and
- m) other particulars arising for the relevant call from the Concept and from the Short-term Concept.

22.11 Beside the conditions arising from the relevant call, the Concept and the Short-term Concept, the Council shall include in the conditions for the provision of selective support specified in its decision adopted pursuant to clause 22.10 the following conditions resulting from the generally bindings laws regulating state aid:

- a) if the selective support is granted for the subsidy area “development of a Czech audiovisual work”, the recipient of selective support shall be required to ensure compliance with the territorial binding condition so that at least 50% of the provided support shall be used for the purchase of goods or services relating to the realization of the project from persons that have their place of business, permanent residence or registered office in the territory of the Czech Republic and that are registered in the Czech Republic for income tax purposes; such limit may be reduced in respect of the development or production of an audiovisual work whose artistic or technical solution requires purchasing of services abroad and this fact is stated and substantiated by the applicant in the application for selective support. If the applicant is a natural person and retains the support or a part thereof as his remuneration in accordance with the budget attached to the application for selective support, such remuneration shall be deemed, for the purpose of assessment of compliance with the condition specified in the first sentence, as the use of funds for purchase of services;
- b) if the project is not realized or is only partly realized, the recipient of selective support shall be required to return to the Fund the provided selective support or the relevant part thereof;
- c) in connection with the realization of the project for which selective support has been granted, the recipient shall be required to identify the Fund as the provider of the support in the manner and form specified in the decision granting the support.

22.12 Final reports and settlement accounts submitted to the Fund pursuant to Section 40 of the Act, based on the decision granting selective support, shall be prepared using the



Fund's forms available on the Fund's website on through the agenda management system, once it becomes operational.

- 22.13 In accordance with the Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements, the Fund shall incorporate the requirements regarding equal opportunities and environmental and social sustainability into the text of the conditions of the decisions on selective support, ensuring that these requirements are included in all decisions issued from 1 January 2028 at the latest.

### **23. Request for a change of a decision on selective support**

- 23.1 A support recipient may submit a request for a change of a decision granting selective support due to changes of the circumstances pursuant to Section 36 of the Act. The recipient may submit a request for a change of the decision repeatedly.
- 23.2 The change of the decision granting selective support based on the recipient's request may consist in:
- a) a change of the amount of the support;
  - b) a change of the time limit for completion of the project;
  - c) a change of the time limit for submission of documents pursuant to Section 40 of the Act,
  - d) a change of the conditions concerning the intensity of state aid;
  - e) a change of the composition of the realization team in terms of the professions stated in the decision on selective support; or
  - f) a change of other conditions under which the selective support has been provided to the recipient.
- 23.3 The request for a change of the decision on selective support must contain a designation and a detailed description of the change of circumstances due to which the applicant asks for such a change, and a reasoning of the requested change in accordance with Section 36 of the Act, otherwise, it will be rejected by the Council.
- 23.4 Requests for change of the decision on selective support are submitted in writing on forms published by the Fund on its website, or through the agenda management system, once it becomes operational.
- 23.5 A request for change of a decision on selective support shall be accompanied by a receipt of payment of the administrative fee, as well as by other appendices that differ, as of the submission date of the request, from those attached to the original application for selective support, particularly due to circumstances arising during the realization of the project.
- ### **24. Final Settlement Account of the Project and Rules of Eligibility of the Expenses**
- 24.1 The final settlement account of the project pursuant to Section 40(2) of the Act (hereinafter the “settlement account”) shall be submitted by the recipient of selective support on the form available through the Fund's website or the agenda management system, once it becomes operational.

24.2 The settlement account shall be submitted in Czech currency and must include:

- a) an itemized overview of the total costs of the project;
- b) a list of accounting documents relating to the project expenses covered by the selective support, where
  - ba) an accounting document pertaining to payments for goods or services to third parties must include a specification of the supplier and the purchaser of the service or goods (the name and surname or corporate or business name, address of the registered office, place of business or residence, and the identification and tax identification number; for an individual whom no identification number has been allocated, the document must contain instead of such number the date of birth and/or the tax identification number, the subject-matter or purpose of the payment specifying the provided services or goods, the taxable supply date or the supply date in the case of a person who is not a VAT payer, the payment date and the number under which the accounting document is recorded in the tax or accounting records of the recipient of selective support;
  - bb) in the case of wages, it is necessary to include a list of names of employees, a description of employees and of their activities performed during the realization of the project, the amount of paid wages and proof of payment of the wages and mandatory social security and health insurance contributions;
  - bc) if the total amount specified in the accounting document is not covered by the selective support, the stated amount must be covered from the selective support; and
  - bd) these requirements shall also apply in cases where expenses covered in whole or in part by selective support have been paid by the general contractor directly to the suppliers of goods and services. For this purpose, a general contractor means any person other than the recipient of the selective support who, for the purposes of the project, provides services to the recipient, thereby ensuring both their own performance and the performance of third parties for the project. The general contractor is not the final provider of all goods or services for which they re-invoice the expenses to the recipient, regardless of whether such general contractor acts as a supplier, co-producer, or co-organizer of the project in relation to the recipient of the selective support;
- c) a final overview of all funding sources of the project, particularly for the purpose of assessment of the intensity of state aid under Section 57a of the Act, and
- d) a contract concluded between the recipient of selective support and the general contractor in cases where the expenses covered by the selective support or their part was paid by the general contractor.

- 24.3 In cases specified in Section 40(3) of the Act, the settlement account shall be accompanied by an auditor's report on the audit of the total project costs, which shall be drafted on the form that is available in the agenda management system or is published on the Fund's website, in accordance with binding methodology published on the Fund's website. The auditor's report must further include all particulars specified in the International Standard on Related Services ISRS 4400 (Revised) Agreed-Upon Procedures Engagements and the following appendices:
- a) a settlement of the total project costs and expenses covered by the selective support;
  - b) a selected sample of the project costs; and
  - c) a report on the reasons for material deviations of final costs from the original budget.
- 24.4 The compliance with the condition specified in Section 40(6)(a) of the Act shall be documented by the recipient of selective support by presenting the documents listed in clause 24.6, evidencing that he is the sole owner of the right of the producer of the video recording of the audiovisual work, or that he is the co-owner of such right (together with the other co-producers) with a co-owner share corresponding to at least the size of the ratio of the provided selective support and total production costs of the audiovisual work.
- 24.5 The compliance with the condition specified in Section 40(6)(b) of the Act shall be documented by the recipient of selective support by presenting the documents listed in clause 24.6, evidencing that he is the sole recipient of proceeds from the use of the audiovisual work or owns the share in such proceeds corresponding to at least the size of the ratio of the provided selective support and total production costs of the audiovisual work. If, however,
- a) the recipient of selective support is entitled to any share of the proceeds derived from the use of the audiovisual work in the territories of states other than the Czech Republic, as the entirety of such proceeds shall belong to the co-producers residing in those territories, this distribution of proceeds shall be balanced by a corresponding increase in the recipient's share of the proceeds generated within the territory of the Czech Republic. Typically, this is achieved by ensuring that the relevant foreign co-producers are not entitled to any share of the proceeds from the use of the audiovisual work in the Czech Republic; instead, the share to which they would otherwise be entitled, based on their contribution to the funding of the audiovisual work, shall accrue to the recipient of selective support (alternatively, a proportionate share of these proceeds may accrue to the recipient of selective support and the other co-producers residing in the territory of the Czech Republic);
  - b) the recipient of selective support is not entitled to the proceeds derived from certain specific methods of use of the audiovisual work as these methods of use are exercised by other co-producers of the audiovisual work for their own benefit, this distribution of proceeds shall be balanced by a corresponding increase in the recipient's share of the proceeds generated by the other methods

of use of the audiovisual work. Typically, this shall be achieved by deducting the quantified usual value of the rights of use of the audiovisual work from the contribution of those co-producers for the purpose of calculation of their share in the proceeds from use of the audiovisual work generated by the other methods, and the proceeds from use of the audiovisual work by the other methods shall be divided proportionally between the recipient of selective support and the other co-producers of the audiovisual work who do not exercise for their own benefit the rights of use of the audiovisual work by the relevant method.

- 24.6 Compliance with the criteria specified in clause 24.4 and 24.5 shall be demonstrated by the recipient of selective support by submitting all contracts (including all their amendments) concluded in relation to the production of the audiovisual work among persons who hold the right of the producer of the audio/video recording of the relevant audiovisual work, the right to use the audiovisual work and the objects of intellectual property rights contained therein, or a share in those rights and that are entitled to the proceeds from use of the audiovisual work or a share in such proceeds (with the exception of persons that are entitled to a share in the proceeds solely due to a share in the remuneration for granting a licence to the use of the object of the intellectual property rights), or, instead of the foregoing, by a solemn declaration that he is the sole holder the rights of the producer of the audio/video recording of the relevant audiovisual work and the sole recipient of all proceeds from use of the audiovisual work.
- 24.7 For the purpose of the calculations described in clauses 24.4 and 24.5, the amount of the provided selective support shall be taken as the contribution of the recipient of selective support to the co-production. The conditions specified in Section 40(6) of the Act shall be met in the case that the recipient of selective support shall be entitled to a share in the rights of the producer of the audio/video recording and in the proceeds from use of the audiovisual work that will be identical with or higher than the share resulting from the provisions of Section 40(6) of the Act and clauses 24.4 and 24.5 above.
- 24.8 It shall not be deemed detrimental to compliance with the condition specified in Section 40(6)(b) of the Act if the recipient of selective support pays portions from his share in the proceeds from use of the audiovisual work to third parties other than the co-producers of the audiovisual work, such as authors, performing artists or other holders of intellectual property rights.
- 24.9 The recipient of selective support pursuant to Section 31(1)(b) of the Act shall comply with the conditions specified in Section 40(6) of the Act, in accordance with the documents submitted to the Fund, for a period of at least ten years following the publication date of the relevant audiovisual work.
- 24.10 Only costs that meet the following conditions shall be considered part of the total project costs for the purpose of the settlement account:
- a) the costs that are necessary for realization of the project in accordance with the principles of expedience, cost-effectiveness and efficiency, and which are

reasonable in amount for the provided performance, with regard to external circumstances;

- b) the costs that are directly related to the realization of the project, i.e. the costs of activities leading to the fulfilment of the purpose, the goals and the contents of the project;
- c) if the recipient of selective support is a natural person who participates by himself in the realization of the project, the total project costs may include the usual amount of that person's remuneration for activities performed directly as a part of the realization of the project;
- d) unless specified otherwise in the decision on selective support, overhead costs incurred by the recipient of selective support may not exceed 7% of the total project costs;
- e) costs of purchase of fixed assets may only be included in the total project costs if they have been acquired and designated solely for project realization purposes;
- f) in the case of international co-productions, the amount of costs that are incurred by co-producers whose seat or place of business is located in the territory of other states and are denominated in currencies in other than the Czech currency shall be converted to the Czech currency as follows:
  - fa) by an exchange rate agreed in advance, which is stated in the co-production agreement, and if not agreed, then
  - fb) by the exchange rate specified in the internal regulation of the recipient of selective support, and if not so specified, then
  - fc) by the exchange rate of the foreign exchange market announced by the Czech National Bank and valid as of the preparation date of the final settlement of such costs by the foreign co-producer.

24.11 The following costs may not be included in the total production costs for settlement purposes:

- a) reserves;
- b) costs of purchase of receivables;
- c) value added tax, if the recipient of selective support is not entitled to a deduction of, or is not a payer of value added tax;
- d) contractual fines, default interest, severance pay, compensation of material and non-material harm;
- e) the income tax, road tax, real property tax, excise tax and customs duties;

- f) costs of lawsuits and arbitrations, including court and other fees and attorney's fees;
- g) costs of employees in respect of whom the employers are not obliged to pay any contributions under the laws (contributions to additional pension insurance, life insurance, gifts on the occasion of jubilees, contributions for recreations, and other);
- h) costs of payment of damages for pain and suffering, compensation for work injury or of lost earnings;
- i) scholarships, donations or costs of similar nature;
- j) advertising costs incurred by the recipient of selective support that are not directly related to the project, such as the costs of corporate presentation gifts, brand promotion, the company's website, etc.;
- k) fees for membership of the recipient of selective support in registered associations or other legal entities; and
- l) remuneration for the exercise of office paid to the statutory body or to members of the statutory or supervisory body of the legal entity that is the recipient of selective support.

24.12 Eligible project expenses paid out of the selective support are only those expenses incurred by the recipient of the selective support that meet the conditions applicable to the total project costs under the preceding clauses and, at the same time, satisfy one of the following conditions:

- a) expenses that were incurred by the recipient of selective support in accordance with the purpose specified in the decision on selective support, i.e. for the realization of the project, and, at the same time, for the purchase of goods or services from third parties in the period between the submission date of the application for selective support and the submission date of the settlement account (but no later than before the end of the time limit for submission of the settlement account) to the Fund; for the subsidy area “development of an audiovisual work” and “production of an audiovisual work”, the eligible project expenses may also include expenses incurred by the recipient of selective support not earlier than 6 months before submission of the application for selective support but solely if such expenses were incurred directly in connection with the preparation and submission of the application for selective support, or expenses incurred for the purpose of acquisition of the rights to use author's works, the acquisition of which shall be documented in accordance with Art. 20, clause 20.7 together with submission of the application for selective support, provided that the sum of those expenses does not exceed 10% of the total project costs;
- b) remuneration of the recipient of selective support pursuant to clause 24.10(c),

- c) wage expenses incurred by the recipient of selective support in the period between the submission date of the application for selective support and the submission date of the settlement account (but no later than before the end of the time limit for submission of the settlement account) to the Fund, if they are related to the realization of the project; or
- d) overhead costs spent by the recipient of selective support in connection with the realization of the project, which may only be covered by the selective support to the maximum extent of 7% of the support amount, unless specified otherwise in the decision on selective support.

24.13 Expenses reimbursed by the recipient of selective support to the general contractor shall be considered eligible expenses for the purpose of selective support solely if the applicant meets the conditions concerning the settlement, verification, and control of expenses paid by the general contractor in accordance with the Statutes and the decision on selective support.

24.14 in addition to expenses listed in cause 24.11, the following expenses are not considered eligible expenses covered by the selective support<sup>1</sup>:

- a) in-kind supply provided for the purpose of realization of the project by a third party that is a co-producer or co-organizer of the project, if the recipient of selective support did not pay the price of such supply;
- b) in-kind supply provided by the recipient of selective support for the purpose of realization of the project, particularly the provision of the recipient's own production capacities;
- c) interest on credit and loan;
- d) bank charges;
- e) expenses incurred for the provision of auditor services. if incurred by the recipient of selective support who is not obliged to submit to the Fund an auditor's report under the Act or under the decision on selective support;
- f) leasing instalments;
- g) expenses incurred for medals, bonuses, diplomas and souvenirs for the winner of contest participants ;
- h) expenses incurred for alcoholic beverages, tobacco products and other addictive substances; and
- i) administrative fees.

24.15 The Council may set in its decision on selective support further conditions of eligibility of expenses, particularly by determining

- a) the kind(s) of expenses which shall be considered the sole expenses that may be covered by the selective support;
  - b) the maximum share of the selective support amount that may be reached by some specific kinds of eligible expenses;
  - c) the minimum share of the selective support amount that may be reached by some specific kinds of eligible expenses; or
  - d) other kinds of expenses in addition to those listed in clause 24.14 which may not be paid out of the selective support.
- 24.16 Upon the Fund's request, the recipient of selective support shall demonstrate to the Fund the expenditure of expenses paid out of the selective support, as reflected in the settlement account, the total project costs and the intensity of state aid. This shall be proved by submitting accounting and/or contractual documents, by the specification of the received supply for which the expenses were incurred, and of the relation of such supply to the project, and by other ways determined in the decision on selective support and in the laws regulation control procedures.
- 24.17 Upon the Fund's request, the recipient of selective support shall demonstrate to the Fund, in the manner specified in the decision on selective support, the expenditure of expenses incurred by the general contractor from the selective support, as reflected in the settlement account. The expenses specified in the previous sentence are subject to the audit of the general contractor's accounting documents or records pursuant to clause 24.3.
- 24.18 The Fund shall publish on its website or through the agenda management system definitions of terms that are binding for recipients of selective support when proving eligible costs and total project costs. These definitions shall be published sufficiently in advance, at least one month before their effective date.

## **E. PROVISION OF PRODUCTION INCENTIVES**

### **25. General Provisions**

- 25.1 For the purposes of production incentives, activities falling within the scope of production of an audiovisual work include:
- a) preparatory works, which include, in particular, activities that form part of the development of an audiovisual work, exploration of possibilities of realizing an incentivized project, selection of actors and of the realization team, including casting, legal and organizational arrangements of the following phases of production of the audiovisual work, particularly production plans, technological, camera, actor and other tests, search for locations and suppliers of individual services, procurement of rights and licences for use of intellectual property rights, and in the case of an animated audiovisual work also the creation of basic graphic designs, animatics and technological testing, designing, manufacturing, construction, sourcing or renting of stage sets, costumes and other set elements;



- b) shooting, which is understood to mean production of an audio/video recording of the audiovisual work or the realization of both classic and computer animation of animated audiovisual works, including arrangements for all performance required for this purpose, such as locations, studios, actors, creative, technical, organizational and other realization teams, procurement of all technologies, energies, facilities, transport, accommodation, etc.;
  - c) post-production works, which include, in particular, editing the filmed material, special effects and other adjustment of the video component of the audiovisual work, including creation and acquisition of musical recordings and completion of the final mix.
- 25.2 For the purposes of the procedure specified in Section 44(1)(d) and Section 51(2) of the Act, the preparation for realization of an incentivized project includes the activities specified in clause 25.1(a), with the exception of manufacturing, construction, sourcing or renting of stage sets, costumes and other set elements, and, where applicable, minor-scale shooting in the territory of the Czech Republic, justified by production circumstances, and the filming of footage for a time-lapse documentary audiovisual work, realized in the territory of the Czech Republic.
- 25.3 For the purpose of production incentives, the following terms shall have the following meaning:
- a) a fiction audiovisual work shall mean an audiovisual work the aim of which is to narrate a fictional story presented in a dramatic form and where the main means of such storytelling is a live actor's performance, especially the actions of actors portraying film characters, recorded on an audiovisual medium, and carried out according to a script that primarily includes a description of the plot and dialogues, or, in the case of more experimental forms or those involving improvisation, according to a differently conceived type of literary source; the story developed in the script is considered fictional even if it is based on real events;
  - b) a documentary audiovisual work means an audiovisual work whose method of realization is the documentation of reality, primarily for the purpose of education or recording historical records, whether produced according to a pre-written script or not;
  - c) an animated audiovisual work is an audiovisual work described in Section 2(1)(e) of the Act;
  - d) a time-lapse documentary audiovisual work means a documentary audiovisual work whose audio/video recordings are made over an extended period, for the purpose of long-term documentation of the development of events or personal stories;
  - e) an incentivized project not including shooting of a live actor's performance pursuant to Section 43(5) of the Act means an incentivized project where the production of the audiovisual work or a part thereof does not include making of

an audio/video recordings of a live actor's performance for the purposes of fiction or documentary audiovisual work, with the exception of any minor-scale filming in a special effects studio carried out solely for the purposes of special effects processing (such as motion capture, etc.), for which such audiovisual recordings were not made or are not being made on the territory of the Czech Republic, nor outside the scope of the incentivised project.

- 25.4 An audiovisual work that uses a combination of processes for more types of audiovisual works pursuant to clause 25.3(a) to (c) is considered an animated audiovisual work for the purpose of production incentives if at least 70% of the total runtime consists of an animated audiovisual work pursuant to clause 25.3(c); in all other cases, it is considered fiction or documentary audiovisual work, depending on the extent of use of the methods of producing a live-action or a documentary audiovisual work, based on comparing the length of the parts created using these different methods, while:
- a) the subsequent special effects processing of the video produced under clause 25.3(a) and (b) shall not be considered animation for this purpose;
  - b) rotoscoping shall be considered animation for this purpose, despite being based on the previous shooting by the method of fiction audiovisual work;
  - c) in case of simultaneous production of more audiovisual works within the scope of a single incentivized project pursuant to Section 42(4) of the Act, the above-mentioned criteria shall be assessed in relation to such variant of the audiovisual work or series that is the first one made available to the public by one of the methods defined in Section 42(5) of the Act);
  - d) in case of simultaneous production of more episodes of the same series within the scope of a single incentivized project pursuant to Section 43(3) or (4) of the Act, all those episodes are considered animated audiovisual works if at least 70% of the total runtime of each of those episodes consists of an animated audiovisual work pursuant to clause 25.3(c); otherwise, each of them shall be considered fiction or documentary audiovisual work, depending on the share of the methods of producing a live-action or a documentary audiovisual work, based on comparing the length of the parts of those episodes created using these different methods.
- 25.5 The applicant shall designate in the literary materials attached to the application for filing an incentivized project individual scenes or otherwise defined text parts and specify the technology used in their processing and as estimate of their runtime to determine which processes described in clause 25.3(a) to (c) shall predominate in their production; however, the condition under which the film incentive is granted is that, based on the final runtime of the audiovisual work, the methods characteristic of the type of audiovisual work for which the film incentive application was submitted must predominate.
- 25.6 Based on the materials submitted by the applicant, the Commission shall determine, in accordance with Section 46(b)(3) of the Act, the type of audiovisual work under which an audiovisual work that combines processes relating to more kinds of audiovisual

work pursuant to clause 25.4 shall be classified. The Commission may ask the applicant for additional information.

- 25.7 For the purposes of Section 52c(5) of the Act, initiation of production shall mean the commencement of the activities within the scope of the incentivized project, as described in clause 25.1, in the territory of the Czech Republic.
- 25.8 For the purposes of Section 52c(5) of the Act, failure to carry on production of an audiovisual work shall mean:
- a) suspension of production of the audiovisual work, i.e. of the performance of the activities described in clause 25.1, in the territory of the Czech Republic for more than 6 months; on
  - b) failure to complete at least 10 shooting days (or all shooting days, if the total number of shooting days within the scope of the incentive project is fewer than 10) in the territory of the Czech Republic within 3 months from the deadline for the initiation of production specified in Section 52c(5) of the Act, if the shooting of the audiovisual work is a part of an incentivized project and such audiovisual work is not an animated audiovisual work, unless the envisaged amount of the production incentive specified in the decision on filing of the production incentive does not exceed CZK 1,500,000; any increase of the envisaged amount of the production incentive pursuant to Section 52b(4) of the Act is irrelevant for this purpose.
- 25.9 The number of shooting days pursuant to clause 25.8(b) shall only include shooting days completed from the submission date of the application for filing of the incentivized project. If the minimum number of shooting days specified in clause 25.8(b) is completed within the time limit specified therein, the resuming of works on production of the audiovisual work is no longer assessed pursuant to the criterion specified in clause 25.8(a).
- 25.10 The applicant shall demonstrate to the Fund his compliance with the conditions specified in clauses 25.7 and 25.8 in the manner determined in the decision on filing of the incentivized project.
- 25.11 For the purposes of Section 51(2) of the Act, audiovisual works created predominantly by editing the same audio/video recording — for example, a live-action audiovisual work in the form of a feature film and multiple episodes of a live-action series, or multiple edited versions of the same audiovisual work — are considered to be the same audiovisual work.
- 25.12 The applicant shall provide to the Fund a copy of the audiovisual work pursuant to Section 52f(1)(f) of the Act in the manner specified in the decision on filing of the incentivized project or in the decision on production incentive. The audiovisual work that has been made available in this manner may contain protective elements for the purpose of protection from unauthorized use, e.g. text elements embedded in the picture.

25.13 An application for filing of an incentivized project, for a change of the decision on filing of an incentivized project and for a production incentive shall be submitted solely through the agenda management system or, until the system becomes operational, in writing with the use of forms published by the Fund on its website. Each application shall include mandatory appendices specified in the Act and in the Statute.

**26. Eligible Costs of an Incentivised Project and Method of Documenting These Costs**

26.1 Eligible costs of an incentivized project shall only include the costs specified in Section 44(1(a) and (d) of the Act that:

- a) directly relate to the realization of the incentivized project;
- b) have been incurred by the applicant for the relevant supply in accordance with the principles of expedience, cost-effectiveness and efficiency and in the usual amount, taking into account all circumstances;
- c) are kept separately in accounting or tax records in a way allowing to prove that the relevant accounting transactions are reported for the incentivized project and relate to its realization;
- d) are evidenced by written accounting documents;
- e) have been paid:
  - ea) by cashless transfer from the project's bank account;
  - eb) by cashless transfer from another bank account of the applicant kept by the domestic provider of payment services, in the case of costs specified in Section 44(1)(d) of the Act,
  - ec) in cash in compliance with the legal limits for cash payments; or
  - ed) by setting-off a receivable, but solely if the applicant's receivable that is being set-off is related to the realization of the incentivized project and the set-off is documented by a written declaration of both parties on unilateral set-off or by the set-off agreement.

26.2 A project's bank account means any bank account kept in the applicant's name by a domestic provider of payment services, which was identified by the applicant to the Fund at the time of submitting the application for filing an incentivized project under Art. 27, clause 27.1(h) or later in the manner specified in the decision on filing of the incentivized project, provided that such account has been used from the time of its identification to the Fund until the submission date of the application for a production incentive solely for purposes of the incentivized project.

26.3 Costs paid by the applicant to a third party acting as the general contractor of the incentivized project shall be considered eligible costs of the incentivized project only if the applicant for the production incentive submits, for the purpose of verifying eligible costs of the incentivized project, tax documents concerning the supply

provided by the general contractor or to the general contractor by its subcontractors, and at the same time ensures that the costs incurred by the general contractor and re-invoiced to the applicant meet all the conditions set out in the Act and the Statutes to also be considered eligible for the purpose of production incentive, and the applicant ensures that the expenditure of those costs can be verified in the accounting records of the general contractor. For this purpose, “general contractor” means a person other than the applicant, who provides certain services to the applicant for the purpose of the incentivized project, and who arranges for both his own supply and the supply of other persons provided to the incentivized project; therefore, the general contractor is not the final provider of all services and goods whose costs it re-invoices to the applicant.

- 26.4 Eligible costs pursuant to Section 44(1)(a) include, beside the administrative fee and local fees, the costs of goods or services that were supplied to the applicant not earlier than on the submission date of the application for filing of the incentivized project, as indicated by issued invoices, acceptance protocols, bills of delivery or other similar documents.
- 26.5 Eligible costs of an incentivized project refer exclusively to the costs specified in Section 44(1)(b) of the Act that form part of the total remuneration belonging to actors and crew members who have their seat or permanent residence outside the territory of the Czech Republic. These costs are considered only to the extent of the share of such remuneration in the total remuneration paid to these persons for their performance provided in the course of production of the audiovisual work, which corresponds to the scope of performance provided by them in connection with the realization of the incentivized project.
- 26.6 An eligible cost of the incentivized project is only such income of the applicant under Section 44(1)(c) of the Act that has been invoiced by the applicant, by means of a separate accounting document, to the person for whom the applicant is providing the production of the audiovisual work or part thereof within the scope of the incentivized project under Section 50(1)(e)(2).
- 26.7 Eligible costs pursuant to Section 44(1)(d) mean costs of goods or services delivered to the applicant in the course of 6 months before submission of the application for filing of the incentivized project, as indicated by issued invoices, acceptance protocols, bills of delivery or other similar documents.
- 26.8 A proportional part of the applicant’s overhead costs, which can be shown to be related in terms of time and purpose to the incentivized project, may be included in the eligible costs of the incentivized project up to a maximum of 7% of the total sum of all eligible costs, and provided that:
- a) the applicant shall attach to the settlement of eligible costs of the incentivized project
    - aa) a calculation showing which part of the total overhead costs is claimed within the incentivized project; and
    - ab) an explanation of the method by which the specific portion of the overhead costs related to the incentivized project has been claimed;

- b) the applicant shall attach to the settlement of eligible costs of the incentivized project an itemized summary of partial accounting documents relating to the claimed overhead costs of the incentivized project.

26.9 Notwithstanding the other provisions of the Act and of the Statutes, the following costs do not constitute eligible costs:

- a) an in-kind supply provided for the purpose of realization of the incentivized project
  - aa) by a third party that is a co-producer or co-organizer of the project, if the applicant did not pay the price of such supply. In-kind supply means, in particular, the contribution of the co-producer's own production capacities or of the co-producer's own efforts and means for the purpose of realization of the project, notwithstanding the form or method by which they are accounted for within the scope of the project ;
  - ab) by the applicant. In-kind supply means, in particular, the contribution of the applicant's own production capacities or of the applicant's own efforts and means for the purpose of realization of the project, notwithstanding the form or method by which they are accounted for within the scope of the project;
- b) interest on credit and loans;
- c) costs of purchase of receivables;
- d) bank charges, with the exception of charges paid in connection with the maintenance of the project's bank account;
- e) value added tax, unless the application is not a value added tax payer or is not entitled to claim deduction of this tax;
- f) contractual fines, default interest and late charges, severance pay, compensation of property damage and non-material harm;
- g) purchase price of real properties;
- h) costs of acquisition of tangible assets that are depreciated by the applicant in accordance with the income tax regulations;
- i) costs of acquisition of tangible movable assets and their sets, if their utility period is longer than one year and if they are not accounted for as assets pursuant to Section 9(1)(g) of the Decree of the Ministry of Finance No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll. on accounting, as amended (the "Act on Accounting") for accounting entities that are entrepreneurs keeping the double entry accounting system, as amended;
- j) depreciation of tangible assets and amortization of intangible assets and the residual price of those assets;

- k) costs of the development of the audiovisual work whose production is a part of the incentivized project, to the extent of costs of creation of the script and costs of activities related to the procurement of funds for the production of the audiovisual work;
- l) distribution and sales costs, costs of advertising, marketing and public relations;
- m) costs of lawsuits and arbitrations, including court and other fees and attorney's fees relating to the lawsuits and arbitrations;
- n) reimbursement of travelling expenses incurred by the crew and actors during their stay outside the Czech Republic;
- o) costs of employees in respect of whom the employers are not obliged to pay any contributions under the laws (contributions to additional pension insurance, life insurance, gifts on the occasion of jubilees, contributions for recreations, and other);
- p) income tax, road tax, real property tax, tax on the acquisition of real property, excise tax and customs duties;
- q) the applicant's costs incurred in connection with payment of damages for pain and suffering, compensation for work injury or of lost earnings, etc.;
- r) scholarships or similar payments;
- s) donations;
- t) costs of alcoholic beverages, tobacco products and other addictive substances;
- u) fees for the applicant's membership in registered associations or in other legal entities;
- v) remuneration paid to the applicant's statutory body or to members of the statutory or supervisory body for the exercise of their office;
- w) reserves for exceeding the budget or reserves creation for other purposes;
- x) advance payments for supply of goods and services;
- y) exchange rate losses;
- z) administrative fees with the exception of the fee for submission of the application for filing the incentivized project or of the application for extraordinary extension of the time limit under Section 52g(2) of the Act;
- aa) none of the costs incurred in connection with shooting if the incentivized project does not include shooting of any live actor's performance pursuant to Art. 25, clause 25.4(e), with the exception of costs of special effects specified in that clause;

- bb) in the case of shooting outside the territory of the Czech Republic, costs of supply provided to the applicant by a person registered in the Czech Republic for income tax purposes, if the actual provider of such supply is a person that is not registered in the Czech Republic for income tax purposes.
- 26.10 The applicant shall prove the eligible costs of the incentivized project, their relations to the incentivized project and their expenditure:
- a) by means of mandatory appendices to the application for the production incentive;
  - b) by conclusive accounting records pursuant to Section 33a of the Act on Accounting;
  - c) upon the Fund's request, by submitting
    - ca) statements of bank accounts;
    - cb) other accounting and contractual documents, including any documents relating to payment of costs by the general contractor;
    - cc) explanations required by the Fund.
- 26.11 The Fund as the provider of state aid is entitled to verify the eligible costs of the incentivized project and to determine on the basis of such verification the amount of the production incentive in accordance with Section 52e(3) of the Act. The incentivized project may not be provided in relation to any eligible costs that were not proved by the applicant under clause 26.10. The procedure used by the Fund in the verification of the eligible costs of the incentivized project based on the data, information and documents stated in clause 26.10 does not constitute control within the meaning of the Rules of Control.
- 26.12 The Fund shall publish on its website or through the agenda management system definitions of terms that are binding for the applicant when proving eligible costs and total costs of the incentivized project. These definitions shall be published sufficiently in advance, at least one month before their effective date.
- 26.13 The applicant shall also prove the expenditure of eligible costs at the time of submission of the application for the production incentive by an auditor's report prepared using the form which is a part of the agenda management system or is published through the Fund's website. The auditor's report must further include all particulars specified in the International Standard on Related Services ISRS 4400 (Revised) *Agreed-Upon Procedures Engagements* and the following appendices:
- a) a settlement of eligible costs of the incentivized project;
  - b) a selected sample of eligible costs of the incentivized project ; and
  - c) a report on reasons for existence of material deviations of the final eligible costs from their original budget.



- 26.14 The applicant shall prove compliance with conditions for the provision of the production incentive arising from the Act, the Statutes, the decision on filing the incentivized project or of the decision on the production incentive by submitting documents, information, records and explanations required by the Fund, particularly by submitting document that demonstrate the course of realization of the incentivized project (the shooting schedule, daily call sheets, daily reports, the crew list, etc.), by the methods and within the time limits arising from the conditions of issued decisions, or based on a written request of the Fund within the time limit specified by the Fund.

## **27. Application for Filing of an Incentivized Project**

- 27.1 Mandatory appendices or parts of the application for filing of an incentivized project are as follows:
- a) the script and synopsis (with the size of at least 1 standard text page) of the fiction or animated audiovisual work that is not an episode of a series whose production constitutes the incentivized project;
  - b) the script and synopsis (with the size of at least 1 standard text page) of one episode of a fiction or animated series and the synopsis (with the size of at least 1 standard text page) of each of the other episodes if the incentivized project consists of the production of a fiction or animated series;
  - c) the treatment (with the size of at least 5 standard text pages) or a script of a documentary work that is not an episode of a series whose production constitutes the incentivized project;
  - d) the treatment (with the size of at least 5 standard text pages) or a script of one episode of a documentary series and the synopsis (with the size of at least 1 standard text page) of each of the other episodes if the incentivized project consists of the production of more episodes of a documentary series;
  - e) a technological description of animation in case of an animated audiovisual work;
  - f) a description of a part of an audiovisual work under Art. 25, clause 25.4, which will be produced using the production processes of an animated audiovisual work, a fiction audiovisual work and/or a documentary audiovisual work, including estimated runtime of these parts and their designation in basic material under paragraphs (a) to (d) in accordance with Art. 25, clause 25.5;
  - g) a completed cultural test using the form specifically designated for such purpose, which is published on the Fund's website or in the agenda management system separately for each type of audiovisual works, including a justification for compliance with each criterion;
  - h) the applicant's written agreement regarding the maintenance of each of the applicant's accounts designated the project's bank accounts, concluded with a domestic payment service provider, or a written confirmation issued by a domestic payment service provider attesting to the maintenance of such

accounts of the applicant, including the identification of the currency in which each account is maintained;

- i) the realization schedule of the incentivized project;
- j) a budget of eligible costs of the incentivized project, designated in the Czech currency (excluding VAT), divided into four categories of eligible costs pursuant to Section 44(1), which is prepared on a form available in the agenda management system or which is published on the Fund's website;
- k) a budget of total production costs of the audiovisual work (excluding VAT) whose production constitutes an incentivized project; costs stated in another currency shall be converted for the purpose of proceedings on the production incentive to the Czech currency, using either the exchange rate of the foreign exchange market or by the exchange rate of the other currencies announced by the Czech National Bank, provided that the rate used is not older than thirty calendar days prior to the submission date of the application for filing of the incentivized project, or a fixed exchange rate of the project agreed in a contract, or the exchange rate determined by the applicant's internal accounting regulation. The budget may also be submitted in the English language;
- l) a financial plan containing the envisaged funding sources of the total production costs of the audiovisual work whose production constitutes the incentivized project, including a designation of funding sources that have the nature of state aid, and of in-kind supply, which is prepared on a form available in the agenda management system or which is published on the Fund's website;
- m) all contracts concluded by the applicant who is the producer or co-producer of the audiovisual work whose production constitutes the incentivized project with the other co-producers of the audiovisual work, including all amendments to those contracts that have been executed to date; the contracts referred to in this provision must be in writing and any changes thereof must have the form of a written amendment;
- n) the contract under which the applicant who is neither a producer nor a co-producer of the audiovisual work that constitutes the incentivized project provides the production of that audiovisual work or a part of its production, including all amendments to this contract that have been executed to date; the contracts referred to in this provision must be in writing and any changes thereof must have the form of a written amendment;
- o) detailed information about the scope of shooting of the audiovisual work that was realized in accordance with Art. 25, clause 25.2 before submission of the application for filing of the incentivized project;
- p) the applicant's solemn declaration of compliance with the conditions set out in Section 50(1)(a) and (b) of the Act and in Section 39(1)(d) to (i) of the Act, unless it is already included in the form used for the purpose of submission of the application for filing of the incentivized project;

- q) the date required for verification of the integrity of persons referred to in Section 39(1)(a) and Section 39(2) of the Act; and
- r) documents listed in Section 39(3) and (4) if they have to be attached.

**28. Application for a Change of the Decision on Filing of an Incentivized Project and Application for Extension of Time Limit**

- 28.1 Mandatory appendices or parts of an application for a change of the decision on filing of an incentivized project pursuant to Section 52b(3) and (4) of the Act are comprised of the appendices specified in , 27 clause 27.1(j), (k) and (l), as amended, and of the appendix specified in Art. 27, clause 27.1(i), if it has been changed as compared to the wording that constituted an appendix or a part of the application for filing of the incentivized project.
- 28.2 Mandatory appendices or parts of an application for a change of the decision on filing of an incentivized project pursuant to Section 52b(5) of the Act are comprised of the appendices specified in Art. 27, clause 27.1(a) through (g), (m) and (n) as amended, and the appendix specified in Art. 27, clause 27.1(i), if it has been changed as compared to the wording that constituted an appendix or a part of the application for filing of the incentivized project.
- 28.3 The procedure specified in Section 52b(5) shall also apply in cases of a change of the determination of the variant of the audiovisual work or series pursuant to Section 42(4) of the Act that shall be the first to be made available to the public through a method defined in Section 42(5) of the Act.
- 28.4 The procedure specified in Section 52b(5) shall also apply in cases of a change of the incentivized project to determine whether it is or is not an incentivized project pursuant Section 43(5) of the Act. In such case, the mandatory appendices or parts of an application for a change of the decision on filing of the incentivized project are comprised of the appendices specified in Art. 27, clause 27.1(a) through (g) and (i) to (l), as amended.
- 28.5 An application for a change of an incentivized project referred to in clause 28.4 may be submitted at the latest:
  - a) before the commencement of shooting an audiovisual work in the territory of the Czech Republic, in the case of a change from an incentivized project under Section 43(5) of the Act [see Article 25, clause 25.3, paragraph e)] to a project that includes the production of an audio/video recording for the purposes of a fiction or documentary audiovisual work;
  - b) before the deadline for the commencement of production in the territory of the Czech Republic according to Article 25, clause 25.7, in the case of a change from an incentivized project that includes the production of an audio/video recording for the purposes of a fiction or documentary audiovisual work to an incentivized project under Section 43(5) of the Act [see Article 25, clause 25.3, paragraph (e)].

## **29. Application for a production incentive**

29.1 Mandatory appendices or parts of an application for a production incentive are as follows:

- a) A settlement of eligible costs of the incentivized project, broken down to four categories of eligible costs in accordance with Section 44(1) of the Act, prepared on the basis of a form available in the agenda management system or published on the Fund's website ;
- b) a summary of the total costs already incurred, along with a budget for the remaining production costs of the complete audiovisual work (excluding VAT), whose production constitutes the incentivized project; costs stated in another currency shall be converted for the purpose of proceedings on the production incentive to the Czech currency, using either the exchange rate of the foreign exchange market or by the exchange rate of the other currencies announced by the Czech National Bank, provided that the rate used is not older than thirty calendar days prior to the date specified by the applicant for an audit of the eligible costs, or by a fixed exchange rate of the project agreed, or by the exchange rate determined by the applicant's internal accounting regulation. The summary may also be submitted in the English language;
- c) an updated financial plan containing the funding sources of the total production costs of the audiovisual work whose production constitutes the incentivized project, including a designation of funding sources that have the nature of state aid, and of in-kind supply, which shall be prepared on a form available in the agenda management system or published on the Fund's website;
- d) an auditor's report on the audit of eligible costs prepared in accordance with Art. 26, clause 26.13;
- e) a confirmation that the income tax collected by withholding has been withheld, or a notice of income flowing abroad in the case of eligible costs specified in Section 44(1)(b) of the Act, and a confirmation of payment of such tax;
- f) a separate accounting document relating to the applicant's remuneration in the case of eligible costs specified in Section 44(1)(c) of the Act;
- g) the documents referred to in Art. 27, clause 27.1, paragraphs (m) and (n), or a solemn declaration that those documents correspond to the wording submitted earlier to the Fund at the time of submitting the application for filing of the incentivized project or later, based on the fulfilment of the conditions specified in the decision on filing of the incentivized project;
- h) the applicant's written agreement regarding the maintenance of the applicant's account where the Fund is to remit the production incentive, concluded with a payment service provider, or a written confirmation issued by a payment service provider attesting to the maintenance of such account of the applicant, unless such an account is a project's bank account that has been documented

earlier to the Fund in connection with submission of the application for filing of the incentivized project;

- i) the applicant's solemn declaration to the effect that they meet the conditions set out in Section 50(1)(a) and (b) of the Act and in Section 50(1)(d) through (g) of the Act, unless it has been included in the form of the application for the production incentive.

## **F. FURTHER ACTIVITIES OF THE FUND**

### **30. Co-production Status**

30.1 The Fund shall grant co-production status to an audiovisual work that:

- a) complies with the conditions of the Convention or of the Revised Convention; or
- b) complies with the conditions of another international film co-production agreement.

30.2 The Fund shall decide on the granting of the certificate of compliance with co-production prerequisites to a cinematographic work that meets the criteria of a European film work laid down in the Convention or of an officially co-produced film work in accordance with the Revised Convention.

30.3 An application for the granting of the co-production status and of the certificate of compliance with co-production prerequisites shall be submitted on the Fund's form available on the Fund's website or through the agenda management system, once it becomes operational.

30.4 The Fund shall establish and publish guidelines governing the procedure and conditions for obtaining the co-production status and the certificate of compliance with co-production prerequisites.

### **31. Intensity of State Aid**

31.1 The intensity of state aid means the ratio of sources of funding having the nature of state aid, including selective support and production incentives provided by the Fund, to the total funding of the project. The maximum admissible limit of intensity of state aid is determined by European Union regulations and decisions of EU bodies, and further specified on their basis in Act No. 215/2004 Coll. regulating some relations in the field of state aid and amending the Act on Promotion of Research and Development, in the Act and in other generally binding regulations, which are reflected in the Statutes and calls for submission of application for selective support that are governed by the Statutes, and subsequently in decisions on selective support or decisions issued in proceedings on production incentives.

31.2 Failure to comply with the conditions for provision of state aid shall result in sanctions set out in the Act or in other laws, and also in withdrawal of selective support or cancellation of the decision on the production incentive and on the return of the

incentive, and the recipient of selective support may be also ordered to pay interest in accordance with applicable laws.

- 31.3 A demanding audiovisual work whose production, distribution or promotion is carried out within the scope of the project is understood to be a work whose chances of economic success are limited, yet the creation of such a work and the making of its recording or realization of the project is desirable due to its cultural value, even though securing financing from other sources is difficult precisely because of its cultural complexity.
- 31.4 Without further assessment, the following is considered a demanding audiovisual work:
- a) an audiovisual work of experimental nature;
  - b) an audiovisual work whose runtime does not exceed 60 minutes (a “short-form work”),
  - c) an audiovisual work of a first-time director, i.e. a work whose director has not yet completed any other audiovisual work, with the exception of short-form works, student or amateur audiovisual works;
  - d) a documentary audiovisual work; and
  - e) an animated audiovisual work.
- 31.5 An audiovisual work is also considered a demanding audiovisual work, provided it meets the criteria under clause 31.3, if it is of high artistic value or involves complex technical execution, and is designated as demanding by a decision of the Council adopted pursuant to Art. 22, clause 22.10(g), or of the Commission adopted pursuant to Art. 12, clause 12.10(b) or clause 12.11(c).
- 31.6 The assessment of intensity of state aid by the Fund is based on facts stated by the applicant for selective support or production incentive in the relevant applications and other documents submitted to the Fund in connection with the granting of support and production incentives under the Act, the Statutes and decisions issued by the Fund, particularly on the settlement account of the project.
- 31.7 If, based on the settlement account of the project, the total state aid granted to the project exceeds, together with the support provided by the Fund, the maximum admissible limit of intensity of state aid pursuant to clause 31.1, the selective support or the production intensive shall be paid to the recipient in a reduced amount ensuring that the state aid shall not exceed together with the other sources of support provided for the realization of the project the maximum admissible limit of intensity of state aid. If the applicant has already drawn the selective support or production incentive in an amount exceeding this maximum admissible limit of intensity of state aid, he shall be obliged to return within the time limit specified in the decision the proportional part of the funds drawn that exceed the maximum admissible limit of intensity of state aid. If the funding sources of a project in the subsidy area “production of a Czech audiovisual work” include, beside selective support, also a production incentive and the Fund has

not yet issued a decision on granting of the production incentive, that production incentive shall not be considered state aid in the procedure described in the first two sentences and the intensity of state aid shall be assessed subsequently during the calculation of amount of production incentive in the decision on the productive incentive.

- 31.8 If the Fund grants selective support for the realization of more phases of the same audiovisual work (for the development and production of the work) or for its distribution or promotion, these are considered separate projects for selective support purposes, whose costs and income are not added up, but:
- a) in the case of providing selective support to a production project of an audiovisual work, the costs included in the project's budget and settlement shall also include costs incurred for the development of the audiovisual work, as well as state aid provided by the Fund or any other provider in relation to such development, including any selective support granted under the Act within the subsidy area "development of an audiovisual work";
  - b) in the case of providing selective support or another form of state aid, whether by the Fund or another provider, to a project for the production of an audiovisual work, the maximum admissible limit of state aid intensity that may be granted to such project shall also apply to the projects for the distribution and promotion of the same audiovisual work, if the selective support granted by the Fund for these activities is granted in the category "audiovisual infrastructure".

## **32. Further Activities of the Fund**

- 32.1. In connection with the activities described in clauses 2.3 and 2.4, the Fund shall, in particular:
- a) grant rights to use audiovisual works under clause 2.4, whether directly or through a third party with which the Fund shall conclude a contract for this purpose, and shall collect fees for the granting of such rights;
  - b) maintain records of authors and their works, of performing artists and their performances to which the Fund exercises proprietary rights, shall grant rights to use such works and performances, whether directly or through a third party with which the Fund shall conclude a contract for this purpose, and shall collect fees for the granting of such rights;
  - c) maintain records of contracts concluded under paragraphs (a) and (b) above;
  - d) maintain records of author's works and artistic performances under paragraph (b) above for collective administrators for the purpose of collection of fees for mandatory collective administration, and shall collect such fees;
  - e) perform obligations to holders of copyright and related rights the exercise of which has passed to the Fund under Section 14 of Act No. 273/1993 Coll. on certain conditions of production dissemination and archiving of audiovisual works and on the amendment to some laws and some other regulations, as

amended; in particular, the Fund shall pay remuneration for the exercise of copyright and related rights within the scope of rights granted by the Fund;

- f) maintain records of audiovisual works under clause 2.4,
  - g) take care of the archives of audiovisual works under clause 2.4, unless carried out by the National Film Archives, including the digitization and restoring of such works.
- 32.2. The Fund shall publish information about granted selective support and production incentives to the extent and in the manner described in Section 57b of the Act.
- 32.3. Every audiovisual work for which an application for audiovisual support has been submitted, whether for its development, production or promotion, or for which an application for a production incentive has been submitted in connection with its production, is assigned a project identification number for the purpose of monitoring of indicators.
- 32.4. Every audiovisual work for which an application for audiovisual support has been submitted in the subsidy area specified in Section 31(1)(d) and (f) to (j) of the Act, shall be assigned a project identification number for the purpose of data collection and analysis.
- 32.5. Projects identification numbers are assigned by the Fund's office.

## **G. AGENDA MANAGEMENT SYSTEM**

### **33. Access to the Agenda Management System**

- 33.1. Nominators of candidates for membership of the Board of Representatives, the Councils, the Committee and project assessors, applicants for selective support or persons submitting applications in proceedings on production incentives, fee payers, applicant for co-production status and other persons that are obliged under Section 30(2) of the Act to make their submissions and to perform other acts through the agenda management system, once it becomes operational, shall make such submissions and perform such acts solely through the agenda management system. These persons shall do so either by themselves, or through a representative authorized to act in their name in accordance with the law, or by a proxy. A person that makes submissions or performs other acts through the agenda management system is hereinafter referred to as the “user”.
- 33.2. The user shall log into the agenda management system using an electronic identity tool (such as the NIA ID, which enables logging into the agenda management system via the National Point Portal). A user who does not have any electronic tool for access to a data box or any other electronic identification tool shall use access data allocated by the Fund upon the user's request and means of identification other than electronic identification. A request for allocation of access data shall be submitted and the identification by means other than electronic shall be carried out for this purpose by the following procedures:



- a) the user shall apply for the allocation of access data in person, whereupon the user's data shall be checked means of a proof of identity (an identity card or another proof of identity issued by a public authority, containing the holder's photo);
  - b) the user shall apply for the allocation of access data in writing, with an officially authenticated signature attached to the application;
  - c) the user shall apply for the allocation of access data by means of an electronic application with an officially authenticated signature attached thereto, which shall be sent by electronic mail or through the agenda management system.
- 33.3 Based on the application for access data submitted in accordance with clause 33.2 and following a check of the applicant' identity, the Fund shall disclose the access data to the applicant using one of the method elected by the applicant in the application: either by electronic mail, or by registered mail or in person at the Fund's seat.
- 33.4 Details concerning the method of use of the agenda management system and communications carried out through it are specified in the guidelines to the agenda management system, which will be issued by the Fund's Director and published by the Fund on its website as of the date when the agenda management system will become operational. The Fund's Director may update these guidelines on an ongoing basis with regard to the technological development or operational requirements of the agenda management system.

#### **34. Applicant's and Candidate's Profile**

- 34.1 An applicant's profile is a set of information contained in the agenda management system, which relate to the relevant applicant for selective support or for a production incentive, particularly to applicant's current professional results. The applicant's profile also includes a history of success of their applications for selective support and applications in proceedings for production incentives.
- 34.2 Upon each submitting of an application through the agenda management system, the applicant is asked to confirm the accuracy and completeness of information contained in their profile or for an update of their information, if applicable.
- 34.3 A candidate's profile is a set of information contained in the agenda management system, which relate to an individual who agrees with their candidacy for membership in the Board of Representatives, in a Council, in the Committee or Commission or with the candidacy for the post of a project assessor (hereinafter the “candidate”). A candidate's profile may only be established upon the candidate's request or with their written consent and must be cancelled upon the candidate's request. The candidate's request or consent mentioned in the previous sentence must contain all data that are to be contained in the candidate's profile in accordance with clause 34.5 and 34.6, plus a solemn declaration that the candidate meets all prerequisites for the performance of the relevant office. The Fund shall cancel *ex officio* the candidate's profile (or restrict it to the candidacy for specific offices) if it finds out that the candidate has ceased to meet prerequisites for the performance of an office in accordance with the Act.
- 34.4 An individual who has a candidate's profile may be nominated through the agenda management system for the membership in the Board of Representatives, a Council,

the Committee or Commission or as a project assessor by the procedure described in Art. 4. An individual who has a candidate's profile is deemed to agree with their appointment to a Fund's body in accordance with the data contained in the candidate's profile.

34.5 In the public part, the candidate's profile shall include:

- a) the candidate's name, surname and date of birth;
- b) a statement whether the candidate agrees with their appointment as a member of the Board of Representatives, the Council (with the specification of the relevant Council), the Committee, Commission or to the post of project assessor (including the determination of the specific selective support category and subsidy area); and
- c) a detailed professional CV of the candidate concerning the field of audiovision.

34.6 In the non-public part, reserved solely for the Fund's purposes, the candidate's profile shall include:

- a) the candidate's permanent residence address, contact address, identity card number (if the candidate is a citizen of the Czech Republic), the electronic mail address and telephone number;
- b) if the candidate is a citizen of the Czech Republic, the required for verification of their integrity by the Fund; and
- c) the documents specified in Art. 4, clause 4.4(h) or (j).

34.7 If the candidate's profile does not contain the documents specified in clause 34.6(c) or (d), those documents shall be provided by the Fund by the nominator for the candidacy as an integral part of the nomination; otherwise, the nomination shall be eliminated by the procedure described in Art. 4, clause 4.6.

## **H. AUDIOVISUAL LEVIES**

### **35. General Provisions Concerning Audiovisual Levies**

35.1 An audiovisual levy is a tax in accordance with the Taxation Code. Administration of audiovisual levies, i.e. their ascertainment, determination and collection, shall be governed by the Act and by the Taxation Code.

35.2 In the collection of audiovisual levies, the Fund acts as the tax administrator and, similarly to a tax office, conducts the full tax procedure (receipt and review of returns of levies, assessment of the levy, collection of the levy, carrying out tax audits and local inquiries, i.e., on-site inspections at the payer's premises, etc.).

35.3 Details are regulated by guidelines on audiovisual levies, issued by the Fund.

- 35.4 The obligation to pay the levy under Section 27 of the Act applies to entities providing on-demand audiovisual media services, whether or not included in the list maintained by the Council for Radio and Television Broadcasting pursuant to Act No. 132/2010 Coll. on on-demand audiovisual media services (the Act on On-demand Audiovisual Media Services), as amended (hereinafter the “Act on On-demand Audiovisual Media Services”). In monitoring compliance with the obligation to pay the levy, the Fund primarily relies on the list of providers of on-demand audiovisual media services maintained by the Council for Radio and Television Broadcasting
- 35.5 The obligation to pay the levy under Section 28 of the Act applies to entities providing television rebroadcasting no later than from the effective date of the registration under Section 26 *et seq.* of Act No. 231/2001 Coll. on the operation of radio and television broadcasting and on the amendment to other laws, as amended (hereinafter the “Act on Radio and Television Broadcasting”).
- 35.6 The obligation to pay the levy under Section 28 of the Act applies to television broadcasting operators no later than from the date of final and effective granting of the licence under Section 12 *et seq.* of the Act on Radio and Television Broadcasting.
- 35.7 Pursuant to Section 29(4) of the Act, the period for collection of the audiovisual levies shall be one calendar year.
- 35.8 Payers or persons liable to pay the levy are obliged to submit declarations of the levy no later than within 3 months after the expiration of the period for collection of the levy, i.e. of the calendar year (Section 136(1) of the Taxation Code). This period shall be extended to 5 months after the expiration of the taxation period if the declaration on the levy was not submitted within the 3 months' period and was submitted thereafter electronically. This period shall be extended to 6 months after the expiration of the taxation period if the payer or person liable to pay the levy is obliged to have the financial statements audited, or the declaration of the levy was not submitted within the 3 months' period and was submitted thereafter by a tax advisor.
- 35.9 The period for submission of the declaration of the levy may not be extended.
- 35.10 Forms of declarations of the levies, including payment terms, are published on the Fund's website. Once the agenda management system becomes operational, the declarations of the levies shall be submitted solely through that system.
- 35.11 Simultaneously with submitting the declaration of the levy, the person liable to pay the levy or the payer thereof shall be obliged to pay the audiovisual levy. The levy shall be due as of the last day of the time limit for submitting the declaration of the levy. The audiovisual levy shall be paid by cashless transfer in Czech crowns to the Fund's account established for such purpose. The number of this account is published on the Fund's website and in the levy declaration form in the agenda management system.
- 35.12 In cases defined in Section 156 of the Taxation Code, particularly if the prompt payment was detrimental for the person liable to pay the levy or for the payer thereof,

the Fund may permit, upon request of the payer or person liable to pay the levy, deferment of the payment of the audiovisual levy or divide the payment into instalments. The Fund may make the decision on the deferment conditional upon providing a security for the audiovisual levy (e.g. by voluntary suretyship or by a financial guarantee under Section 173 of the Taxation Code). The submission of a request for deferment is subject to payment of an administrative fee under Act No. 634/2024 Coll. on administrative fees, as amended.

- 35.13 The Fund shall decide on a request for deferment within 30 days after submission thereof.
- 35.14 If the payer or person liable to pay the levy fails to pay the audiovisual levy in time, it shall be enforced by the Fund in accordance with the Taxation Code.
- 35.15 If the same revenue or income are generated at least partly by more than one type of the levy, such revenue or income shall be divided for the purpose of audiovisual levies into separate parts corresponding to the definition of the subject of each such levy. The payer or person liable to pay the levy that generates such income or revenue shall introduce principles under which they shall divide this revenue and income, and shall be obliged to record such principles in written form specifying the date of their introduction and the date (if any) when they have been replaced by other principles. |in cases referred to in the first sentence, separate declarations of the levy shall be submitted in relation to each kind of audiovisual levies.
- 35.16 Payment of the audiovisual levy to the Fund does not relieve the payer or person liable to pay the levy of their duty to pay other taxes and levies arising from applicable laws.

## **36. Use of Audiovisual Levies**

- 36.1 Unless stipulated otherwise in clause 36.3, the Fund's income from audiovisual levies may be used solely for the provision of selective support.
- 36.2 The amount of the Fund's income from audiovisual levies serves as a reference value for the calculation of the amount of subsidy provided to the Fund every year for production incentives and selective support pursuant to Section 24a(2), (3) and (6) of the Act.
- 36.3 The income in the amount equal to 25% of the annual revenue of the Fund generated by the levies on cinematographic performances, but not exceeding CZK 10,000,000 in a single calendar year, may be applied by the Fund to cover its operating expenses, including costs of the Fund's employees.

## **37. Self-assessment and Additional Self-assessment of Audiovisual levys**

- 37.1 No payment assessment shall be issued on the basis of a submitted declaration of the levy. The audiovisual levy shall be deemed assessed in the amount claimed in the declaration of the levy.

- 37.2 If the payer or person liable to pay the levy fails to submit on time the declaration of the levy, they shall be deemed to claim a levy in the amount of CZK 0 and the audiovisual levy shall be considered automatically assessed in that amount. The Fund shall send to the payer or person liable to pay the levy a notice of assessment in such zero amount. In this case, the fine for late submission of the declaration of the levy shall not apply.
- 37.3 No additional payment assessment shall be issued on the basis of a submitted additional declaration of the levy. The audiovisual levy shall be deemed additionally assessed as of the submission date of the additional declaration in the amount of the asserted difference from the last known levy. An additional declaration for a levy lower than the last known levy may not be submitted after the expiration of 9 years from the start of the period of determination of the audiovisual levy.
- 37.4 Any arrears resulting of an additional assessment of the audiovisual levy shall become payable as of the date of additional assessment of the audiovisual levy.
- 37.5 The audiovisual levy may also be additionally assessed *ex officio* by the Fund as the administrator of the audiovisual levy using the procedure to remove doubts under Section 89 of the Taxation Code. The subject of such procedure shall be the submitted declaration of the levy (including cases where the declaration of the levy was not submitted and the claimed audiovisual levy amount is deemed to be CZK 0) or an additionally submitted declaration of the levy. In the case of an additional assessment of the audiovisual levy *ex officio*, the payer or person liable to pay the levy shall be obliged to pay a penalty under Section 251 of the Taxation Code.

### **38. Profile of a Payer or Person Liable to Pay Audiovisual Levies**

- 38.1 A profile of a person liable to pay audiovisual levies is a set of information contained in the agenda management system that relates to the payer or person liable to pay the audiovisual levy.
- 38.2 The profile of a person liable to pay audiovisual levies shall include, in particular:
- a) the type of the person (a legal entity / an individual entrepreneur /an individual – non-entrepreneur, etc.),
  - b) the name of the payer or person liable to pay the audiovisual levy;
  - c) the identification number of the payer or person liable to pay the audiovisual levy;
  - d) the tax identification number of the payer or person liable to pay the audiovisual levy; ,
  - e) the address of the registered office, place of business or permanent residence of the payer or person liable to pay the audiovisual levy;
  - f) the mailbox ID of the payer or person liable to pay the audiovisual levy;

- g) the bank account number of the payer or person liable to pay the audiovisual levy, kept in the Czech currency;
- h) information about the person authorized to act on behalf of the payer or person liable to pay the audiovisual levy (a list of members of the governing body);
- i) the contact person of the payer or person liable to pay the audiovisual levy;
- j) the telephone number of the contact person of the payer or person liable to pay the audiovisual levy;
- k) the electronic address of the contact person of the payer or person liable to pay the audiovisual levy;
- l) in the case of a payer or person liable to pay the audiovisual levy on cinematographic performance, also the identification of the owner of the theatre where the payer or person liable to pay the audiovisual levy organizes cinematographic performances, if not themselves.

### **39. Levy on cinematographic performance**

- 39.1 The payer of the levy on cinematographic performance pursuant to Section 26 is the organizer of the cinematographic performance, i.e. an individual or a legal entity that organizes cinematographic performances at their own expense and on their own responsibility, either by means of a public theatrical presentation, or by other similar form of release [Section 2(1)(a) of the Act].
- 39.2 The base for calculating the levy on cinematographic performance shall be the admission fee paid for the release of the cinematographic work to the public, i.e. the amount of money paid by the participant of the event for the opportunity to take part in it. The base for calculating the levy on cinematographic performance shall be the admission fee not including the levy on cinematographic performance and the value added tax. The payer of the audiovisual levy on cinematographic performance shall include the levy on cinematographic performance into the admission fee.
- 39.3 If the cinematographic performance is a part of a multicultural event that is subject to a summary admission fee, the levy shall not be paid. A multicultural event is an event with a programme that includes other cultural performances, such as musical, dancing or theatrical. For the avoidance of any doubt, a multicultural event is not a cinematographic performance that only includes, beside the release of an audiovisual work, an accompanying communication of another audiovisual or sound content (such as commercials or trailers for other works) presented to the visitors of the performance before the start or after the end of the projection of the audiovisual work
- 39.4 The levy on cinematographic performance is not collected if no admission fee is paid for the cinematographic performance.

- 39.5 The rate of the levy on cinematographic performance shall amount to 2% of the base of the levy.
- 39.6 The payer of the levy shall be obliged to maintain records for the purpose of the levy, containing all data relating to the obligation to pay the levy, in particular:
- a) the name of the audiovisual work and the date of the cinematographic performance; and
  - b) the number of viewers of the cinematographic performance and the amount of admission fee collected for the organization of the cinematographic performance.
- 39.7 The records described in clause 39.6 shall be kept by the payer for the period of determination of the levy (Section 97(5) and Section 148 of the Taxation Code). Pursuant to Section 97(4) of the Taxation Code, the Fund is entitled to monitor on an ongoing basis proper fulfilment of the obligation to keep records, to demand submission of the documents according to which the records are kept and impose by its decisions the obligations to remove deficiencies.

#### **40. Levy on the Provision of On-demand Audiovisual Media Services**

- 40.1 The person liable to pay the levy shall be an on-demand audiovisual media service provider who is
- a) established in the Czech Republic; or
  - b) not established in the Czech Republic if they provide an on-demand audiovisual media service to end users in the Czech Republic.
- 40.2 The operator of the television broadcasting under the law, i.e. Czech Television, is not liable to pay the levy on the provision of on-demand audiovisual media services.
- 40.3 Exempt from the levy on the provision of on-demand audiovisual media services are the providers of on-demand audiovisual media services
- a) with a low turnover; or
  - b) with a low audience; or
  - c) whose services contain none of the audiovisual works that may become the object of selective support or production incentives under the Act, notwithstanding their nationality or place of production; or
  - d) v whose services contain a negligible number of the audiovisual works referred to in paragraph (c) above; a negligible number means no more than 3% of the program offer in the relevant period of collection of the levy; or
  - e) those constituting thematically exceptional on-demand audiovisual media services.

- 40.4 A thematically exceptional on-demand audiovisual media service is understood to mean a service whose offer contains solely audiovisual works that deal with a single topic or use the procedures of a single genre or a single unique production technology, and, at the same time, handle a topic that is not handled, or use a genre or production technology that is not used by audiovisual works offered by on-demand audiovisual media services offering a wide range of audiovisual works.
- 40.5 The levy on the provision of on-demand audiovisual media services shall be charged on the revenue from:
- a) on demand-audiovisual media services in the Czech Republic; and
  - b) audiovisual commercial messages within the meaning of the Act on Audiovisual Media Services, displayed to end users in the Czech Republic in connection with the provision of on-demand audiovisual media services in the Czech Republic.
- 40.6 The subject of the levy on the provision of on-demand audiovisual media services does not include, however, the revenue from an audiovisual commercial message that is not directly related to the viewing of the program which constitutes the content of the on-demand audiovisual media service.
- 40.7 The levy on the provision of on-demand audiovisual media services consists of partial levy based on the sum of prices and partial levy based on an unrealised direct investment
- 40.8 The base of the partial levy based on the sum of prices consists of
- a) the sum of prices paid by the end user to the provider of on-demand audiovisual media services both for one-time provision of the service which includes the making available of an audiovisual work and on an on-demand audiovisual media service provided in a manner other than by a one-time making available of the work, notwithstanding the technological nature of the service and including also all forms of subscription if the service includes the release of at least one audiovisual work; and
  - b) the sum of prices agreed between the provider of the on-demand audiovisual media service and the party ordering the production of an audiovisual commercial message which is displayed together with the provision of the on-demand audiovisual media service.
- 40.9 The base of the partial levy on the sum of prices shall not include value added tax.
- 40.10 The rate of the partial levy on the sum of prices shall be 2%.
- 40.11 The partial levy based on the sum of prices may be reduced by a discount for direct investment pursuant to Section 27 of the Act. Such reduction may not exceed 50% of the total amount of this levy and may be claimed by the person liable to pay the levy on the provision of on-demand audiovisual media services up to the amount equal to the sum of complementary direct investments realized in the calendar year corresponding to the period of collection of the levy (a calendar year). The discount must be claimed



in a regular declaration of the levy and the amount of the claimed discount cannot be changed retroactively. If the regular declaration of the levy was not submitted, the person liable to pay the levy shall be deemed to claim a levy in the amount of CZK 0, i.e. that they do not claim any discount.

- 40.12 Hence, the partial levy on the sum of prices shall be equal to the positive difference between the product of the base of the levy calculated in accordance with clauses 40.8 and 40.9 and the rate of the levy under clause 40.10, and the discount for direct investment.
- 40.13 The partial levy on unrealised direct investment shall be calculated as the positive difference between 1.5% of the base of the partial levy on the sum of prices in accordance with clauses 40.8 and 40.9 and the sum of the basic realized direct investments.
- 40.14 The levy on the provision of on-demand audiovisual media services shall be calculated as the sum of the above-mentioned partial levies.
- 40.15 Persons liable to pay the levy on on-demand audiovisual media services are obliged to maintain records including all required reference materials, which shall contain at least the information specified in Section 27b(4) of the Act. If an audiovisual commercial message that is subject to the levy on the provision of on-demand audiovisual media services is displayed together with the provision of on-demand audiovisual media services, the person liable to pay the levy shall be obliged to include in the records kept for the purpose of the levy further information specified in Section 27b(5) of the Act.
- 40.16 Pursuant to Section 10(6) of the Act, the Fund shall monitor and regularly evaluate whether the providers of on-demand audiovisual media services established in the Czech Republic and providers of on-demand audiovisual media services who are not established in the Czech Republic but target their on-demand audiovisual media service at viewers in the Czech Republic fulfil their obligations specified in Sections 27 through 27b of the Act. A report on the compliance with those obligations shall be presented by the Fund every two years to the European Commission in a manner ensuring that the report shall be available to the European Commission within 2 years after the date when it received the previous similar report from the Fund

#### **41. Direct Investment**

- 41.1 Pursuant to Section 27a of the Act, direct investment means an expense paid by a provider of the on-demand audiovisual media service that is a person liable to pay the levy on the provision of on-demand audiovisual media services and that is not fully exempt from such levy, in respect of
- a) the acquisition of the right to use in the Czech language the audiovisual work in the original language version;
  - b) the production of a Czech language version of an audiovisual work in the original language version, or of a Czech language version of a foreign audiovisual work, or of a foreign language version of a Czech audiovisual work.

- 41.2 A nonmonetary expense is not deemed direct investment.
- 41.3 For the purpose of the levy on the provision of on-demand audiovisual media services, direct investments must be claimed in relation to the period of collection of the levy (the calendar year) in accordance with Section 27a(4) and (7) of the Act. Every expense that constitutes direct investment may only be claimed in relation to a single period of collection of the levy. A direct investment may be divided into parts, which shall be claimed by the provider of on-demand audiovisual media service in relation to more than one period of collection of the levy (calendar year); however, the sum of claimed partial direct investments may not exceed the amount of such direct investment.
- 41.4 Any expense incurred by more than one person (notwithstanding whether it is claimed as a whole or by parts) may only be claimed as a direct investment by one of them.
- 41.5 Claimed direct investments up to the amount equal to 1.5% of the base of the partial levy on the sum of prices for the relevant calendar year are designated as basic claimed direct investments.
- 41.6 Direct investments claimed in an amount exceeding 1.5% of the base of the partial levy on the sum of prices for the relevant calendar year shall be designated as supplementary claimed direct investments.
- 41.7 A direct investment shall be claimed in the declaration of the levy, either as the envisaged sum of basic claimed direct investments, if it related to costs that have not been paid yet, or as a sum of actually incurred basic claimed direct investments if it is related to costs that have already been paid, i.e. to expenses. A person liable to pay the levy that claims a conditional discount for direct investment shall state in the declaration of the levy the sum of supplementary claimed direct investments.
- 41.8 If any one of the conditions for claiming a direct investment that are set out in Section 27a(7) of the Act is not met, the total sum of direct investments shall be reduced pursuant to Section 27a(10) of the Act to such an extent that those conditions may be met, and the person liable to pay the levy shall be obliged to submit an additional declaration of the levy. If they fail to do so, the Fund shall invite them to remove doubts using the procedure set out in Section 89 of the Taxation Code, or to submit an additional declaration of the levy pursuant to Section 145(2) of the Taxation Code. If the person liable to pay the levy submits an additional declaration of the levy, the levy shall be deemed additionally assessed as of the submission date of the additional declaration in the amount of the asserted difference from the last known levy. If the person liable to pay the levy fails remove the doubts or to submit an additional declaration of the levy, the Fund shall make an additional assessment of their levy *ex officio*, and shall charge a penalty pursuant to Section 251 of the Taxation Code. If such additional assessment results in any arrears, the person liable to pay the levy shall be obliged to pay it to the Fund.

- 41.9 If the envisaged amount of the sum of claimed direct investments has been stated in the declaration of the levy, the person liable to pay the levy shall be obliged to make a settlement of the actually realised direct investments in an additional declaration of the levy for the period of collection of the levy in relation to which the direct investments were claimed. Details of the settlement shall be set out in guidelines issued by the Fund.
- 41.10 The person liable to pay the levy is obliged to maintain records and a summary of expenses (an overview of individual costs incurred by suppliers who realize for the person liable to pay the levy the project for which the direct investment is being incurred. The person liable to pay the levy is obliged to maintain these records for the period for determination of the levy (Section 97(5) and Section 148 of the Taxation Code), while the Fund may monitor on an ongoing basis pursuant to Section 97(4) of the Taxation Code proper fulfilment of the obligation to keep records, may demand submission of the documents according to which the records are kept and impose by its decisions the obligations to remove deficiencies.

## **42. Television Rebroadcasting Levy**

- 42.1 Payers of the television rebroadcasting levy shall be all persons who operate television rebroadcasting on the basis of registration under Section 26 *et seq.* of the Act on Radio and Television Broadcasting.
- 42.2 The television rebroadcasting levy shall be charged on the price for the provision of television rebroadcasting. The base for calculating the television rebroadcasting levy shall be the price (reduced by the television rebroadcasting levy) paid to the payer of the levy on the provision of television rebroadcasting. The payer of the television rebroadcasting levy shall include the television rebroadcasting levy in the price for the provision of television rebroadcasting.
- 42.3 The rate of the television rebroadcasting levy shall be 2%.
- 42.4 The payer of the television rebroadcasting levy shall maintain records for purposes related to the levy. These records shall comprise any data concerning the obligation to pay the levy, including, but not limited to, the information about the number of persons to whom the television rebroadcasting is provided and the amount of the price they have paid for the provision of the television rebroadcasting. The payer of the levy on television rebroadcasting is obliged to maintain these records for the period for determination of the levy (Section 97(5) and Section 148 of the Taxation Code), while the Fund may monitor on an ongoing basis pursuant to Section 97(4) of the Taxation Code proper fulfilment of the obligation to keep records, may demand submission of the documents according to which the records are kept and impose by its decisions the obligations to remove deficiencies.

### **43. Broadcast Advertising Levy**

- 43.1 The person liable to pay the broadcast advertising levy shall be a television broadcaster other than local or regional, whose broadcasting is not protected by conditional access and who operates a broadcasting business under a broadcasting licence via transmitters or via a special transmission system under a licence granted under Section 12 *et seq.* of the Act on Radio and Television Broadcasting, and who broadcasts a programme that also comprises cinematographic works.
- 43.2 Exempt from the broadcast advertising levy shall be a television broadcasting operator if the broadcasted program contains a negligible number or none of audiovisual works that may become the subject of selective support under the Act.
- 43.3 The broadcast advertising levy is payable on the income from broadcast advertising.
- 43.4 The broadcast advertising levy is based on the revenue from broadcast advertising in the case of a liable person who is an accounting entity or the income from broadcast advertising in the case of a liable person who is not an accounting entity.
- 43.5 If the person liable to pay the levy generates revenue or income from indirect sale of air time through third parties that are, under the Income Taxes Act, related to the person liable to pay the levy and are not end users of the air time, the revenue or income included in the base for the calculation of the levy shall consist, instead of the above revenue or income, of the revenue or income that would be generated by the person liable to pay the levy in case of direct sale of such air time.
- 43.6 The rate of the broadcast advertising levy shall be 2% of the income or revenue generated by broadcast advertising.
- 43.7 The person liable to pay the levy is obliged to maintain records for the purposes related to their obligation to pay the levy pursuant to Section 28a(7) of the Acv. The person liable to pay the levy is obliged to maintain these records for the period for determination of the levy (Section 97(5) and Section 148 of the Taxation Code), while the Fund may monitor on an ongoing basis pursuant to Section 97(4) of the Taxation Code proper fulfilment of the obligation to keep records, may demand submission of the documents according to which the records are kept and impose by its decisions the obligations to remove deficiencies.
- 43.8 The amount topping up the broadcast advertising levy assessed by the Fund as the administrators of the levy under Sections 28b and 28c of the Act shall be treated as appurtenant to the levy.

## **I. FINANCIAL MANAGEMENT OF THE FUND**

### **44. The Budget; Financial Statements; the Audit**

- 44.1 The Fund's budgeting process is governed, in particular, by the Act on Budgetary Rules. Details regarding the Fund's budget are set out in Section 24c of the Act.

- 44.2 The Fund prepares the draft budget and medium-term outlook within the scope of approved indicative numbers pursuant to Decree No. 133/2013 Coll. determining the scope and structure of expenses for the preparation of the Bill on the State Budget and the Draft Medium-term Outlook of the State Budget and on their submission deadlines, as amended (hereinafter the “Decree No 133/2013 Coll.”).
- 44.3 The amount of the subsidies that constitute financial sources of the Fund pursuant to Section 24 of the Act shall be calculated on the basis of the last known sum of the Fund's income from audiovisual levies shown in the Fund's financial statements, reduced by the part of income from audiovisual levies equal to the amount of partial levy charged on unrealised direct investment. These figures shall relate to the year preceding the year in which the draft budget for the next year is being prepared. A similar method shall be used in the determination of the required amount of subsidies that constitute financial sources of the Fund pursuant to Section 24 of the Act in the medium-term outlook. The amount shall be further specified every year on the basis of the closed accounting periods.
- 44.4 The draft budget and the medium-term outlook shall be submitted by the Fund to the Ministry and thereafter to the Ministry of Finance in accordance with the Decree No. 133/2013 Coll. After review and approval, the draft budget and the medium-term, outlook shall be presented through the Ministry to the Government for approval.
- 44.5 The draft budget of the Fund that has been approved by the Government shall be presented for approval to the Chamber of Deputies.
- 44.6 The Director of the Fund is responsible for preparing the draft budget and submitting it within the prescribed deadlines. In accordance with Section 17(3) of the Act, the Director shall present the draft budget and the medium-term outlook to the Committee"
- 44.7 After the end of the calendar year, the Fund shall prepare its financial statements in accordance with the Act on Accounting and reference materials for the preparation of the Final State Account in accordance with Decree No. 419/2001 Coll. on the submission of information for the preparation of the Final State Account, as amended. In accordance with this Decree, the Fund shall present a detailed commentary - the “evaluation report”- including a comparison between the budgeted and the actual income and expenses of the Fund, shall prepare detailed information about the amounts of selective support and production incentives that have been paid and about the amounts of selective support and production incentives in respect of which the Fund has issued decisions on their provision (i.e. decisions on granting selective support, decision on registration of incentivized projects or decisions on filing of incentivized projects but have not been paid out yet. This information is accompanied by the financial statements, summaries of paid amounts of selective support and production incentives and other reference materials specified in the Decree.
- 44.8 In the course of the calendar year, the Fund shall not make any changes to the budget. Any differences between the budgeted and the actual income and expenses shall be substantiated in the evaluation report.
- 44.9 The Fund shall prepare an annual report on the Fund's activities in accordance with Section 21 of the Act on Accounting.

- 44.10 The Fund's Director is responsible for the preparation of the financial statements, reference materials for the purpose of settlement with the state budget and of the annual reports.
- 44.11 If the Chamber of Deputies does not approve the Fund's budget for the relevant budget year before the first day of the budget year, the budgeting of the Fund in the period from the first day of the budget year until the date of approval of the budget for such year shall be governed *mutatis mutandis* by the provisional budget rules specified in Section 9 of the Budgetary Rules. Hence, the Fund shall manage its activities in accordance with the last approved budget and the maximum possible drawings in a month shall not exceed one twelfth of the total expenses. Following the approval of the budget, these expenses shall be included in the total expenses.
- 44.12 Pursuant to Section 24c of the Act, the Fund's financial statements and annual report must be audited.
- 44.13 Following the audit of the financial statements and the issue of the auditor's report, the Fund's Director shall present them to the Committee and shall submit them through the Minister to the Government for review and for subsequent approval by the Chamber of Deputies so that they are approved as of 30 June. The reference materials and the audit of the Fund's financial statements shall be carried out *mutatis mutandis* in accordance with Decree No. 220/2013 Coll. on requirements for approval of financial statements of certain selected accounting entities, as amended.
- 44.14 In accordance with the Procedural Rules of the Chamber of Deputies, the Fund's financial statements and annual report are reviewed by the Committee for Science, Education, Culture, Youth and Physical Education and are deemed approved when included in the agenda of a meeting of the Chamber of Deputies.
- 44.15 Once approved, the Fund's financial statements are deposited in the public register and collection of documents. The Fund's annual report is published on the Fund's website.

#### **45. Income and Expenses of the Fund**

- 45.1 The Fund spends financial funds in accordance with the approved budget and incurs all expenses solely within the scope required for the activities entrusted to the Fund by the law and specified in Section 10 of the Act and in the Statutes.
- 45.2 The Fund is not authorized to issue bonds or to use factoring.
- 45.3 Purchases of the Fund are carried out in accordance with Act No. 134/2016 Coll. on public procurement, as amended, and with the central ordering of purchases of some commodities in compliance with the superior administrative authority.
- 45.4 In managing both revenues and expenses, the Fund complies in particular with the principles and procedures for the internal control process as established by the Act on Financial Control and its implementing regulations, especially the conditions for the economical, efficient, and purposeful use of financial resources and the minimization of financial risks associated with the Fund's activities.

- 45.5 For the sake of clarity, the Fund has established sub-accounts to the main account for certain types of income (individual audiovisual levies), for the income from subsidies, and for certain types of expenditures (selective support and production incentives).
- 45.6 The Fund's income is specified in Section 24 of the Act.
- 45.7 Income from audiovisual levies is intended above all for selective support.
- 45.8 The most important source of funding of the Fund's activities (with the exception of expenses related to selective support and production incentives), i.e. of the costs of the Fund's operation and employees, consists of income from use of cinematographic works pursuant to Art. 2, clause 2.4. Business activities are carried out particularly through the National Film Archives on the basis of a contract concluded between the Fund and the National Film Archives. This is due to the management of original carriers of cinematographic works by the National Film Archive and the technical facilities.
- 45.9 A significant source of the Fund's income consists of entitlement-based subsidies specified in Section 24(1)(n), (o) and (p), whose amount is determined pursuant to Section 24a of the Act. Those subsidies are intended for:
- a) production incentives where this subsidy is the sole source for their provision;
  - b) the provision of selective support;
  - c) the Fund's tasks and activities specified in Section 10 and for the Fund's operation, including costs of employees.
- 45.10 The subsidy amount is a part of the approved budget of the Fund. Details of drawing of subsidies in the relevant budgetary year are set out in the decision on granting of the subsidies.
- 45.11 After the end of a calendar year, the Fund shall prepare a settlement of all subsidies received earlier on the basis of the financial statements and by the deadlines set forth in the decision on the provision of the subsidies.
- 45.12 The amounts intended for selective support and production incentives shall be gradually allocated to individual projects on the basis of issued decisions (i.e., decision on selective support, decisions on registration of incentivized projects that shall be issued until 31 December 2025, and decisions on filing of incentivized projects that shall be issued from 1 January 2026) recorded in sub-accounts as conditional obligations of the Fund.
- 45.13 Pursuant to Section 24(2) of the Act, the balance of the Fund's financial resources at the end of the calendar year, including undivided balances of subsidies provided to the Fund from the state budget and funds intended for selective support and production incentives that have not yet been paid out. These undivided balances of subsidies provided to the Fund from the state budget and unpaid amounts of selective support and production incentives constituting conditional obligations relating to individual projects which have not yet become due because the conditions for their release

specified in the Act, the Statutes or the decisions issued by the Fund have not been met, shall be also kept on sub-accounts.

- 45.14 The Fund's expenditures are specified in Section 24b of the Act, which stipulates that the Fund's finances may be used for:
- a) selective support;
  - b) production incentives;
  - c) royalties paid to holders of copyright and rights related to copyright for the use of cinematographic works under Art. 2, clause 2.4; the source of payment of these royalties is the income from use of cinematographic works and those royalties are generally paid using services of third parties based on concluded contracts (such third parties are usually collective administrators, although this activity falls within the scope of activities other than collective administration, which are performed by them);
  - d) expenses relating to the remuneration of members of the Councils, the Commission and of the project assessors, the amount of which is determined by the Government. This remuneration is mostly paid from the Fund's income specified in Section 24(1)(c), i.e. from administrative fees paid for acts performed by the Fund;
  - e) the Fund's tasks and activities specified in Section 10 and the Fund's operation.
- 45.15 The Fund's expenses incurred in a calendar year in accordance with clause 45.14(d) and (e) may not exceed 9% of the Fund's budget for the relevant calendar year.

## **J. TRANSITIONAL AND FINAL PROVISIONS**

- A. These Statutes supersede the current Statutes of the Czech Film Fund and shall become effective upon their approval by the Government, with the exception of point E (Provision of production incentives), which shall become effective as of 1 January 2026, unless specified otherwise in point C.
- B. Notwithstanding point A, the procedure for granting production incentives specified in Art. 8 of the current Statutes of the Czech Film Fund (with the exception of its clause 8.1) shall continue to apply after 1 January 2026 in cases where the incentive procedure is governed, within the meaning of Part One, Article 2 (Transitional Provisions) of Act No. 480/2024 Coll., which amends Act No. 496/2012 Coll. on audiovisual works and support for cinematography and on amendments to certain acts (the Act on Audiovision), as amended, and other related laws (hereinafter referred to as the “transitional provisions of the amendment to the Act”), by the wording of the Act effective until 31 December 2024, or by the wording effective from 1 January 2025 to 31 December 2025. .
- C. Notwithstanding points A and B, these Statutes shall govern the Fund's procedure and obligations of applicants for production incentives in cases where the incentive procedure is governed, within the meaning of the transitional provisions of the amendments to the Act, by the wording of the Act effective from 1 January 2025 to 31



December 2025, with regard to the aspects of the incentive procedure that result from the amendments to the Act which are effective from 1 January 2025 and implemented under Art. 1, clauses 199 to 203 of Act No. 480/2024 Coll., which amends Act No. 496/2012 Coll. on audiovisual works and support for cinematography and on amendments to certain acts (the Act on Audiovision), as amended, and other related laws. The provisions of point E of the Statute, clause 25.3, shall become effective as of the date of approval of the Statutes by the Government|.

- D. Notwithstanding point A, the procedure for granting production incentives specified in Art. 8 of the current Statutes of the Czech Film Fund shall continue to apply to the provision of film support in cases where the proceedings on applicants for film support and applicants for a change of a decision on film support are governed, within the meaning of the transitional provisions of the amendment to the Act, by the wording of the Act that was in effect until 31 December 2024.
- E. Candidates for membership in the Board of Representatives, the Councils, the Committee and the Commission shall be nominated and appointed by the procedure specified in Art| 4, clauses 4.1 to 4.9, with the exception of nomination and appointment of their first members, which shall be governed by transitional provisions of the amendment to the Act.
- F. The provisions of Art. 8, clause 8.3 shall not prejudice the transitional provisions of the amendment to the Act according to which the first meeting of as collective body shall be convened by the Fund's Director.
- G. The first election of the chairman and vice-chairman of the Board of Representatives, of the Committee and of the Commission shall be held in accordance with the transitory provisions of the amendment to the Act.