

# LAW OF GEORGIA

## ON THE STATE SUPPORT OF THE NATIONAL CINEMATOGRAPHY

The National Cinematography ('the Cinema') is an inseparable part of national art, which has gained significant recognition throughout its existence both in Georgia and abroad.

The Cinema, apart from creative activities, includes complex technological, industrial, economic and financial processes, due to which its development mostly depends on the support and facilitation of the State.

This Law is based on the Constitution of Georgia and the legislation of Georgia, and in view of the long-standing traditions of the Georgian cinematography and the experience of civilised countries of the world in the area of cinema, this Law aims to determine the legal grounds and basic areas of state support for the existence and development of the Cinema.

### Chapter I – General Provisions

#### Article 1 – The legislation of Georgia on cinema

The legislation of Georgia on the cinema includes the Constitution of Georgia, international treaties and agreements, this Law, the Law of Georgia on Culture, the Law of Georgia on Copyright and Related Rights, the Law of Georgia on Creative Workers and Creative Unions, and other normative acts.

#### Article 2 – Scope of the Law

This Law defines legal mechanisms for state support of the national cinema, determines the status of the national film, the legal grounds for financing its production and distribution, the legal status of a competent institution functioning in the field of cinema, and the procedures and conditions for financing of the Cinema by the State.

#### Article 3 – Fundamental principles for the support of the Cinema by the State

Fundamental principles for the support of the Cinema by the State shall be to:

- a) ensure the development of the Cinema;
- b) guarantee the independence and freedom of creative activities;
- c) facilitate the protection of copyrights;
- d) ensure technological, scientific, informational, production and educational grounds for the development of the Cinema;
- e) facilitate the national film production and distribution of cinema products;
- f) ensure the integration of the Georgian Cinema into the world cinema processes;
- g) ensure the fulfilment of international responsibilities undertaken by the State.



#### Article 4 – Definition of terms used in the Law

The terms used herein have the following meanings:

- a) cinematography (the Cinema) - an area of art that includes professional, creative, industrial, technical, scientific and educational activities, and is aimed at the creation and distribution of cinema production;
- b) film - audio and visual works intended for reproduction which, based on a certain conception, unite sequential shots recorded on a film tape, video tape, laser disk, or another type of technical means, and are viewed by means of appropriate technical equipment;
- c) full-length film – a film the duration of which exceeds 52 minutes;
- d) short film – a film the duration of which does not exceed 52 minutes;
- e) film chronicle – documentary materials, which depict events or facts of the past and that can be used in the future;
- f) distribution of a film – distribution of a film by any means and in any form for the purposes of gaining profit;
- g) screening – exhibition of a film to an audience in a cinema hall, as well as through over-the-air broadcasting, cable and satellite television, or through other technical means;
- h) film producer – a physical or a legal person, who initiates and is responsible for the production and financing of a film;
- i) film distributor – a physical or a legal person who is authorised to distribute films;
- j) film exhibitor – a physical or a legal person who carries out the screening of a film to an audience;
- k) cinema hall – a special place that is appropriately equipped, and where the screening of a film takes place;
- l) cinema organisation – a legal person the activities of which is the creation of a film or a storyline of a film chronicle, the multiplication of copies of a film, the distribution, screening, film restoration, technical service of a cinema hall, production of film materials and film equipment, the service of film production (the rental of cinema equipment, leasing of a cinema complex or a cinema pavilion, the making of film costumes, construction of decorations, preparation of grease paint and grease paint materials, preparation and rental of stage props, the preparation of shooting equipment and special effects, the procession of a film tape, the recording of a film sound, the musical recording, and others), educational, scientific and research, print, publishing, and advertising and propagation activities in the area of cinema, and the storage of copies of a film or a chronicle, and their initial materials;
- m) film project - a package of documents on the basis of which a decision with regard to the financing of a film production is made;
- n) initial materials of a film or a film chronicle – negatives, dup negatives, master print, video master cassette, original magnetic sound tracks, and other materials that are necessary for film production and circulation in any form (a film, a video cassette, a laser disk, and others);
- o) film circulation (multiplication) – preparation of one or more copies of a film in any form;
- p) cinema production – a film, a film chronicle, initial materials of a film or a chronicle, circulation or part thereof;
- q) film equipment – equipment, instrumentation, technical means and spares that are used during film production, circulation, distribution, and are used for the works and services necessary for the screening and production of a film;
- r) cinema materials – raw materials and supplies that are used during the production, circulation, distribution, screening and restoration of a film, as well as for the performance of necessary works for film production and service, and for preparation of the film equipment;
- s) cinema archive – a film archive where films are stored.



## **Article 5 – National film**

1. A film shall be considered to be national if it meets the following conditions:

- a) a film is created in the state language of Georgia;
  - b) a producer of the film is a citizen of Georgia or a legal person registered in Georgia;
  - c) the authors of a film are citizens of Georgia;
  - d) the number of persons who do not possess Georgian citizenship does not exceed 30 per cent of the composition of a film shooting team (directors, camera directors, cameramen, sound directors, artistic directors, costume directors, film editors, and leading actors);
  - e) a cinema organisation registered in Georgia executes no less than 50 per cent of the whole volume of works to be performed for the purposes of a film production, circulation, distribution, and screening.
2. A film that has been shot in a foreign language (other than in the State language) shall be considered to be a national film, if the shooting of a film in a foreign language has been caused by the specificity of the screenplay, and the film meets other requirements stipulated by paragraph one of this article.
3. A film of a joint production may also be considered to be a national film if it has been shot together with foreign cinema organisations in accordance with the conditions of international treaties and agreements.
4. A review and resolution of a matter related to the compliance of a specific film project with the requirements stipulated by this article shall be performed in accordance with this Law and the Statute of the National Film.

## **Article 5<sup>1</sup> – Requirements with regard to a film exhibitor and film screening**

1. The screening of a film (including documentary and animation films) by a film exhibitor in a cinema hall may be executed only in the language of the first production of the film on conditions of compulsory subtitling in the State language of Georgia or on conditions of dubbing.
2. The requirements for the film exhibitor regarding the film screening shall be determined by this Law and other legislative acts of Georgia.

*Law of Georgia No 3115 of 18 June 2010 – LHG I, No 30, 29.6.2010, Art 192*

## **Chapter II – Main Forms and Measures for the Support of the Cinema by the State**

### **Article 6 – Main forms for the support of the Cinema by the State**

1. Main forms for the support of the Cinema by the State shall be:

- a) the development and improvement of the relevant legislative base;
- b) the financing of the national film production and film distribution from the State Budget of Georgia as provided for by the legislation of Georgia; the financing may also be received from a relevant municipal budget;
- c) the development and implementation of relevant state programmes;



d) the regulation of preferential taxation of the activities of cinema organisations as provided for by the legislation of Georgia;

e) other forms of support by the State as provided for by the legislation of Georgia.

2. The measures for the support of the Cinema by the State shall be intended to:

a) the creation of a national film;

b) the development of the logistics of the Cinema;

c) the establishment of appropriate conditions for the distribution and screening of films;

d) the implementation of scientific, educational and technical programmes;

e) the holding of film festivals and other cultural events;

f) participation in international film festivals and other events;

3. All cinema organisations shall be entitled to benefit from appropriate support from the State if such organisations meet the requirements determined by the legislation of Georgia.

*Law of Georgia No 6914 of 15 July 2020 – website, 28.7.2020*

#### **Article 7 – The state institution which acts in the field exhibition of the Cinema and which supports it**

1. The powers for the protection of the Georgian culture in the field of cinema, for the facilitation of its development, for its state support, and for the coordination of the relations related thereto, shall be granted to the Georgian National Film Centre ('the National Film Centre').

2. In its activities the National Film Centre shall be guided by the principles of impartiality, transparency and non-interference with the activities of legal persons under private law.

#### **Article 8 – Legal status of the National Film Centre and main areas of its activities**

1. The National Film Centre represents a legal entity under public law established within the Ministry of Culture, Sport and Youth of Georgia (the Ministry), which independently executes its activities.

2. The National Film Centre shall be entitled to perform activities stipulated by its own Statute and this Law in order to fulfil established goals and responsibilities undertaken. The National Film Centre shall also be entitled to provide additional entrepreneurial activities for the purposes of achieving its goals.

3. The sources of financing of the National Film Centre shall be:

a) resources allocated from the State Budget of Georgia or from a relevant municipal budget;

b) income from the performance of state orders;

c) income from services performed under a contract;

d) income from additional entrepreneurial activities and other income allowed by the legislation of Georgia.

4. The National Film Centre shall be led by a director, who shall be appointed to this position for a period of three years by the Minister of Culture, Sport and Youth of Georgia (the Minister).

5. State control over the National Film Centre shall be exercised by the Ministry in accordance with the legislation of Georgia and the Statute of the National Film Centre.



6. The following shall fall within the scope of activities of the National Film Centre:

- a) the elaboration of draft laws and other draft normative acts in the field of the Cinema;
- b) participation in the creation and implementation of state programmes for the protection and development of Georgian films;
- c) the preparation and submission of appropriate proposals in the preparation of draft State Budgets of Georgia and for appropriations to be allocated for cinematography;
- d) the distribution of resources allocated for cinematography from the State Budget of Georgia in accordance with the procedures for competition as provided for by the legislation of Georgia;
- e) the coordination of state support for the development of film infrastructure and film network;
- f) the establishment of a unified informational and accounting bank of films;
- g) the establishment of a national film archive of Georgia;
- h) the development of education in the field of cinema and cinematology, and the facilitation of training of human resources in the field of creative activities, as well as in engineering and technical fields;
- i) the establishment of a system of statistic accounting in the area of cinema, and the keeping of a unified database for cinema organisations;
- j) the development of international contacts in the field of cinema, the creation of representation in international film organisations, and participation in conferences and other events;
- k) the caring for and facilitation of the protection of copyrights of film authors;
- l) the implementation and approval of a Statute of the National Film.

7. The structure of the National Film Centre, the scope of its activities, procedures for the establishment of management bodies and their activities, the form and scope of state control, the basis of financial activities, and the procedures for the formation of property shall be determined by the Statute of the National Film Centre in accordance with the requirements of the legislation of Georgia, and the Statute shall be prepared by the Film Centre and shall be approved by the Minister.

*Law of Georgia No 967 of 29 December 2004 – LHG I, No 6, 19.1.2005, Art. 54*

*Law of Georgia No 4550 of 25 November 2015 – website, 8.12.2015*

*Law of Georgia No 1624 of 7 December 2017 – website, 14.12.2017*

*Law of Georgia No 3047 of 5 July 2018 – website, 11.7.2018*

*Law of Georgia No 6914 of 15 July 2020 – website, 28.7.2020*

*Law of Georgia No 379 of 16 March 2021 – website, 18.3.2021*

### **Chapter 3 – State Financing of the Cinema**

#### **Article 9 – Procedures and conditions for state financing of the Cinema**

1. One of the main forms of state support of the Cinema shall be state financing.
2. For the purposes of state financing of the Cinema, relevant annual appropriations from the expenditures of the central Budget of Georgia shall be planned to be transferred to the organisational code of the National Film Centre.



3. The procedures and conditions for the distribution of state financing of the Cinema, as provided for by this Law and other normative acts of Georgia, shall be determined on the basis of a competition of the National Film Centre, which shall be prepared by the National Film Centre and approved by the Minister.

4. The National Film Centre shall distribute state financing on the basis of the competition under an agreement signed by and between the producer, distributor and demonstrator of the national film.

5. State financing of the Cinema shall be its purpose and it may not be used for another purpose, except for the purposes stipulated by the legislation of Georgia and the relevant agreement.

*Law of Georgia No 967 of 29 December 2004 – LHG I, No 6, 19.1.2005, Art. 54*

*Law of Georgia No 4550 of 25 November 2015 - website, 8.12.2015*

*Law of Georgia No 1624 of 7 December 2017 – website, 14.12.2017*

*Law of Georgia No 3047 of 5 July 2018 – website, 11.7.2018*

*Law of Georgia No 379 of 16 March 2021 – website, 18.3.2021*

#### **Article 10 – State financing of the production of a national film**

1. The National Film Centre shall establish an expert commission that shall be composed of creative workers and relevant experts. The expert commission shall execute its activities on the basis of the statute of the expert commission, which shall be approved by the Minister upon recommendation of the Director of the National Film Centre.

2. The National Film Centre shall make a decision to allocate an amount for the financing of the production of the national film (project) and for the producer of the film on the basis of an opinion of the expert commission.

3. The share of state financing in the production of a national film, as a rule, shall not exceed 75 per cent of the total estimated cost of the film.

*Law of Georgia No 1624 of 7 December 2017 – website, 14.12.2017*

*Law of Georgia No 3047 of 5 July 2018 – website, 11.7.2018*

*Law of Georgia No 379 of 16 March 2021 – website, 18.3.2021*

#### **Article 11 – State financing for the distribution of a national film**

1. The National Film Centre shall decide on the allocation of an amount for distribution of a national film (multiplication of copies, subtitles, preparation of a video copy, advertisement, etc.) on the basis of an opinion of the expert commission.

2. State financing for the distribution of a national film shall not exceed 50 per cent of the total costs of film distribution.

#### **Article 12 – State financing for the participation of national films in international festivals**

1. The National Film Centre shall be entitled to fully finance (up to 100 per cent) of the participation of national films in international festivals falling within the "A" category, whereas the participation of national films in festivals falling within other categories shall be partially financed by the National Film Centre.

2. The National Film Centre may partially finance the holding of international and national film festivals in Georgia.



### **Article 13 – Production of a national film on the basis of a state order**

In the case of a state order, and depending on the importance of the film project, the National Film Centre shall be entitled, on the basis of an opinion of the expert commission, to decide on an exclusion with regard to 100 per cent state financing of the production of a film or a film chronicle. In such case the National Film Centre shall be granted additional assignments for such purpose by the State.

### **Article 14 – Procedures for the storage of initial materials of a national film and film chronicle**

1. The initial materials of a national film and a film chronicle produced on the basis of full state financing shall be transferred to the state cinema archive the storage and protection.
2. The conditions for the storage of initial national film materials produced on the basis of a partial state financing shall be determined by an agreement signed by and between the producer and the National Film Centre.
3. The procedures for the storage of initial national film materials and a film chronicle in the state cinema archive shall be determined by the National Film Centre.
4. When storing the national film and initial materials the state cinema archive shall abide by copyrights and related rights.
5. The state cinema archive shall create unlimited conditions for the producers of film chronicles and national films to use the initial materials.

### **Article 15 – Specifics of tax regulation of the activities of cinema organisations**

In view of the requirements of this Law, the specifics of tax regulation of the activities of cinema organisations shall be determined by the legislation of Georgia.

*Law of Georgia No 3806 of 12 November 2010 - LHG I, No 66, 3.11.2010, Art. 414*

## **Chapter IV – Transitional Provisions**

### **Article 16 – Formation of the National Film Centre**

1. The Ministry of Culture and Monument Protection of Georgia shall, jointly with the General Union for National Creative Cinematographers, take all necessary measures for the formation and functioning of the National Film Centre within the period of one month after the entry into force of this Law.
2. The Ministry of Finance of Georgia shall consider the financing costs of the Cinema under the organisational code of the National Film Centre while drafting the State Budget of Georgia for the coming year.

### **Article 17 – Measures to be carried out in connection with the entry into force of this Law**

Within four months after the entry into force of this Law, the Ministry of Property Management of Georgia (as an owner of 2/3 of the share capital of the joint stock company the 'Georgian Film'), and the Ministry of Culture and Monument Protection of Georgia, together with the National Film Centre, shall prepare a draft state programme for reforming the film network in order to achieve profitability and realise the self-financing of the Cinema.



## **Article 18 – Normative acts to be adopted**

With regard to the entry into force of this Law, and for the purposes of the adoption of normative acts stipulated by law before 1 April 2001:

- a) the President of Georgia shall be requested to issue an edict on the Approval of the State Programme for the Support Measures of the National Cinematography and for the Reforms of the Film Network;
- b) the Minister of Culture and Monument Protection of Georgia shall be requested to issue the following normative acts:
  - b.a) on the Approval of the Statute of the Legal Entity under Public Law called the National Centre of Cinematography;
  - b.b) on the Approval of the Competition Provision of the National Centre of Cinematography;
  - b.c) on the Approval of the Statute of Expert Commission of the National Centre of Cinematography;
  - b.d) other legal acts stipulated by this Law.

## **Chapter V – Final Provision**

## **Article 19 – Entry into force of the Law**

This Law shall enter into force upon its promulgation.

**President of Georgia**

**Eduard Shevardnadze**

**Tbilisi**

**5 December 2000**

**No 655 - Ib**

