



STATE OF ISRAEL
MINISTRY OF FINANCE

SPOKESPERSON OFFICE

INTERNATIONAL AFFAIRS
DEPARTMENT

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Press Release

**FINANCE MINISTER'S PROPOSAL APPROVED – NEW TAX
BENEFITS WILL BE GRANTED TO INVESTORS IN ISRAELI
MOVIES**

Steinitz: “Israeli cinema is making a substantial contribution to the development of Hebrew culture and the life of Israeli society. It is important to encourage the quality movie industry by means of taxation as well”

The Knesset Finance Committee approved today regulations submitted by the Finance Minister, **Dr. Yuval Steinitz**, which will provide tax benefits to investors in Israeli movies. The regulations are based on the recommendations of a committee appointed by the Finance Ministry Director-General, **Yoram Ariav**, and chaired by the State Revenue Commissioner, Frieda Yisraeli CPA.

Finance Minister **Dr. Yuval Steinitz** welcomed the approval of the regulations, and said: “Israeli cinema is making a substantial contribution to the development of Hebrew culture and the life of Israeli society. During recent years, the Israeli movie industry has won important international prizes and has been well-represented worldwide – which is also contributing to Israel’s status and image around the world. For this reason, it is important to encourage the high quality movie industry in Israel by means of taxation as a policy instrument. This comes in addition to other decisions which I have made, regarding the creation of a new fund for source productions and movies in cooperation with the TV channels in Israel.

The State Revenue Administration’s Legal Counsel, **Adv. Talya Dolan**, explained to the Finance Committee that the new regulations include a fast “green channel” free of red tape whereby a party choosing to invest in Israeli movies and their production will benefit from full deduction of expenses for tax purposes, at the level of the investment in a movie and in accordance with the tax rate applying to the investor. The benefit also covers commercial TV channels and the cable TV franchise-holders, which will benefit from full deduction for tax purposes of their investment in Israeli cinema movies.

The new regulations abolish the ceiling that was determined in the past for the deduction of investment in Israeli movies – a benefit ceiling that amounted to 40% of the investor’s income. In addition, the regulations stipulate that the tax benefit will also apply to production expenses abroad, to a level of up to 15% of the amount of



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expenses in Israel. Under the regulations, tax benefits will be granted to individual investors, production companies and to movie production collaborations.

Finance Ministry Director-General **Yoram Ariav** said: “In talks which I held with cinema industry leaders worldwide, I learned that they welcome the process and regard it as a key device for promoting the cinema industry in Israel. The process will lead to economic leverage, will enhance Israel’s image abroad and will add sources of employment for Israeli workers. Many countries are making immense efforts to attract movie production to their territory, and I am glad that Israel will be joining the global competition and constitute a focus of attraction for the movie industry”.

State Revenue Commissioner, **Frieda Yisraeli CPA**, stated that the regulations are encouraging investment in Israeli movies by means of the tax system, as is accepted worldwide, out of a desire to help Israel's movie industry maintain its impressive record of success of recent years.