

CASH REBATE - FINLAND

Educational Series - Investing in Films by Kajawood Studios
Janne Ohtonen, Ph.D., Turku School of Economics



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FOR WHOM THIS IS?

Foreign producer companies who use either a reliable Finnish co-producer or a Finnish production coordinator company such as Kajawood Studios.

Audio-visual content eligible for cash rebate:

- Feature films
- Documentary films
- Serial fiction (TV series)
- Animation productions

REQUIREMENTS

- At least 40% of the funding is confirmed, and at least 25 % of the overall production budget funding must come from outside Finland. Eligible costs incurred in Finland can be up to 80% of the total production budget.
- Minimum total budget and spending exceeded:
 - Feature films: Total budget > 2.5 mt & expenditure in Finland > 350 k€
 - Documentaries: Total budget > 400 k€ & expenditure in Finland > 350 k€
 - TV Drama & Animation: Total budget > 9,5 k€ per minute & expenditure in Finland > 350 k€
- All the required documents submitted to Business Finland, including all funding sources.
- A distribution agreement for at least one platform or one territory.
- Participation by a Finnish co-producer or coordinator company like Kajawood Studios
- The production depicts Finnish locations such as landscapes or architecture, or the production involves the use of Finnish artistic or other creative expertise

REQUIRED DOCUMENTATION

1. Cost breakdown for the Finnish part (using the provided unlettered template)
2. Production plan
 - All heads of departments
 - Production and content objectives
 - Production schedule
 - Production budget
 - Execution plan for the Finnish part
 - Financing plan
3. Treatment
4. Financing agreements
5. Agreement on the script rights
6. Agreement on the rights of the original work (if applicable)
7. Distribution agreement for at least one territory or one platform
8. Co-production or production coordinator agreement with a Finnish company

CONTACT US

The best way to get in touch with Kajawood Studios is to use the contact form: <https://www.kajawood.com/contact-us/>

MEET OUR MANAGEMENT TEAM

Dr. Janne Ohtonen
Managing Partner and Owner

Dr. Jari Ohtonen
CEO and Information Officer

STUDIO LOCATION

Vuokatti resides in Sotkamo which is a developing and active municipality in Northern Finland, located in the southern part of the Kainuu Region. The neighbours are the town of Kajaani in the west, the municipalities of Paltamo and Ristijärvi in the north, the town of Kuhmo in the east, and the town of Nurmes and the municipalities of Rautavaara and Sonkajärvi in the south. Larger cities near-by are Oulu and Kuopio. They are only 200 km (124 miles) away.

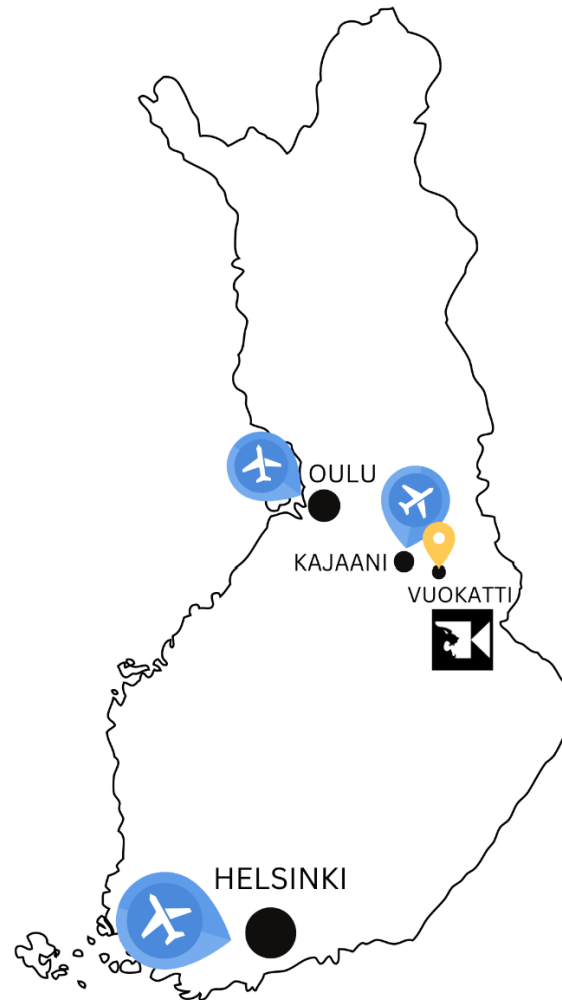
WHY CHOOSE US?

The nature of Kainuu, with four distinct seasons, serves various productions well with natural beauty. A bright summer season with **24 hours of sunshine** and winter with **beautiful white snow** enables studio photography and a wide range of outdoor locations for domestic and international film and TV productions.

Finland is known for the enchanting midnight sun, a natural phenomenon when the sun does not set during midsummer. There is also a polar night when the sun does not come over the horizon during the winter. And if you are lucky, the **northern lights** will treat you with their color show in the sky.

The studio location has untouched green forest landscapes, crystal blue lakes, unique rock walls, and fells. **Location shooting** at nearby exotic surroundings is ensured with 24/7 sunlight during summertime, spectacular frosty trees, and magical snowy sceneries in winter.

No matter what season, Kajawood Studios offers stunning filming locations, **high-quality inclusive accommodation**, and the newest technology and know-how to ensure that we exceed all your expectations.



Kajawood Studios resides in Vuokatti, near the city of Kajaani.

 **KAJAWOOD**
STUDIOS
INTRODUCTION

FINLAND IN FACTS

5.4 million



1.4 million
inhabitants in
metropolitan
area

Life expectancy:
year

78 84

Official languages
are **FINNISH**...
(spoken by 88.9%)

...and **SWEDISH**
(spoken by 5.3%)

SÁMI is the mother
tongue of about 1,900 people.



Christianity;
73.8% **LUTHERAN**
and about
1.1% **ORTHODOX**



GDP per capita (2014)

37,559 €



REPUBLIC, parliamentary democracy,
200 members in one chamber

Independence Day
DECEMBER 6

1917



1995



1955

OTHERS
FILM IN
FINLAND,
TOO!

Netflix,
Warner Bros,
Yash Raj Films
India,
Nickelodeon
Animation
Studios,
XYZ Films,
SF Studios,
ITV Studios,
and many
others...



FINLAND INTRODUCTION

#2

Best business
environment in the
world

Source: Global Innovation Index
2018–2021

#3

Best availability of
latest technologies

Source: WEF Global Competitiveness
Report 2017–2018

#1

Happiest country
in the world

Source: World Happiness Report
2018–2022

#4

Leader in
achieving the UN
SDGs

Source: UN Sustainable Development
Report 2021–2022

#5

Most stable
country in the
world

Source: Fund for Peace, Fragile States
Index 2021



NATIONAL 25% CASH REBATE IS AVAILABLE FOR PRODUCTION COSTS IN FINLAND

- Eligible costs incurred in Finland...
 - from the **pre-production, production, and post-production** of an audio-visual project
 - can be **a maximum of 80% of the total production budget**
- Eligible costs from when the application is registered at Business Finland, and **all required documentation has been submitted.**
- Business Finland will pay the disbursement **based on the actual costs** (i.e., receipts are required).

For the latest updates: <https://www.businessfinland.fi/en/for-finnish-customers/services/funding/cash-rebate>



FOR WHOM THIS IS?

Foreign producer companies who use either **a reliable Finnish co-producer or a Finnish production coordinator company** such as Kajawood Studios.

Audio-visual content eligible for cash rebate:

- Feature films
- Documentary films
- Serial fiction (TV series)
- Animation productions





FOR WHOM THIS IS **NOT** AVAILABLE?

WHO CAN NOT APPLY

- Government, municipal or parish authorities or institutions; companies in which the State is a majority holder, or other similar organizations or institutions.
- Sole proprietorship.
- Productions in which the share of public funding in costs generated in Finland exceeds 50 percent.
- Other types of audio-visual productions, such as:
 - Commercials or promotional products
 - Document series
 - Non-scripted series, e.g., reality shows or talk shows
 - Music videos or recordings of musical events
 - Entertainment or sports events and their recordings
 - Training videos



FOR WHOM THIS IS **NOT** AVAILABLE?

WHO CAN NOT APPLY

Companies in difficulty. Also, if a company is part of a group, the whole group is assessed on whether any one of these is in difficulty:

- A Limited Liability Company (LLC) that has **lost more than half of its subscribed share capital** due to accumulated losses.
- The company is a general or Limited Partnership (LP) that has **lost more than half of its own assets** due to accumulated losses, according to the financial statements.
- The company **has been placed into liquidation or bankruptcy** due to insolvency.
- The company **has received rescue aid and has not paid it back yet**, or it has received restructuring aid and is the **subject of a restructuring plan**.
- In addition to the above conditions, large companies are also considered to be in difficulty if both of the following two conditions are met based on two previously confirmed annual financial statements:
 - the company's **debt-to-equity ratio has been over 7.5** and
 - the ratio of the company's **operating margin to its net financing costs has been under 1.0**.

Note: If a **company is less than three years old**, it is considered to be in difficulty only based on insolvency.



The foreign recipient and local partner enter into a **detailed agreement**, which also includes agreeing on the terms of payment and payment schedules. It is recommended that the authorized tasks for the coordinator to manage are indicated in the agreement.

The Finnish production partner will **fill in the application** on behalf of the foreign company at the Business Finland online service.

The **partner will procure services** for the foreign recipient, **pay the invoices** and **charge the recipient for their expenses** and the partner's own fee.

The partner keeps an **itemized record of all expenses**.

Business Finland will pay the cash rebate once they have approved the reports.

OVERALL PROCESS





REQUIREMENTS

- At least **60% of the funding is confirmed**, and at least **25 % of the overall production budget funding** must come **from outside Finland**. Eligible costs incurred in Finland can be up to **80% of the total production budget**.
- Minimum total budget and spending exceeded:
 - **Feature Films**: Total budget > 2,5 m€ & expenditure in Finland > 350 k€
 - **Documentaries**: Total budget > 600 k€ & expenditure in Finland > 350 k€
 - **TV Drama & Animation**: Total budget > 9,5 k€ per minute & expenditure in Finland > 350 k€
- All the **required documents submitted** to Business Finland, including all funding sources.
- A **distribution agreement** for at least one platform or one territory.
- Participation by a **Finnish co-producer or coordinator company** like Kajawood Studios
- The production depicts Finnish locations such as landscapes or architecture, or the production involves the use of Finnish artistic or other creative expertise



ELIGIBLE COSTS

- Purchases of goods, services and rental equipment, and facilities for production purposes from companies liable to pay tax in Finland (such as Kajawood Studios).
- Salaries subject to withholding tax, paid to employees liable to pay income tax in Finland.
- If purchases from other companies in the same group and associated companies are approved for the project, the associated company must follow the same funding terms and conditions as the beneficiary and itemize the incurred costs in accordance with the funding terms and conditions.
- Other costs (flat rate) max. 20% of the total sum of salaries and purchases. These costs do not need to be included in the project accounting nor itemized in the report. Other eligible costs may include, for example
 - travel-related costs (in Finland and when the departure or destination country is Finland) (e.g., tickets, daily as well as kilometer allowances, fuels)
 - copyright royalties (e.g., Finnish Teosto)
 - producer's fee
 - overhead costs, such as administrative services (financial and legal matters) and personal work equipment (e.g., computers and mobile phones)
 - imputed costs, such as, for example, costs arising from the use of own equipment



NON-ELIGIBLE COSTS

These costs are not eligible for the cash rebate in Finland:

- Taxes, VAT (24 % in Finland)
- Financing costs or costs related to the acquisition of financing
- All marketing and distribution expenses
- Other costs over 20% of the total sum of salaries and purchases



REQUIRED DOCUMENTATION

1. Cost breakdown for the Finnish part (using the provided unaltered template)
2. Production plan
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OPTIONAL DOCUMENTATION

Provided on request:

- Rights clearance written agreements (e.g., director, DoP, cast editor, etc.)
- Script
- Production insurance
- Applicants' most recent and audited financial statement

If in effect in production:

- Errors & Omissions insurance
- Completion bond



COST BREAKDOWN

The same cost breakdown structure is used for the application and final report.

We cannot add cost categories to the breakdown. Thus, any other formats need to be translated.

Salaries include:

- The production-related salaries paid to employees paying taxes in Finland for work done in Finland.
- Salaries subject to withholding tax must be reported minus salaries paid during holidays, sick pay, and holiday pay.
- If the remuneration paid for the work is a fee rather than a salary, it should be specified in the purchased services.
- During the cost specification phase, the names of all people with paid salaries are needed. If salaries are paid to extras, please begin using the list of employees, which will be completed as production progresses, as soon as possible.

Purchases include:

- To be declared in accordance with the project plan and invoicing
- Purchases made within the group and associated company must be itemized separately. As an attachment to its declaration sent via the Online Service, the funding recipient must send a cost specification, minus profit, drawn up by the associated company.



COST BREAKDOWN CATEGORIES

Cost category	Salaries	Purchases
01 SCREENPLAY		
Personnel costs		
TOTAL SCREENPLAY	0	0
02 PRE-PRODUCTION		
Personnel costs		
TOTAL PRE-PRODUCTION	0	0
03 PRODUCTION PERSONNEL		
Personnel costs		
TOTAL PRODUCTION PERSONNEL	0	0
04 RENTS		
Rents		
TOTAL RENTS	0	0
05 FILMING PERMITS AND ARRANGEMENTS		
Filming permits and arrangements		
TOTAL FILMING PERMITS AND ARRANGEMENTS	0	0

Cost category	Salaries	Purchases
06 ACCOMODATION, MEALS, TRANSPORTATION		
Accomodation		
On-location meals		
Freight and other transport costs		
TOTAL ACCOMODATION, MEALS, TRANSPORTATION	0	0
07 SCENERY AND PROPS		
Scenery		
Props		
On-screen vehicles		
Animals		
Special effects		
Damage and repair costs		
Insurances		
TOTAL SCENERY AND PROPS	0	0
08 WARDROBE		
Wardrobe		
Cleaning and laundry expenses		
Damage and repair costs		
TOTAL WARDROBE	0	0
09 MAKE-UP AND HAIR		
Furniture rental costs (chairs, tables, mirrors, etc)		
Equipment and supplies		
TOTAL MAKE-UP AND HAIR	0	0

Cost category	Salaries	Purchases
10 TECHNIQUE		
Camera equipment		
Sound equipment		
Lighting equipment		
Grip		
Vehicles		
Special equipment		
Digital unit		
Backup		
Footage		
Promotional photos		
Animation		
Test animations		
Technical tests		
Story board		
Mastering		
Translation and timing		
Subtitles		
Costs of copies		
Repairs		
TOTAL TECHNIQUE	0	0
11 POST PRODUCTION		
Personnel costs		
Laboratory		
Digital graphics		
Film copies for audio production		
Materials		
TOTAL POST PRODUCTION	0	0
12 MUSIC		
Personnel costs		
Studio		
Instrument rental costs		
TOTAL MUSIC	0	0
13 COORDINATOR'S FEE AND AUDIT		
Coordinator company's service fee		
Audit		
TOTAL COORDINATOR'S FEE AND AUDIT	0	0



NATIONAL CASH REBATE EXAMPLE

TOTALS			Salaries	Purchases
Salaries			500 000	
Indirect person costs	add percentage	50 %	250 000	
Purchases				958 333
Other costs	add percentage	20 %		291 667
Total costs				2 000 000

NATIONAL CASH REBATE CALCULATIONS

Total film budget	2 500 000 €	
The national cash rebate eligible part is 80 % of the total budget	2 000 000 €	
Maximum Finnish public funding is 50 % of the eligible part	1 000 000 €	
The national cash rebate is 25 % of the eligible part	500 000 €	<--
The foreign non-public funding minimum requirement is 25% of the total budget	625 000 €	

The example is assuming a 2,500,000 € total budget for production.

The maximum for the indirect person costs is 50 % (only 30 % if there is no holiday salary payment).

The maximum for the other costs is 20 %.

The numbers are for illustrative purposes only.



REPORTING

FINNISH CO-PRODUCER/PRODUCING COORDINATOR REPORTS THE INTERIM AND FINAL REPORT THAT INCLUDES:

- A content report on the progress of the production
- A cost statement on the costs allocated to the production
- A cost breakdown drawn up in the specified format (see previous page)
- An auditor's report by an independent Finnish auditor (using the provided template)

FOREIGN PRODUCER REPORTS THE FOLLOWING USING A SPECIFIC TEMPLATE

- The Finnish co-producer/coordinator delivers receipts for the reporting period and the cost statement to the foreign producer, who pays the co-producer's/coordinator's invoice.
- The foreign producer uses the template to draw up a report and cost statement.
The cost statement includes a cost breakdown provided by the coordinator and the auditor's report.
The production coordinator company sends the report with attachments to Business Finland.
- Business Finland will pay the incentive to the foreign producer provided that the report, cost statement, cost breakdown, and auditor's report have been submitted to Business Finland by the deadline.



AUDITING OVERVIEW

The Finnish co-producer/coordinator will find an independent, certified auditor who will evaluate the following topics and give a statement:

- Project accounting
- Working time monitoring
- Salaries
- Other cost categories
- Other public funding
- Public procurements

The engagement must be carried out in accordance with the International Standard on Related Services ISRS 4400, Engagements to perform agreed-upon procedures regarding financial information, as well as the terms and conditions issued by the Funding Agency for Production incentives for the audio-visual industry.



CONTACT US

The best way to get in touch with Kajawood Studios is to use the contact form:
<https://www.kajawood.com/contact-us/>

MEET OUR MANAGEMENT TEAM

Kajawood Studios Management and its team aspire to serve you with a five star experience!

You can contact our management team via email: firstname@kajawood.com



Mr Miika J. Norvanto
CEO and Owner

Responsible for the operation, development, sales, and profitability of the Kajawood Studios.

- Over 20-years of experience in the film industry, global film producing, film distributing, and movie theatre business.
- Produced and distributed over 40 long feature films, such as "RENDEL," which was sold to over 60 countries.
- Award-winning producer and distributor (Dream Driven, Bunny the Killer Thing, Rendel, Samurai Rauni).



Mr Timo Puustinen
Managing Partner and Owner

Focuses on running productions and business operations.

- Over 20 years of production experience in the film industry.
- Two decades of business experience in the retail sector.
- One of the 35-year-old department store owners, "Jyskän Varastomyymälä."



Dr Janne Ohtonen
CIO (Chief Information Officer)

Handles business operations, VFX, IT, financing, employee experience, Human Resources, customer experience, and special development assignments.

- Over 20 years of international business leadership experience with world-renown brands such as ITV, British Airways, and TUI.
- Ph.D. in Business Process Management from Turku School of Economics



DISCLAIMERS

All national cash rebate reimbursements by Business Finland funding are competitive and discretionary.

All rules, instructions, and regulations given by Business Finland must be followed for a successful cash rebate. There are no unofficial ways to get around these.

The budget for 2023 is expected to be 9,500,000 euros. Cash rebate is only available until fully used unless the Finnish government ups the budget.

If the funding applicant is a foreign company, it must use a Finnish company such as Kajawood Studios as a production coordinator or co-producer.

Kajawood Studios reserves the right to choose the productions, companies, and people it does with co-production and production coordination.

There may be regional funding available on top of the national cash rebate. Contact Kajawood Studios for further information.

**THIS DOCUMENT MAY GET OUT OF DATE AS THESE REGULATIONS CHANGE.
THE LATEST INFORMATION IS AVAILABLE ON THE BUSINESS FINLAND WEBSITE.**