



LAW OF MONGOLIA

July 2, 2021
Ulaanbaatar

Government Palace,

This law shall come into force on January 1, 2022.
PROMOTION OF CINEMATOGRAPHY & FILM PRODUCTION

CHAPTER ONE GENERAL PROVISIONS

Article 1. Purpose of the law

1.1. The purpose of this law is to regulate relations with respect to creating a legal basis for film production, creating a favorable environment for film production in Mongolia, and state support for the development of film production.

Article 2. Legislation on supporting film production

2.1. Legislation on supporting film production shall consist of the Constitution of Mongolia, the Law on Culture, the Law on Intellectual Property, the Copyright Law, this Law, and other legislative acts enacted in conformity with these laws.

2.2. If an international treaty to which Mongolia is a party provides otherwise than this law, the provisions of the international treaty shall prevail.

Article 3. Persons subject to the law

3.1. This law shall apply to Mongolian and foreign citizens and legal entities engaged in film production in the territory of Mongolia, and to Mongolian citizens and legal entities participating in international film festivals.

Article 4. Definitions

4.1. The following terms used in this law shall have the following meanings:

4.1.1. "film" means a work created in a way that can be viewed which is created by animating a series of interconnected images, whether or not accompanied by sound, for the purpose of disseminating to the public using technology;

4.1.2. "Mongolian film" means a film in which a citizen or legal entity of Mongolia is the writer, right holder, film producer of the film, or a citizen of Mongolia is the general director;

4.1.3. “joint film” means a film made jointly with a foreign citizen or legal entity on the basis of a contract defining the rights, obligations, financing issues, and scope of cooperation of the parties;

4.1.4. “foreign film” means a film other than those specified in Articles 4.1.2 and 4.1.3 of this law;

4.1.5. “film production” means a complex activity related to film production and distribution;

4.1.6. “filmmaking” means creative activities ranging from the development of film project, screenwriting, filming, editing, sound and video directing to film distribution;

4.1.7. “writer” means a person specified in Article 4.1.1 of the Copyright Law;

4.1.8. “right holder” means an entity specified in Article 4.1.2 of the Copyright Law;

4.1.9. “film distribution” means the activity of showing a film to the public using equipment and technology;

4.1.10. “film producer” means an individual or legal entity that organizes the process of film production and distribution, and who holds the rights and obligations related to project;

4.1.11. “film distributor” means a citizen or legal entity engaged in film distribution activities in accordance with the Law on Copyright and Related Rights;

4.1.12. “film production infrastructure” means facilities, information networks, equipment, software, hardware, and databases that create the conditions for film production;

4.1.13. “electronic signature” shall have the meaning specified in Article 4.1.2 of the Law on Electronic Signature;

4.1.14. “electronic document” shall have the meaning specified in Article 4.1.4 of the Law on Electronic Signature.

Article 5. Principles and directions of supporting film production

5.1. The state shall follow the following directions in supporting film production:

5.1.1. Support the development of artists, organize specialized trainings both domestically and internationally;

5.1.2. To create the infrastructure required for film production and provide support on investment, tax, financing, and other support to improve technology;

5.1.3 To increase domestic and foreign investment in film production.

5.2 The following principles shall be followed in supporting film production:

5.2.1. it shall be transparent, fair, and equally competitive;

5.2.2. it shall be simplified, feasible and straightforward;

5.2.3. it shall not restrict the freedom of expression of artists;

CHAPTER TWO POWERS OF GOVERNMENT ORGANIZATIONS FOR THE SUPPORT OF FILM PRODUCTION

Article 6. Powers of the Government

6.1. The Government shall exercise the following powers in supporting film production:

6.1.1. approve and implement programs and plans to support film production and develop human resources;

6.1.2. provide tax, financial and other support for creation of necessary infrastructure, construction, and improvement of technology required for film production;

6.1.3. organize and support training and special training for artists and personnel in the field of film production;

6.1.4. approve procedures on nomination the chairperson and members of the Film Council and its operations specified in Article 9 of this Law;

6.1.5. approve the structure, number of staff and charter of the secretariat specified in Article 9.11 of this Law in accordance with Article 9.5 of the Law on State and Local Property;

6.1.6. other powers provided by law.

Article 7. Powers of the state central administrative body in charge of cultural affairs

7.1. The state central administrative body in charge of cultural affairs shall exercise the following powers in supporting cinema:

7.1.1. cooperate with domestic, foreign, and international organizations;

7.1.2. approve rules and regulations related to film production activities;

7.1.3. develop standards and norms aimed at ensuring the safety of film production and approve them in accordance with Article 9.1 of the Law on Standardization, Technical Regulation and Accreditation of Conformity Assessment and register them in the state registry;

7.1.4. other powers provided by law.

Article 8. Powers of the state administrative body in charge of cultural affairs

8.1. The state administrative body in charge of cultural affairs shall exercise the following powers in supporting film production:

8.1.1. cooperate with and support relevant organizations on the protection of copyright in the field of film production;

8.1.2. facilitate participation of Mongolian films in the international film festivals and exhibitions, and support the organization of international film festivals in Mongolia;

Article 9. Structure and powers of the Film Council

9.1. The Film Council (hereinafter referred to as the "Council") shall be responsible for commenting on the draft policies and decisions to support cinema, issue permits to foreign citizens and legal entities to shoot films in the territory of Mongolia and making comments and conclusions on the process of reimbursement of the costs of projects, activities and film production to be funded by the special fund;

9.2. The Council shall consist of a Chairperson and 10 non-staff members and shall follow the principle of independence in its activities;

9.3. At least 30 percent of the members of the Council shall be representatives of state organizations in the field of culture, intellectual property, budget, and finance, and the other members shall

be representatives of artists and professional non-governmental organizations operating in the field of film production;

9.4. a professional non-governmental organization shall nominate a citizen who has specialized in the field of film production and has worked for at least five years in accordance with the procedure specified in Article 6.1.4 of this Law;

9.5. an artist specialized in the field of film production with at least five years of work experience shall be nominated independently or through a professional non-governmental organization in accordance with the procedure specified in Article 6.1.4 of this Law;

9.6. The member of the Government in charge of cultural affairs shall approve and dismiss the official and citizen specified in Articles 9.3, 9.4, and 9.5 of this Law as a member of the Council;

9.7. The Chairperson of the Council shall be a civil servant and shall be selected in accordance with the Law on Civil Service and appointed and dismissed by the Government member in charge of cultural affairs;

9.8. The term of office of the Chairperson and members of the Council shall be three years which may be extended once.

9.9. The Chairperson and members of the Board shall not have a conflict of interest with the applicants and recipients of projects and activities;

9.10. The Chairperson and members of the Board shall prevent conflicts of interest in the process of decision making, proposals and conclusions by notifying the situation and recusal;

9.11. The Council shall have a secretariat and shall be financed from its activities, budget funds, and other income;

9.12. The powers of the Chairperson and members of the Board shall expire before the term specified in Article 9.8 of this Law in the following cases:

9.12.1. deceased;

9.12.2. has requested resignation;

9.12.3. appointed or elected for another job or position;

9.12.4. proven to have committed a crime and the court decision entered into force;

9.12.5. other grounds specified in the law.

9.13. The Council shall discuss issues at its meeting, make a decision by a majority vote and its decision shall be in the form of a resolution;

9.14. The Council shall have its financial statements audited annually and make them available to the public;

9.15. In case of approval, amendment, or nullification of regulations on film production activities by the authorized entity, the Council shall inform the public at least 30 days in advance;

9.16. The Council shall exercise the following powers:

9.16.1. To submit comments on draft state policy and legislation on film production;

9.16.2. To issue a permit specified in Article 20.1 of this law;

9.16.3. cooperate with non-governmental organizations and legal entities operating in the field of film production and support its activities within the framework of relevant legislation;

9.16.4. organize reimbursement of a certain percentage of film production costs, make proposals and conclusions;

9.16.5. organize financing and loan disbursement activities from the Film Development Fund, make proposals and conclusions;

9.16.6. monitor the financing and spending of projects and activities, obtain reports from relevant organizations, and make conclusions;

9.16.7. determine the age categories to be followed in film distribution;

9.16.8. approve and implement a plan to support young artists;

9.16.9. nominate and vote for the participation of Mongolian films in international film festivals, and support the organization of international film festivals in Mongolia;

9.16.10. ensure and monitor information security of databases and electronic services;

9.16.11. other powers specified in the Law.

CHAPTER THREE

ESTABLISHMENT OF A FILM DATABASE AND INTRODUCTION OF ELECTRONIC SERVICES

Article 10. Establishment of a database

10.1. In accordance with the procedures specified in the Law on Culture, the Council shall maintain a specialized database for compiling, transmitting, using, storing, and providing electronic services related to film production activities;

10.2. The following shall be recorded in the specialized database specified in Article 10.1 of this Law:

10.2.1. Legislations and other legal documents related to film production activities;

10.2.2. Statistics on film production;

10.2.3. Information related to the state procurement and financial support for a given year;

10.2.4. Information related to possession, use, and distribution of copyrighted works;

10.2.5. Information related to organizations and human resources operating in the field of films and cinematography;

10.2.6. Information related to Mongolian and joint films;

10.2.7. Information related to foreign films shot in the territory of Mongolia;

10.2.8. Information on film criticism and research;

10.2.9. Budget and costs to support film production and its expenditures;

10.2.10. Reimbursement of film production costs;

10.2.11. Non-copyrighted and other non-confidential information.

10.3. Films made with investment from state and local budget shall be transferred to the state archives, stored, and protected in accordance with the Law on Archives and Record Keeping;

10.4. The Council may keep documents related to film and film production activities other than those specified in Article 10.3 of this Law.

Article 11. Introduction of electronic services

11.1. The state shall introduce electronic services for activities related to film production;

11.2 The procedures set forth in Article 6.4 of the Law on Archives and Record Keeping and the Law on Electronic Signatures shall be followed in providing electronic services;

11.3. Other requirements for issuing permits for foreign citizens and legal entities to shoot a film in the territory of Mongolia and for compiling, receiving, and resolving documents on reimbursement of film production costs shall be reflected in the regulation specified in Articles 13.5 and 17.6 of this Law;

11.4. The Secretariat of the Council shall ensure the reliable operation and security of electronic services, electronic documents, use of digital signatures, and information systems.

CHAPTER FOUR SUPPORTING THE DEVELOPMENT OF FILM PRODUCTION

Article 12. Financing to support film production

12.1. There shall be a Film Development Fund to support filmmaking activities by the state;

12.2. The Film Development Fund shall consist of sources specified in Article 6 of the Law on Government Special Funds and shall provide support in the following forms:

12.2.1. Non-repayable funding;

12.2.2. Repayable soft loans.

12.3. The amount of funding required from the state budget to provide support in the form specified in Article 12.2 of this Law shall be reflected in the annual state development plan and the state budget for the year;

12.4 The Government shall determine the percentage and amount of funding specified in Article 12.2 of this Law.

Article 13. Expenditure of the Film Development Fund

13.1. Non-repayable funding from the Film Development Fund shall be provided for the implementation of the following projects and activities:

13.1.1. Creation of a film that reflects the director's personal creativity and aesthetics and expression that aims to showcase Mongolian history, culture, and life, or to positively influence the upbringing and development of children and youth, public health, healthy life habits, or to compete in international film festivals;

13.1.2. preserve and restore Mongolian films;

13.1.3. Participate in international film festivals and exhibitions with Mongolian films and organize international film festivals in Mongolia;

13.1.4. Support the organization of activities to develop and train artists and personnel in film production;

13.2. Repayable soft loan of the Film Development Fund shall be provided for the implementation of the following projects and activities:

13.2.1. To make films other than those specified in Article 13.1.1 of this law;

13.2.2. To introduce technology, software, and innovations aimed at improving the infrastructure required for film production.

13.3. The soft loan specified in Article 13.2 of this Law shall be issued through a bank. The bank will be selected through a tender.

13.4. Soft loans specified in Article 13.2 of this Law shall not be issued to the following persons:

13.4.1. persons with an outstanding loan from the fund;

13.4.2. It has been determined that the person/entity misused the loan received from the fund;

13.4.3. persons with outstanding debt to the social insurance and tax authority as of the last day to receive the project.

13.5 The Government shall approve the criteria for providing funding from the Film Development Fund and the criteria for banks, the procedure for selecting banks, granting, repayment, and monitoring the soft loans.

Article 14. Other support to citizens and legal entities

14.1. Provision of tax support necessary for film production to citizens and legal entities shall be regulated in accordance with relevant legislation;

14.2 The Government shall organize measures to conclude and negotiate international treaties related to double taxation and investment with countries leading in film production;

14.3. State-owned buildings and necessary equipment for filming shall be used on preferential terms for making Mongolian and joint films. The members of the Government in charge of culture, education, finance, and budget shall jointly approve the regulation for the use of preferential terms;

14.4. Artists who succeeded in international film festivals shall be awarded cash prizes specified in the Law on Culture;

14.5. A special category visa shall be issued to a foreign citizen or stateless person arriving in the territory of Mongolia for the purpose of making a film and shall be determined in accordance with Article 9.2.1 of the Law on the Legal Status of Foreign Citizens.

CHAPTER FIVE REIMBURSEMENT OF FILMMAKING COSTS AND ITS REQUIREMENTS

Article 15. Requirements for the reimbursement of a certain percentage of the film productions costs

15.1. In case a foreign legal entity makes a film in the territory of Mongolia alone or in cooperation with a Mongolian legal entity for the purpose of international distribution, a certain percentage of the costs shall be reimbursed;

15.2. Expenditures specified in Article 15.1 of this Law shall be planned in accordance with international standards and reflected in the annual national development plan and state budget for the year, and such expenditures shall not be reduced from the previous year's budget.

15.3. Expenditure specified in Article 15.1 of this Law shall not be misused and the remaining budget balance for the current fiscal year shall be kept for the next fiscal year.

15.4. A foreign legal entity's expenditure of USD 500,000 or above on the following eligible expenses for film shooting in the territory of Mongolia shall be a prerequisite for a reimbursement:

15.4.1. Costs for goods, works, and services purchased from taxpayer individuals and legal entities in Mongolia;

15.4.2. Costs for renting professional machinery and equipment from abroad that are proven to be unavailable in Mongolia;

15.4.3. Taxes paid to Mongolia.

15.5. The salary of the art and production crew shall not exceed 40 percent of the total costs specified in Article 15.4 of this Law.

Article 16. Determining eligible expenses

16.1. The cost of film shooting shall include the salary of the director, cameraman, art director, film producer, and the art and production crew, service, rent, and other expenses, and the Government shall include a detailed list of eligible expenses in the regulation set forth in Article 17.6 of this Law.

16.2. The following expenses shall not be included in the eligible expenses specified in Article 16.1 of this Law:

16.2.1. Expenses for the purchase of film production studio, studio infrastructure, and real estate;

16.2.2. Expenses for legal services, financial and other consulting services;

16.2.3. Fines, penalties, bank guarantees, loans loaninterests, and fees;

16.2.4. Expenses related to court and arbitration proceedings;

16.2.5. Certain assets transferred to mutual ownership;

16.2.6. Value-added tax;

16.2.7. Expenses funded from state and local budgets;

16.2.8. Donations;

16.2.9. Expenses for concluding financial leasing agreement and interest;

16.2.10. Expenses for purchase and development of software not related to film production;

16.2.11. Other expenses.

Article 17. Assessment of the amount of reimbursement

17.1. 30 percent of the expenses shall be reimbursed to the entity specified in Article 15.4 of this Law.

17.2. In case no less than 50 percent of the crew members in editing, sound, and video composition in the territory of Mongolia by the entity specified in Article 17.1 of this Law is Mongolian artists or personnel, 30 percent of the cost of editing, sound and video composition shall be reimbursed.

17.3. If a film made by an entity specified in Article 17.1 of this Law meets the cultural criteria approved by the Government, an additional 10 percent of the expenses specified in Article 15.4 of this Law shall be reimbursed.

17.4. 5 percent of the daily salary of a foreign art and production crew who participated in the filming specified in Article 15.4 of this Law shall be reimbursed.

17.5. Up to 20 percent of the film production costs may be reimbursed to the right holder of a Mongolian film that positively promotes Mongolia internationally, in accordance with the principles and procedures set forth in Articles 15 to 19 of this Law.

17.6 The Government shall approve the regulation for requesting a reimbursement of film production costs, reviewing and registering projects, concluding contracts, evaluating and reporting, and reimbursing a certain percentage of the costs.

Article 18. Application and project registration

18.1. The budget, criteria, and related information related to the reimbursement of a certain percentage of the cost of film shooting shall be prepared in Mongolian and foreign languages and shall be openly and regularly publicized internationally in accordance with the procedures set forth in Article 17.6 of this Law.

18.2. An entity who submits a request (the "request") for the reimbursement of a certain percentage of the cost of film shooting in the territory of Mongolia shall be registered to the state registration of legal entities of Mongolia.

18.3. The request and the project to be implemented by the entity specified in Article 18.2 of this Law shall not violate the legislation of Mongolia, shall not contain obvious distortion of Mongolian history and promote war, aggression, pornography, and violence.

18.4. The Board shall receive the request and review the project. If the request or project does not meet the requirements specified in Articles 17.6 and 18.3 of this Law, it shall be rejected.

18.5. The Council shall register the request and project that meet the requirements and issue a certificate. The certificate will be issued for a period of two to four years and a contract for the reimbursement of a certain percentage of the film shooting costs shall be concluded.

18.6. Expenses incurred since the date of concluding the contract shall be considered as reimbursable expenses.

18.7. In case it is impossible to implement the project due to unforeseen or force majeure circumstances, the applicant shall immediately notify the Council upon which the certificate shall be void and the contract shall be terminated.

Article 19. Application evaluation

19.1. The entity specified in Article 18.5 of this Law shall apply for a reimbursement of a certain percentage of the cost of film shooting.

19.2. The Board shall receive and evaluate the application.

19.3. The applicant shall submit the reports and original accounting documents audited by an international organization and allow inspections of its expenses.

19.4. The Council shall organize the process of obtaining information from the tax authority on the expenditure of such expenses in Mongolia.

19.5. The Council shall examine the expenditure documents, make a conclusion on calculating the reimbursement percentage and submit it to the member of the Government in charge of cultural affairs.

19.6. Based on the conclusion of the Council on calculating the percentage, the member of the Government in charge of cultural affairs shall make a decision on reimbursement of a certain percentage of the expenses and transfer it to the account specified in the contract. The reimbursement can be transferred in installments.

19.7. Reimbursement of expenses specified in Article 19.6 of this Law shall not be granted in the following cases:

19.7.1. The applicant has violated the legislation and the contract specified in Article 18.5 of this Law;

19.7.2. The applicant has not submitted relevant documents and auditor's report, has not given permission to inspect its expenses or has not submitted within the time specified in the regulation;

19.7.3. Expenditure documents do not comply with the requirements, timeframe, activities, or project objectives specified in the laws;

19.7.4. Failed to fulfill its contractual obligations, did not prove the expenses and their payments;

19.7.5. The applicant has declared bankruptcy or its branch or representative office has been liquidated.

19.8. The Council shall place the brief information on the name of the project and entity who received the reimbursement for the film production costs and the amount, and advertise the same.

CHAPTER SIX REQUIREMENTS FOR FILM PRODUCTION ACTIVITIES

Article 20. Permission to shoot a film

20.1. Foreign citizens and legal entities shall be granted permission to shoot a film in the territory of Mongolia.

20.2. The person/entity specified in Article 20.1 of this Law shall submit the following documents to the Council at least 14 days prior to the shooting:

20.2.1. A summary of the film script, the introduction of the film producer, information about the Mongolian partner;

20.2.2. Work schedule and plan;

20.2.3. Information on location and whether it will have a negative impact on the environment;

20.2.4. Others specified in the law.

20.3. The Council shall review the request specified in Article 20.2 of this Law and make a decision within 10 days.

20.4. A person/entity without the permission specified in Article 20.1 of this Law may not shoot a film.

20.5. In case of changing the location, time, and content specified in the shooting permission, the Council shall be notified in accordance with the procedure set forth in Article 20.7 of this Law.

20.6. When shooting in historical and cultural monuments and special protected areas, the procedures set forth in the Law on Culture, the Law on Protection of Cultural Heritage, and the Law on Special Protected Areas shall be followed.

20.7. The member of the Government in charge of cultural affairs shall approve the regulation on obtaining permission to shoot in the territory of Mongolia by foreign citizens and legal entities.

20.8. An applicant for permission to shoot a film in the territory of Mongolia shall pay a fee in accordance with Article 221.1.7 of the Law on State Stamp Duty.

Article 21. Categories of film distribution

21.1. The following age categories shall be established for the distribution of films in the territory of Mongolia:

21.1.1. Allowed for all ages;

21.1.2. Allowed for 13 and above;

21.1.3. Allowed for 18 and above.

21.2. It shall be prohibited to broadcast movies of the category specified in Article 21.1.3 of this law on broadcasters and cable television during the day, i.e. from 06.00 AM to 10.00 PM, and to show them to minors in cinemas, entertainment centers, and halls.

21.3. The state central administrative body in charge of cultural affairs shall approve the classification criteria specified in Article 21.1 of this law and the procedure to be followed for film distribution in cooperation with the state administrative body in charge of information and communication in accordance with international standards.

Article 22. Information on film distribution

22.1. The cinema service provider shall submit to the Council weekly distribution information on the film broker, name, type, and duration of the film.

22.2. The member of the Government in charge of cultural affairs shall approve the regulation on submitting information on film distribution.

22.3. The cinema theatres shall be responsible for making equipment and markings for the disabled and the elderly in accordance with the standards and increasing their accessibility.

CHAPTER SEVEN MISCELLANEOUS

Article 23. Monitoring the implementation of the law

23.1. The state central administrative body in charge of cultural affairs, the state administrative body in charge of cultural affairs, the Council, and the specialized inspection agency shall monitor the implementation of the legislation on supporting film production.

Article 24. Liability for violators of the law

24.1. If the actions of an official violating this Law are not of a criminal nature, he/she shall be subject to liability specified in the Law on Civil Service.

24.2. A person or legal entity that violates this Law shall be subject to liability specified in the Law on Misdemeanor.

Article 25. Entry into force of the law

25.1. This law shall enter into force on January 1, 2022.

CHAIRMAN OF THE PARLIAMENT OF MONGOLIA

ZANDANSHATAR G.
