

**TITLE VI
OF THE AUDIO-VISUAL SECTOR**

Article 24.- Audio-visual production. As part of the digital transformation and promotion of investment and dynamization of economic activities, audio-visual production is established as a sector of national interest, including the development, pre-production, production, post-production, and distribution of audio-visual content.

Article 25.- Special exemption regime. In order to promote digital transformation, the import of goods required for the production of audio-visual works that appear on the list approved by the Foreign Trade Committee (COMEX) on the recommendation of the Institute for the Promotion of Creativity and Innovation (IFCI), will be exempt from any customs duty, tax, levy, fee or contribution under the consumption or temporary internment regime. To facilitate importation, it will apply in this case the procedure applicable to those taxable persons who, according to their economic activity, are engaged in audio-visual production.

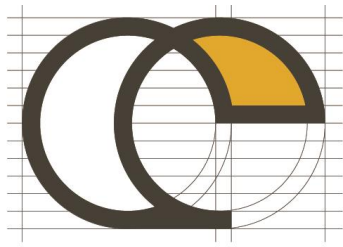
Article 26.- Exemption from Foreign Exchange Exit Tax (ISD). The following payments abroad that are made for the purpose of carrying out audio-visual productions and artistic and cultural activities are exempt from Foreign Exchange Exit Tax:

1. Importation of equipment and goods for local and foreign audio-visual production, promotion, and distribution in Ecuador.
2. Payment of salaries, fees, remuneration or per diems to natural or legal persons who have tax residence abroad, so that they may provide their services in national and foreign audio-visual production in Ecuador.

The regulations shall determine the mechanism for verifying productive activity in accordance with this Article.

Article 27.- Exemption from Income Tax on payments abroad. Payments abroad made to natural or legal persons with tax residence abroad, for the provision of services in national and foreign audio-visual production in Ecuador, will not be subject to withholding tax at source, which the beneficiaries of these payments must prove with their respective certificate of tax residence. which must remain in the custody of the beneficiary of the service.

Article 28.- Exemption from Value Added Tax (IVA). Digital services that pay Value Added Tax (IVA) that are endorsed by the Internal Revenue Service (SRI) may be exempt from this tax based on the provisions of the Regulations to this Law, as long as they provide their knowledge, goods or any other type of technical support to the development, pre-production, production, post-production and distribution at all stages of their production to national audio-visual content.



Article 29.- Audio-visual Investment Certificate. The Audio-visual Investment Certificate (CIA) is created, which will be issued by the Internal Revenue Service (SRI) in favour of national and foreign production companies for 37% of the costs and expenses incurred in Ecuador in necessary audio-visual and logistical services, provided that they are supported by valid sales receipts. The Audio-visual Investment Certificate (CIA) is a security and may be used as a tax credit for taxes administered by the Internal Revenue Service (SRI).

The income from the transfer of the Audio-visual Investment Certificate (CIA) obtained by a national or foreign natural or legal person will not be taxable or subject to withholding tax at source in Ecuador. The Ministry of Economy and Finance will imperatively set in the last two months of each year, the maximum amount of Audio-visual Investment Certificates (CIA) that may be granted in the following calendar year, which may not be less than 1000 basic fractions exempt from income tax, based on the economic report received from the Internal Revenue Service (SRI) on the conditions of the audio-visual sector as well as the minimum amount of investments required in the country for both domestic and foreign productions. In the Regulations to this Law, the investment requirements, recipients, and other aspects for its execution will be determined.

Article 30.- Incentive for the development of talent and the national economy. As a contribution of taxpayers in the audio-visual sector who access the exemptions and tax credit certificate provided for in this title, within the framework of their corporate social responsibility, and in order to encourage and promote local and national participation, as well as the use of materials, supplies, equipment and labour of Ecuadorian origin, in the development, pre-production, production, post-production and distribution of audio-visual content, as far as possible for the execution of their projects, they must contract suppliers of works, goods and services of local and national origin

In procurement, preference will be given to the supplier of goods, works or services that incorporates a greater component of Ecuadorian origin or to the actors of the Popular and Solidarity Economy and Micro, Small and Medium Enterprises.

Article 31.- Interculturality shall be a priority axis of the audio-visual activity and the incentives granted must consider, among one of the factors, the involvement of peoples and nationalities in the audio-visual activity that is promoted.