

Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Text with EEA relevance)

CHAPTER III

SPECIFIC PROVISIONS FOR DIFFERENT CATEGORIES OF AID

SECTION 11

Aid for culture and heritage conservation

Article 54

Aid schemes for audiovisual works

1 Aid schemes to support the script-writing, development, production, distribution and promotion of audiovisual works shall be compatible with the internal market pursuant to Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided the conditions laid down in this Article and in Chapter I are fulfilled.

2 Aid shall support a cultural product. To avoid manifest errors in the qualification of a product as cultural, each Member State shall establish effective processes, such as selection of proposals by one or more persons entrusted with the selection or verification against a predetermined list of cultural criteria.

3 Aid may take the form of:

- a aid to the production of audiovisual works;
- b pre-production aid; and
- c distribution aid.

4 Where a Member States makes the aid subject to territorial spending obligations, aid schemes for the production of audiovisual works may either:

- a require that up to 160 % of the aid granted to the production of a given audiovisual work is spent in the territory of the Member State granting the aid; or
- b calculate the aid granted to the production of a given audiovisual work as a percentage of the expenditure on production activities in the granting Member State, typically in case of aid schemes in the form of tax incentives.

In both cases, if a Member States requires a minimum level of production activity in the territory concerned for projects to be eligible for aid, that level shall not exceed 50 % of the overall production budget. In addition, the maximum expenditure subject to territorial spending obligations shall in no case exceed 80 % of the overall production budget.

5 The eligible costs shall be the following:

- a for production aid: the overall costs of production of audiovisual works including costs to improve accessibility for persons with disabilities.

- b for pre-production aid: the costs of script-writing and the development of audiovisual works.
 - c for distribution aid: the costs of distribution and promotion of audiovisual works.
- 6 The aid intensity for the production of audiovisual works shall not exceed 50 % of the eligible costs.
- 7 The aid intensity may be increased as follows:
- a to 60 % of the eligible costs for cross-border productions funded by more than one Member State and involving producers from more than one Member State;
 - b to 100 % of the eligible costs for difficult audiovisual works and co-productions involving countries from the Development Assistance Committee (DAC) List of the OECD.
- 8 The aid intensity for pre-production shall not exceed 100 % of the eligible costs. If the resulting script or project is made into an audiovisual work such as a film, the pre-production costs shall be incorporated in the overall budget and taken into account when calculating the aid intensity. The aid intensity for distribution shall be the same as the aid intensity for production.
- 9 Aid shall not be reserved for specific production activities or individual parts of the production value chain. Aid for film studio infrastructures shall not be eligible under this Article.
- 10 Aid shall not be reserved exclusively for nationals and beneficiaries shall not be required to have the status of undertaking established under national commercial law.