



## Reminder of the reimbursement regulations on the advance on receipts

### 1. Definition of the producer's net receipts (Article 7.2 of the regulations):

The co-producer's net receipts can be considered as: all the receipts which result from the exploitation of all or part of the film and of all products/materials derived from the film, in the territories exclusively attributed to producers, as well as in territories other than those exclusively attributed to producers, after deduction of the "deductible costs" linked to the exploitation of the film.

All presales or distribution guarantees exceeding the necessary financing to cover the production costs approved by Eurimages, as well as the sales agreed upon after the completion of the answer print, will be considered as net receipts for the reimbursement of the support granted.

*N.B. In order to avoid being considered a receipt by Eurimages, the presales or distribution guarantees must be included in the **list of deductions approved by Eurimages** (or failing this, for old files, in appendix IV of the support convention), **before the payment of the second installment of the support.***

If a producer is also the distributor of the film, and where both activities are undertaken by the same company, the producer's/distributor's commitment to provide a minimum guarantee (in the form of a letter of intent with amount and a bank letter) can be accepted at the time the project is declared eligible for support. However, as it is impossible to provide proof of payment of the MG, as the amount cannot be distinguished from the producer's own investment, **the MG cannot be included on the list of deductions and will thus be considered as a receipt on which the Eurimages' recoupment percentage is due.**

### 2. Deductible costs (Article 7.3 of the regulations):

Only the following costs will be accepted as «deductible costs» in the calculation of the net receipts:

- a) the distribution commission with an upper limit fixed at 25 % (per set of rights sold in one territory), except on the national territory of the co-producing countries;
- b) Provided that the costs listed below are not fully or partially included in the production budget approved by Eurimages:
  - the technical costs related to the manufacture and the forwarding of release prints of the film, as well as the manufacture of the foreign language version of the work;
  - costs related to publicity for the launch of the film (P& A) announced, incurred and paid by distributors and/or sales agents, and approved by each co-producer **upon receipt of all items of evidence of these costs;**
- c) non-deductible taxes paid to the public authorities for the exploitation of the film;
- d) customs duties and fees to professional organisations, costs related to submission of the film to censure, of control and conservation, as far as they are directly related to the film concerned.

Deferrals, cash contributions, royalties, revenue sharing arrangements and copyright payments are not deductible.

*N.B. In order to be deductible, the costs must be justified by means of contracts made for the exploitation of the film, the distributors' revenue statements and the invoices paid.*

### **3. Distribution expenses covered directly by producers**

- a) The producer does not have a distributor and self-distributes the film:
  - ✓ Distribution expenses, as defined in the Support Agreement with Eurimages, are deducted in the same way as they would be for a distribution company independent of the producer. However, the amount of these expenses must be certified by an independent chartered accountant who confirms that these costs:
    - relate to the project in question,
    - were established using project-based accounting,
    - were not included in the production budget.
  - ✓ The deduction of a distribution fee is also acceptable as long as it is within the percentage limits generally applied to the territory(ies) and to the rights concerned.
- b) The producer uses a distribution company which does not advance all the distribution expenses:
  - ✓ The distribution company states in writing (either in a separate document, or in the distribution agreement) that it has not paid the expenses deducted by the producer.
  - ✓ The expenses deducted by the producer must be listed and certified by an independent chartered accountant who also confirms that these costs:
    - relate to the project,
    - were established using project-based accounting,
    - were not included in the production budget.

### **4. Revenue Statements of the exploitation of the work (Article 7.4 of the regulations):**

The presentation of the revenue statements is demanded at the end of each six-month period for the first two years following the first commercial exploitation of the film and at the end of each calendar year following this, without prior request by the Eurimages' Secretariat.

The presentation of the revenue statements is compulsory even if the net receipts amount to nothing for the period concerned, the obligation to present the revenue statements will end when the advance on receipts has been fully reimbursed.

These statements must clearly show all the receipts and deductible costs and provide as an annex the detailed list of deductible costs, the list of international sales or any other explanatory documents.

**Eurimages can ask for a standard form to be used.**

*N.B. Except for contrary arrangements specifically foreseen in the corresponding distribution contracts, the receipts resulting from different supports or media may not be cross-collateralised.*

## **5. Reimbursement of the support (Article 7.1 of the regulations) :**

The support amount is repayable from the first euro of each co-producer's net receipts, at a rate equal to the percentage of Eurimages' share in the financing of the film.

The percentage due to Eurimages shall be paid either by each co-producer out of his/her share of the net receipts or by the co-producer responsible for exploitation in certain territories or where applicable by his/her authorised representative, distributor or sales agent.

*N.B. To be deductible, the costs must be justified by means of contracts made for the exploitation of the film, the distributors' revenue statements and invoices paid. In the case of a group of national co-producers, one of the co-producers will be responsible for the declarations and the payments for all the co-producers of the countries concerned.*

## **6. Failure to make a declaration or payment, or false declaration (Article 8 of the 2006 support agreements)**

The total or partial assignment of the exploitation rights of the film must obtain Eurimages' approval. Breach of this contractual agreement can lead to a request for immediate reimbursement of the support granted.

Failure to make a declaration, the non-payment of the amounts due to Eurimages as well as false or incomplete declarations are motives of breach of the agreement which could lead to the immediate reimbursement of the support. They are also motives of ineligibility for new requests for support.

The payments must be made within one month following the presentation of the revenue statements. The payments made after this deadline will lead to a 1% interest rate per calendar month or part of month.

## **7. Intervention by a third party (Article 7.5 of the regulations and article 8 of the 2006 support agreements)**

Eurimages is authorised by the co-producers to audit revenue statements either directly, or through organisations or persons designated by Eurimages.

Eurimages may require the appointment of a 'collection agent' and must be signatory to all contracts made with this type of company for films having received support.