

[FR] Implementing Decree on Tax Credit for Audiovisual Production

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Article 88 of the 2004 Budget Act amending Article 220(e) of the CGI (Code général des impôts - French tax code) and the corresponding implementing decree of 7 January 2004 created and defined a scheme that allows production companies to obtain a tax credit for the cinema in respect of films shot in France (see IRIS 2004-2: 11), the intention being to encourage companies to shoot and produce films in France. A year later, at the time of adopting amendments to the 2004 Budget Act, the Government has extended the scheme to audiovisual production, starting on 1 January 2005.

Thus, under Article 220(e) of the CGI, "Cinematographic production companies and audiovisual production companies subject to company tax that act as executive production undertakings may benefit from a tax credit in respect of [certain] production expenses (...) corresponding to operations carried out in France with a view to producing full-length cinematographic works or audiovisual works. These works must be approved." The tax credit is equal to 20% of the total amount of certain items of expenditure, specified in the text (salaries and social contributions for technicians and production workers, technical equipment, post-production, film, etc), on condition that the corresponding operations are carried out in France. The amount of the tax credit is capped at EUR 1 million for cinematographic works and at EUR 1,150 per minute produced and delivered for audiovisual works. The decree of 1 April 2005, adopted to implement the scheme, describes it in detail and sets out the method and conditions for obtaining approval for audiovisual works giving entitlement to the tax credit.

According to the text, approval may only be granted to certain audiovisual works (fiction, documentaries, animated films) that meet the conditions for production, duration and production cost laid down for each genre. Fiction works may only be approved by the Director of the CNC (Centre national de la cinématographie - national cinematographic centre) if they last at least 45 minutes and have a production cost of at least EUR 5,000 per minute produced. The same applies to documentaries and animated films lasting at least 24 minutes with a production cost of at least EUR 3,000 per minute produced. The decree also states that the production conditions for works are to be calculated using a scale of points, according to the people involved and the services provided for shooting, broken down by groups of professions and activities.

The application for approval must be submitted either by the production company before shooting starts or, in the case of a coproduction involving an executive production undertaking, jointly once the work is complete. In the case of works for which shooting started before the decree came into force, production companies must submit their applications for approval before the deadline of 30 April 2005.

Décret n° 2005-315 du 1er avril 2005 pris pour l'application des articles 220 sexies et 220 F du Code général des impôts et relatif à l'agrément des œuvres audiovisuelles ouvrant droit au crédit d'impôts pour dépenses dans la production d'œuvres audiovisuelles

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Decree no. 2005-315 of 1 April 2005 adopted for the purpose of application of Articles 220(e) and 220 F of the CGI and concerning approval of audiovisual works giving entitlement to tax credit for expenditure for the production of audiovisual works

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