

# [FR] Tax Credit for Distribution Expenses for Audiovisual Programmes

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The amending Finance Act for 2006 of 30 December 2006 introduced a new tax credit for companies marketing audiovisual programmes or formats (Article 220 duodecies of the *Code général des impôts* - French tax code). This measure is intended to complete France's existing public funding framework for film and audiovisual works, which since 2004 includes tax credits for production expenditure (see IRIS 2004-2: 11 and IRIS 2005-5: 12).

The tax credit only applies to audiovisual works made entirely or principally in French or in a regional language of France, and its tax base is capped at 80% of their total distribution budget. It is equal to 20% of certain costs, incurred in France in an accounting period ending in 2007 or 2008, provided that these costs have not already given access to direct promotion for audiovisual works or to other tax credits. The relevant costs are specified in detail in the text and fall under the general categories of international marketing, remuneration of dubbing artists (*artistes-interprètes de doublage*) and modernisation of the necessary technical and professional infrastructure for distribution.

In order to qualify for the tax credit, companies have to be independent from broadcasters ( *éditeurs de service de télévision* ) and their activities relating to the marketing of audiovisual programmes or formats must have generated a turnover of at least EUR 85 000 in the preceding accounting period. A minimum 80% and 60% of their distribution turnover has to be devoted to European and French works respectively.

Finally, in order to avoid a new State aid notification (see IRIS 2006-5: 7), the text provides that the tax credit shall be subject to the limits stipulated in the Commission's *de minimis* Regulation. The latest version of this Regulation (Commission Regulation (EC) no 1998/2006 on the application of Articles 87 and 88 of the Treaty to *de minimis* aid) thus effectively restricts this tax credit to a maximum of EUR 200 000 over a period of three consecutive fiscal years.

When elaborating this scheme, the French authorities took account of the distribution sector's vital role for the strength of the audiovisual sector in general and of the fact that distribution companies are often SMEs with relatively fragile financial structures. The new tax aims at improving their financial capacity, thus allowing them to modernise and contribute to a wider distribution of audiovisual

works in France and abroad.

***Loi n°2006-1771 du 30 décembre 2006, loi de finances rectificative pour 2006***

<http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=ECOX0600190L>

*Act n°2006-1771 of 30 December 2006, Amending Finance Act for 2006*

