[FR] CNC Publishes Comparative Study on Tax Incentives for Location of Audiovisual and Cinematographic Production

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The purpose of the international tax credit instituted by the 2009 Budget and embodied in Art. 220 quaterdecies of the General Tax Code is to make it easier to shoot and manufacture in France cinematographic and audiovisual works originated by a non-French producer and containing elements that attach it to the culture, heritage or territory of France. Thus the tax credit is granted to a company that carries out the executive production of a work in France, subject to the company being approved by the national cinematographic centre (Centre National de la Cinématographie - CNC). The credit represents 20% of the eligible expenditure on the work in France, with a ceiling of EUR 4 million per work.

The results for cinematographic production for the year 2010 show that the producers of certain types of French full-length films are choosing to relocate to the Grand Duchy of Luxembourg and Belgium. The CNC therefore decided to launch a comparative study of the functioning of certain non-French tax incentive schemes for cinematographic and audiovisual production, in order to measure and analyse this trend objectively. The study covers seven countries - Belgium, the Grand Duchy of Luxembourg, Germany, Ireland, Hungary, the United Kingdom and Canada.

The study shows that while the aims of the various national tax incentive schemes are relatively similar, the ways in which they operate are very varied.

The works covered and the extent of eligible expenditure vary from one country to another. Moreover, the ceilings applied to the tax reductions or credits practiced in the various countries are often much higher than in France; indeed the study shows that, of the seven schemes studied, France’s tax credit arrangement is currently the least attractive in strictly financial terms, with a rate among the lowest at 20% of eligible expenditure, compared with 29 to 39% of eligible expenditure in Belgium, and 25 to 65% of eligible expenditure in Quebec. It is also the most restrictive, since it is virtually incompatible with the other schemes and requires filming - unless the scenario justifies otherwise - and post-production (mainly) to be carried out in France. Belgium’s “tax shelter” scheme, with its broad base of eligible expenditure, and Canada’s tax credit scheme are in theory compatible with the French scheme. The non-French schemes studied are also broadly compatible with each other.

Some French producers explain their repeated collaboration with the European countries studied (particularly Belgium, the Grand Duchy of Luxembourg, and Ireland) by the fact that they do not lose the benefit of the French tax credit. The French scheme of aid for production makes it possible to retain a large part of the benefit of financial support, even if the tax credit is lost because the work is filmed elsewhere. Moreover, such collaboration makes it possible to obtain other forms of national or regional aid in the coproduction countries, or even supranational aid, such as Eurimages, and hence to cumulate financing.

Etude comparative des systèmes d’incitation fiscale à la localisation de la production audiovisuelle et cinématographique

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Comparative study of tax incentives for the location of audiovisual and cinematographic production