

Funding Guidelines

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Section 1 Objective and Principles of Funding

(1) The objective of the funding programme of the Federal Ministry for Economic Affairs and Energy (BMWi) is to strengthen the competitiveness and innovative force of Germany as a film location. It is intended to contribute to maintaining, making full use of and expanding the audiovisual infrastructure in Germany and to promoting technical creative services in the film industry, which are the prerequisites for creative and cultural activities in the digital age. Above all support is also to be given to the further digitalisation of German filmmaking in order to promote innovative, creative work at all stages of the production process and the value-added chain of film production, to establish internationally recognised production standards, and to stimulate the implementation of internationally planned material with the involvement of the German film industry and the creation of digital content as principal forces for growth in the digital industry. For these purposes the production of films and series may be supported as an economic and cultural asset.

The funding should furthermore contribute to the following:

- increasing the attraction of Germany as a film production location;
- supporting the deployment and development of creative, innovative technologies and digital filmmaking in the film industry from Germany at all levels of the production process;
- maintaining and reinforcing the production capacities for technical creative services in Germany;
- supporting the transfer of knowledge and technology during the production of films and series; and
- encouraging producers to put innovative formats into practice in Germany, and ensuring they have the greatest possible creative and cultural leeway to do so.

(2) The Economic Affairs Ministry awards grants for the production of internationally co-produced films and series in accordance with these Guidelines and the Administrative Provisions under Sections 23, 44 of the Federal Budget Code (BHO). The funding measure is limited in time to 31 December 2018 and applies to all applications made by 31 December 2018. The expenditure is to be financed in the respective budget year from Ch. 0902 Tit. 68606 Object 03812477 UT4 of the Federal Budget.

(3) The granting and processing authority is the German Federal Film Board (FFA), Große Präsidentenstraße 9, 10178 Berlin. For this measure it is subject to technical supervision by the Economic Affairs Ministry. This does not otherwise affect the Federal Government Commissioner for Culture and the Media (BKM) retaining legal supervision over the German Federal Film Board pursuant to the Act on Film Promotion (FFG).

(4) The applicant has no entitlement to being awarded a grant. The German Federal Film Board makes a decision as it sees fit. The awarding of the grant is subject to the availability of budgetary resources.

(5) Grants are awarded pursuant to Art. 54 of 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 on the Functioning of the European Union (OJ EU L 187 of 26 June 2014) – General Block Exemption Regulation (GBER).

(6) No grant may be awarded to the case groups cited in Art. 1 (2) to (5) GBER.

(7) No ad hoc aid may be granted to a company that has not complied with an outstanding recovery order resulting from an earlier Commission decision declaring the aid illegal and incompatible with the common market.

Section 2 Subject of the Financial Aid

(1) Support is given for the production of films and the production of series.

(2) Feature-length films in which the German share of financing is at least 20 % are eligible. In the case of production costs exceeding 35 million euros, a German financial contribution of at least 7 million euros is sufficient.

(3) Feature-length series are eligible, irrespective of whether they are intended for linear or non-linear reception. A series according to these Guidelines has a continuing, fictional plot that is played out in a predetermined number of at least six consecutive episodes (season). Whole seasons or individual episodes of a season may be supported.

Section 3 Grant Recipient

(1) The recipient of a grant is the applicant, provided all grant requirements have been satisfied.

(2) (Co)-producers of films or series according to these Guidelines (projects) are eligible to apply. The producer is the person who is responsible for project production through to delivery of the first answer print (or who is jointly responsible in the case of a co-production) and who is actively involved in production. A purely financial involvement of the (co)-producer is not sufficient.

(3) Public service broadcasters and private broadcasters are not eligible to apply.

(4) The applicant must be resident or have his/her registered office in Germany. If the applicant is resident or has his/her registered office in a different EU member state or in another state that is party to the Agreement on the European Economic Area, s/he must have a place of business or establishment in Germany.

(5) If the film is produced by the German subsidiary or establishment of a producer with a registered office outside the European Union or outside the member states of the European Economic Area, then all grant requirements must be met by the German subsidiary or establishment. The application may only be submitted by the German subsidiary or establishment.

(6) An application may only be submitted by a technically qualified applicant. This is the case if the applicant or a company affiliated with the applicant in accordance with Section 15 of the Stock Corporation Act (AktG) has produced at least one full-length feature film (reference film) in Germany or in another member state of the European Union or in another state that is party to the Agreement on the European Economic Area in the five years prior to making the application. The reference film must have been released in German cinemas. If the film concerns an international co-production involving a producer from a non-European company, the applicant must have produced the reference film alone or as a co-producer with majority participation. The executive of the German Federal Film Board may, in exceptional cases, waive the requirement for majority participation if the technical qualification of the applicant is not in doubt.

(7) In the case of an application for funding for a series (season or episode), Point (6) applies, with the proviso that the applicant must have produced a reference film or a feature-length series that has been accepted by a broadcaster or a video-on-demand platform.

(8) In a co-production, if more than one producer meets the grant requirements, the application may only be submitted by one producer. The producers involved in the co-production must agree on this and submit a joint declaration to this effect to the German Federal Film Board with the application.

Section 4 General Grant Requirements

Section 4.1 Combination with other funding

(1) The grant may not be combined with other state aid - including aid pursuant to Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union regarding de minimis aid (OJ L 352 of 24 December 2013), unless the other aid refers to different identifiable eligible costs or does not exceed the maximum aid intensity for this support according to the GBER or the maximum amount of aid according to the GBER.

(2) The aid intensity for all support granted for a project must be restricted to 50 % of the respective total production costs. In the case of international projects that are financed by more than one EU member state and in which producers from more than one member state are involved, the aid intensity may be up to 60 % of total production costs.

Section 4.2 No violation of German laws

The content of the project may not violate the Basic Law or the laws in force in the Federal Republic of Germany, and it must not offend the moral or religious sense of decency through an intrusively coarse presentation of sexual content or violence or in any other way.

Section 4.3 Start of the filming or animation work

The applicant must have submitted the written application with all required content before starting the shooting or animation work for the project. The beginning of the animation work is regarded as the beginning of the storyboard or the presentation of the

first animatics. The shooting or animation work may only commence once a grant notification has been issued. The applicant may submit a request for premature commencement of the filming or premature start of the animation work, and the German Federal Film Board will make a decision about such a request as it sees fit, giving consideration to the administrative provisions adopted regarding Section 44 of the Federal Budget Code.

Section 4.4 Incentive effect

The necessity of the grant and the incentive effect for the film and business location that is associated with funding must be set out in the application (particularly the fact that the project would not be executed in Germany to this degree without the funding).

Section 4.5 Test of characteristics

(1) The funding assumes that the project scores at least 40 points in the test of characteristics in Annex 1.

(2) In the case of purely animated projects, the test of characteristics is aligned to Annex 2, with the requirement that at least 28 points must be achieved in the test of characteristics.

(3) For international co-productions produced according to the European Convention on Cinematographic Co-production, only the points system provided in Appendix II of the European Convention applies. For internationally co-produced animated films produced according to the European Convention on Cinematographic Co-production, only the points system provided in Annex 3 of these Guidelines applies.

Section 4.6 Archiving

The applicant must provide the German Federal Film Archive with a technically perfect copy of the supported project free of charge in a format that can be archived, unless this obligation has already been otherwise met. Further details are determined by the guidelines of the Federal Archive.

Section 4.7 Information duties

In the case of supported projects, clear information about the funding pursuant to these Guidelines must be faded in or shown in the national and international opening or

closing credits and on all advertising media. The additional funding logo of the Economic Affairs Ministry must be faded in or shown in a clearly visible place in line with the style guide of the German Government.

Section 5 Special Grant Requirements for Films

Section 5.1 Running time

The grant is awarded for feature-length films. A film is a feature-length film if it runs for at least 79 minutes, or 59 minutes in the case of children's films.

Section 5.2 Minimum total production costs and minimum amount of the German production costs

(1) The total production costs must be at least 25 million euros. The principles of economical business management according to Annex 4 of these Guidelines apply.

(2) The German production costs must comprise at least 40% of total production costs. Sentence 1 shall not apply if the German production costs are at least 13 million euros. In exceptional cases, on application the minimum requirements of sentences 1 and 2 may be waived if, viewed across all phases of the entire production process, at least 3 million euros has been spent on digital filmmaking in Germany in accordance with Annex 6. The German Federal Film Board will make a decision about such an application as it sees fit and in agreement with the Economic Affairs Ministry.

Section 5.3 Release in German language

(1) The film must be commercially distributed in German cinemas or on German television or on video-on-demand platforms accessible in Germany. Evidence of the intended release must be provided to the German Federal Film Board at the time of submitting the application. Proof of the actual release in Germany must be furnished within a year of the film's completion. The executive of the German Federal Film Board may extend the deadline in exceptional and duly justified cases.

(2) A grant will only be awarded for films where at least one final version is produced in German, except for sections of dialogue where the screenplay provides for a different language. With regard to the language version of the film, a version with German subtitles suitable for cinema use will suffice for the cinema performance or release on German television or on video-on-demand platforms accessible in Germany. The

German language version must be submitted to the German Federal Film Board before payment of the last instalment of the grant and at the latest on expiry of the project term specified in the application.

(3) In addition the German Federal Film Board must be provided with the barrier-free version of the film on its release. The barrier-free version is the final version with German audio description and with German captions for the deaf and hard-of-hearing. The executive of the German Federal Film Board may make an exception to the requirement to provide a barrier-free version upon request.

Section 5.4 Holdback

The holdback regulations set out in Section 53 of the Act on Film Promotion apply to the release of cinema films funded according to these Guidelines, with the proviso that the executive of the German Federal Film Board makes a decision with respect to cases under Sections 55 (1) and (3) of the Act on Film Promotion.

Section 6 Special Grant Requirements for Series

Section 6.1 Running time, involvement of German broadcasters

(1) The grant will be awarded for feature-length series. A series is feature-length if each episode runs for at least 40 minutes.

(2) The grant will only be awarded for series where German broadcasters themselves or companies affiliated with them in accordance with Section 15 of the Stock Corporation Act have a maximum share of funding of 60%. If the series is not filmed in German, Sentence 1 applies with the condition that the maximum involvement of German broadcasters in funding may be 70 %.

(3) On request the German Federal Film Board may permit exceptions to Point (2) in justifiable cases. In doing so it will, among other things, consider whether and to what extent the production of the series may be financed and/or refinanced by the sale of overseas distribution rights.

Section 6.2 Minimum total production costs and minimum amount of the German production costs

(1) The total production costs must be at least 1.2 million euros per episode. The principles of economical business management according to Annex 4 of these Guidelines apply.

(2) The German production costs must comprise at least 40% of total production costs. Sentence 1 shall not apply if the German production costs are at least 10 million euros. In exceptional cases, on application the minimum requirements of sentences 1 and 2 may be waived if, viewed across all phases of the entire production process, at least 3 million euros has been spent on digital filmmaking in Germany in accordance with Annex 6. The German Federal Film Board will make a decision about such an application as it sees fit and in agreement with the Economic Affairs Ministry.

Section 6.3 Distribution

(1) The series must be distributed on German television or on video-on-demand platforms accessible in Germany. Evidence of the intended release must be provided to the German Federal Film Board at the latest at the time of submitting the application. Proof of the actual distribution or broadcasting on German television or on video-on-demand platforms accessible in Germany must be furnished within a year of completion.

(2) The grant will only be awarded for series where at least one final version of the series is produced in German, except for sections of dialogue where the screenplay provides for a different language. A version with German subtitles will suffice. The German language version must be submitted to the German Federal Film Board before payment of the last instalment of the grant and at the latest before the beginning of the initial release.

(3) In addition the German Federal Film Board must be provided with a barrier-free version of the funded series when broadcasting of the series begins in Germany. The barrier-free version is the final version with German audio description and with German captions for the deaf and hard-of-hearing. The executive of the German Federal Film Board may make an exception to the requirement to provide a barrier-free version upon request.

Section 7 Nature, Scope and Amount of the Grant

Section 7.1 Nature of a grant

The financial aid will be awarded during project funding as partial financing in the form of a non-repayable grant.

Section 7.2 Reference point for the grant

(1) The amount of the grant is calculated according to the eligible German production costs.

(2) Production costs within the meaning of these Guidelines are all costs in accordance with Annex 5 of these Guidelines.

(3) German production costs are production costs for film-related goods and services provided by companies or their staff as well as by freelancers and self-employed persons in Germany pursuant to the following provisions:

1. Services provided by persons

Wages, salaries and fees are recognised as German production costs, provided that they are subject to unrestricted or restricted tax liability in Germany. The persons employed in film production must be specified in a staff and cast list usual in the industry, also indicating the domicile and place of business relevant for tax purposes.

2. Services provided by companies

Company services will only be recognised as German production costs if

- the company providing the services can be shown to have its place of business or establishment in Germany and is entered in the commercial register or is a registered business there; and
- at the time of providing the services, the company or the establishment employs at least one permanent member of staff based in Germany; and
- the company or establishment provides detailed invoicing for the service; and
- the service indicated in the invoice has actually been completely provided in Germany or the material used to provide the service has all been procured in Germany and the technical equipment required to deliver the service is actually deployed in Germany. With respect to mobile film equipment (e.g. cameras, lighting and sound equipment), this must be procured (i.e. purchased, leased or hired) in Germany.

(4) The following costs are not eligible:

- Pre-production costs (in accordance with Annex 5 Point 7)
- Costs for the rights to the material and the rights to other pre-existing works (including pre-existing music). The exception to this are royalties for the screenplay to the film, and in the case of archive material for documentaries up to 30% of the German production costs.
- Costs for legal fees
- Insurance costs
- Financing costs
- Travel and transport expenses for actors
- General expenses (in accordance with Annex 5, Overview C)
- Fees for actors, where these exceed 15% of the German production costs
- Contingency fund, where this cannot be settled in the final cost accounting in favour of eligible goods and services.
- Reserves and provisions of materials
- Costs for shooting abroad, irrespective of whether these are German production costs within the meaning of Section 7.2 (3).

Section 7.3 Film: Scope and amount of grants

(1) As a rule the grant is for 10 % of the eligible German production costs.

(2) An application can be made for a grant of up to 20 % of the eligible German production costs when at least 2 million euros is spent on digital filmmaking in Germany over all phases of the entire film production process in accordance with Annex 6. The German Federal Film Board will make a decision about such an application as it sees fit and in agreement with the Economic Affairs Ministry.

(3) The maximum grant pursuant to Points (1) and (2) is 2.5 million euros per film.

(4) Any subsequent overrun of eligible production costs specified in the application will not be taken into consideration.

Section 7.4 Series: Scope and amount of grants

(1) The grant is for 20 % of the eligible German production costs, and a maximum of 2.5 million euros per season, irrespective of whether individual episodes of a season are funded or the entire season is funded.

(2) In exceptional cases, on application the restriction of grants to 2.5 million euros may be waived and a grant of up to 4 million euros awarded if the German production costs are at least 20 million euros and at least 2 million euros has been spent on digital filmmaking in Germany over all phases of the entire production process in accordance with Annex 6. The German Federal Film Board will make a decision about such an application as it sees fit and in agreement with the Economic Affairs Ministry.

(3) Any subsequent overrun of eligible production costs specified in the application will not be taken into consideration.

Section 8 Procedure

Section 8.1 Application

(1) The written application with all annexes should be addressed to the German Federal Film Board. The application may be submitted by post/courier or in person.

(2) The application must as a rule be submitted at least six weeks before filming begins. The first real or virtual day of shooting is regarded as the beginning of shooting. It is obligatory to have a previous application meeting with the German Federal Film Board.

(3) The grant can only be approved once the applicant has demonstrated that 75 % of the production costs of the project has already been financed without the grant applied for from the GMPF.

(4) The application must contain all information and documents stipulated by the German Federal Film Board. Where it is not possible to provide proof of the approval requirements at the time of submitting the application, it is sufficient for evidence of the approval requirements to be provided. Section 294 of the Code of Civil Procedure (ZPO) applies accordingly. The evidence must under all circumstances be presented by the time the grant is paid, and in the case of payment in instalments, by the time that the first instalment is paid. Where the original documents are not in German, the applicant

may be required to provide a German translation by a sworn translator or a summary of the main content in German. The applicant must confirm that the documents are correct and complete.

(5) The German Federal Film Board processes the applications in the order received by post, according to the receipt date on the date stamp. Applications with the same receipt date are deemed to have arrived at the same time.

(6) If the application is incomplete or is insufficiently proven or substantiated, the German Federal Film Board can give the applicant a deadline by which the application must be completed. If the application is not completed by the set deadline, it will be rejected by the German Federal Film Board. An application for a project may be submitted no more than twice.

(7) All application documents become the property of the German Federal Film Board upon receipt.

Section 8.2 Approval

(1) Approval of the grant will be notified. The day on which the complete application with all requisite documents is submitted determines the order in which grants are approved. Where more than one complete application is presented on the same day, the applications are treated as having been received at the same time.

(2) If adequate budgetary resources are no longer available for an application that satisfies the approval requirements, a partial amount may be approved. If adequate budgetary resources are no longer available to provide the full amount for applications that have been received at the same time and which satisfy the approval requirements, a grant may be approved for each application with a reduced percentage of the eligible German production costs pursuant to Section 4.2 (3); the percentage amount will be determined by the amount of available resources, the number of applications to be simultaneously approved, and (in the case of films) the percentages to be applied under Section 7.3 (1) and (2).

(3) The General Incidental Provisions on Grants for the Promotion of Projects (ANBest-P) are an integral part of the grant notification.

(4) The grant notification is subject to the following conditions subsequent (Section 36 (2) No. 2 German Administrative Procedures Act):

(a) The total funding of the project must be demonstrated within three months of receipt of the grant notification. The deadline may be extended once by one month upon application. The application must be substantiated.

(b) Work on filming or animation must have commenced within four months of receipt of the grant notification. The German Federal Film Board may grant one-off approval for a request to delay the start of filming or animation work.

(c) The project must be completed within the term of the project specified in the application. The German Federal Film Board may grant one-off approval for a request to extend the term of the project.

(5) The German Federal Film Board may ensure that approval requirements are met by including further ancillary conditions in the approval notification.

(6) The executive of the German Federal Film Board rules on any contradictions.

Section 8.3 Request and payment

(1) Payment of the grant to the applicant always takes place after completion of the project, the auditing of final costs and the furnishing of proof that the approval requirements have been met. Proof of the actual cinema release or distribution on German television or on a video-on-demand platform that can be accessed in Germany can also be provided after payment.

(2) In exceptional cases, an application may be made for payment in instalments in line with production progress; in this case 40 % of the grant will be paid at the start of filming and when financing has been agreed, 40 % on completion of the rough cut, with payment of the final 20 % once the final costs have been audited. Sentence 1 applies to series, with the condition that the rough cut must have been completed for at least 50 % of the series. With grants for more than 2 million euros, a completion bond or guarantee for the amount paid out must be presented when payment is by instalments. No guarantee may be provided pursuant to Sections 65, 86 of the Act on Film Promotion. Payment by instalments may only be granted when it has been

ensured that the resources paid will be used at once, and within the next six weeks at the latest. When applying for payment by instalments, the applicant must prove that this requirement is met.

(3) An auditor of final costs stipulated by the German Federal Film Board audits the use of resources and the final costs. The applicant bears the costs of the audit.

(4) Payment will be denied

(a) if correct financing of the film project has not been guaranteed; or

(b) if the applicant has breached the principles of economical business management.

(5) A claim to payment may only be assigned or pledged to banks or other financial institutions for the purpose of interim financing.

Section 8.4 Use verification procedure

(1) The German Federal Film Board is responsible for verifying and checking use and for any necessary cancellation of the grant notification and for any recovery of the funds.

(2) In the case of co-productions, the co-producers are jointly and severally liable for repaying the grant in accordance with Sections 421 f. of the German Civil Code (BGB).

Section 8.5 Compliance with the rules

(1) The information set out in the application forms and the information in the evidence of use are relevant to the granting of subsidies in accordance with Section 264 of the German Penal Code (StGB) in conjunction with Section 2 of the German Subsidies Act.

(2) Unless otherwise permitted in these Guidelines, the administrative regulations under Section 44 of the Federal Budget Code and Sections 48 to 49a of the Administrative Procedures Act (VwVfG) apply to the granting, payment and invoicing of the grant and to the verification and checking of use and to any necessary cancellation of the grant notification and claim for repayment of the grant awarded. The Bundesrechnungshof

(German Supreme Audit Institution) is authorised to conduct audits pursuant to Sections 91, 100 of the Federal Budget Code.

(3) With respect to the applicant's duty to provide information, Sections 164 to 169 of the Act on Film Promotion apply accordingly.

Section 9 Publication and Evaluation

(1) Due to rules under European law, every individual subsidy of more than 500,000 euros is published - see Article 9 GBER.

(2) The German Federal Film Board and the Economic Affairs Ministry are furthermore entitled to publish the following information about supported projects:

- (a) title and brief contents of the project;
- (b) director and scriptwriter;
- (c) name of the grant recipient and where applicable name of the co-producer;
- (d) level of the total production costs and of the German production costs;
- (e) year of approval;
- (f) amount of the grant; and
- (g) percentage share of the part of the eligible total costs of the measure financed by state aids (aid intensity).

(3) Compliance with the objective pursued through the funding measure will be evaluated regularly. For this it is necessary for the applicant to collect the data required for an evaluation of the project at the request of the German Federal Film Board and to make these and any other necessary information available quickly to the German Federal Film Board. The German Federal Film Board may stipulate that presentation of this information is a prerequisite for issuing the grant notification or for payment of the grant.

(4) The grant recipients must provide institutions with project-related information, also that which goes beyond the usual content of an intermediate report and evidence of

use, as well as company-related information that was relevant when making the application or of a general nature and which is included in the result monitoring concept.

(5) Financial aid received may in an individual case be checked by the European Commission as set out under Art. 12 GBER.

Section 10 Coming into Force

These Guidelines will come into force on 15 December 2017 and apply to all applications submitted up to 31 December 2018.

Berlin, 1 December 2017

Federal Ministry for Economic Affairs and Energy

On behalf of the Minister

Bernd-Wolfgang Weismann

Annex 1: Test of Characteristics for Films and Series

The project must score at least 40 points in total. At least 7 points must be obtained from each of the three categories of "creative content", "creative talent from Germany, the EU or EEA" and "production". Only full points are awarded.

Details about "from Germany, the EU or the EEA" refer to the nationality of natural persons or their place of residence¹ and centre of their lives in Germany, the European Union or another state that is party to the Agreement on the European Economic Area.

"Creative content" category	Maximum points
• The majority of scenes (fictional content/material) are played out in Germany or in German-speaking areas	4
• The majority of scenes (fictional content/material) are played out in a different EU or EEA state	3
• The majority of scenes (fictional content/material) are played out in a fictional, not real place	2
• The project makes reference to subjects of current social or political relevance	3
• The project makes reference to the subject of German/European history/politics	3
• The project is oriented in a special way to a young target group	3
• The project uses German locations ²	3
• The project uses other European locations (if there are no German locations) ³	3
• A principal character in the underlying material is/was German ⁴ or from another EU or EEA state	3
• German or European filming locations ⁵ are used	2
• The storyline/underlying material is based on a book, a computer game, a play, an opera, a comic	3
• The final version is in German/has German subtitles	3
• The plot/underlying material is German ⁶ or from another EU or EEA state	2
Total	<u>37</u>

¹ A place of residence is where somebody has a residence in circumstances which indicate that s/he will retain and use the residence.

² German locations can be typically and unmistakably linked to Germany, irrespective of where they are shot (Reichstag, Frankfurter Roemer etc.). The location is the described site of the action, and its purpose is to guide viewers' imagination in a certain direction.

³ European locations can be typically and unmistakably linked to an EU or EEA state, irrespective of where they are shot. The location is the described site of the action, and its purpose is to guide viewers' imagination in a certain direction.

⁴ The principal character is German as understood by the test of characteristics if, according to the plot, s/he plays somebody who is or presumably is a German national or who (presumably) lives permanently in Germany.

⁵ Filming locations are scenes actually filmed; a studio is not a film location within the meaning of this provision. Unlike the location, the filming location refers to the place where fantasy is translated into a cinematic piece.

⁶ The plot/underlying material is German if it originates from a German-speaking author or from a living author permanently resident in Germany or if the content deals with issues that are relevant to Germany.

"Creative Talents from Germany, the EU or the EEA" category	Maximum points
• Leading actor: One leading actor (2 points) <u>or</u> at least two leading actors (4 points)	4
• Supporting actors: One supporting actor (1 point) <u>or</u> at least two supporting actors (2 points)	2
• Director	2
• Scriptwriter	2
• Producer/co-producer (natural person)	2
• Cameraman	1
• Digital image technician (DIT)	1
• Composer	1
• Costume designer	1
• Lead animation artist	1
• Make-up artist	1
• Lead FX artist	1
• VFX supervisor/producer	2
• Animation supervisor	2
• Post-production supervisor	2
• Film editor/cutter	1
• Colour correction/colour grading	1
• Sound editing/sound designer	1
• Executive producer/line producer	1
• Set designer (analogue and digital)	1
• Art director/lead shading artist/texturing artist	1
• Dubbing artists (one point each for the first three main roles)	3
Total	<u>34</u>

"Production" category	Maximum points
• Development and/or use of innovative technologies which have not been/hardly been used before in the film industry	5
• Studio recording in Germany	3
• Location filming in Germany	3
• VFX modelling in Germany	2
• VFX animation in Germany	4
• VFX compositing in Germany	4
• SFX costs spent in Germany	3

• Music recorded in Germany	2
• Sound editing in Germany	3
• Picture editing (without VFX) in Germany	2
• Post-production services in Germany	3
• Final editing in Germany	2
• Film processing work through to the answer print in Germany	2
Total	<u>38</u>

Total: **109**

Annex 2: Test of Characteristics for Purely Animated Projects

The project must score at least 28 points in total. At least two criteria must be met from the "cultural content" category, and at least four criteria each must be met both from the "creative talents from Germany, the EU or EEA" and from the "production" category. Only full points are awarded.

Details about "from Germany, the EU or the EEA" refer to the nationality of natural persons or their place of residence⁷ and centre of their lives in Germany, the European Union or another state that is party to the Agreement on the European Economic Area.

<i>"Creative content" category</i>	<i>Maximum points</i>
• In terms of content, the project is intended and suitable for children/young people	4
• The project makes reference to subjects of current social or political relevance	3
• The project makes reference to the subject of German/European history/politics	3
• The project uses German ⁸ or European ⁹ locations	2
• A principal character in the underlying material is/was German ¹⁰ or from another EU or EEA state	2
• The storyline/underlying material is based on a book, a computer game, a play, an opera, a comic	3
• The final version is in German	2
• The plot/underlying material is German ¹¹ or from another EU or EEA state	2
Total	<u>21</u>

<i>"Creative Talents from Germany, the EU or the EEA" category</i>	<i>Maximum points</i>
• Director	2
• Scriptwriter	2
• Producer/co-producer (natural person)	2
• Lead storyboard artist	2
• Art director	2
• VFX supervisor	2
• Animation supervisor	2

⁷ A place of residence is where somebody has a residence in circumstances which indicate that s/he will retain and use the residence.

⁸ German locations can be typically and unmistakably linked to Germany, irrespective of where they are shot (Reichstag, Frankfurter Roemer etc.). The location is the described site of the action, and its purpose is to guide viewers' imagination in a certain direction.

⁹ European locations can be typically and unmistakably linked to an EU or EEA state, irrespective of where they are shot. The location is the described site of the action, and its purpose is to guide viewers' imagination in a certain direction.

¹⁰ The principal character is German as understood by the test of characteristics if, according to the plot, s/he plays somebody who is or presumably is a German national or who (presumably) lives permanently in Germany.

¹¹ The plot/underlying material is German if it originates from a German-speaking author or from a living author permanently resident in Germany or if the content deals with issues that are relevant to Germany.

• Character designer	1
• Equipment/concept artist	1
• Set design/set designer	1
• Composer	1
• Musical performance/artist/band	1
• Film editor/cutter	1
• Sound editing/sound designer	1
• Executive producer/line producer	1
• Dubbing artists (one point each for the first four main roles)	4
Total	<u>26</u>

"Production" category

Maximum points

• Development and/or use of innovative technologies which have not been/hardly been used before in the film industry	4
• Storyboard from Germany	2
• Modelling and texturing in Germany	2
• Production design/rigging in Germany	2
• Lighting/light rigging in Germany	1
• Animation including motion capture in Germany	2
• Calculation/rendering in Germany	2
• Editing in Germany (one point each for image and sound)	1
• Music recorded in Germany	1
• Voice/sound mixing in Germany	2
• Post-production in Germany	2
Total	<u>21</u>

Total: **68**

Annex 3: Test of Characteristics for Animated Films Produced According to the European Convention on Cinematographic Co-production

The animated film must have been produced in accordance with the European Convention and score at least 14 points from the following list. Details about "from Germany, the EU or the EEA" refer to the nationality of natural persons or their place of residence¹² and centre of their lives in Germany, the European Union or another state that is party to the Agreement on the European Economic Area.

<i>"Creative Talents from Germany, the EU or the EEA" category</i>	<i>Maximum Points</i>
• Person responsible for the concept	1
• Screenplay	2
• Character designer	2
• Composer	1
• Director	2
• Person responsible for the storyboard	2
• Production designer	1
• Background supervisor	1
• Layout artist	2
Total	<u>14</u>
<i>"Production in Germany, the EU or the EEA" category</i>	
• 50 % of costs for animation work	2
• 50 % of colouring	2
• 100 % compositing	1
• 100 % editing	1
• 100 % sound	1
Total	<u>7</u>
<u>Total:</u>	<u>21</u>

¹² A place of residence is where somebody has a residence in circumstances which indicate that s/he will retain and use the residence.

Annex 4: Principles of Economical Business Management

The principles of economical business management must be applied to the calculation of the total production costs, the listing of the German production costs and the listing of the eligible German production costs.

1. Travel expenses

In keeping with the principles of economical business management, the set allowances for travel expenses must not exceed collective agreements or provisions under tax law. Justified exceptions are permitted for top names.

2. Rebates, discounts, bonuses, sale or other disposal of materials

Rebates and discounts must be deducted from the relevant cost items in the final costs calculation. Discounts obtained through the producer's own additional achievements outside the project do not need to be deducted from the relevant cost items.

Income from the sale of items (objects and rights) included in production costs is recognised as reducing production costs.

3. Producer's fee, special provisions for the producer's own services and for multiple operations

The producer's fee may be up to 2.5 % of production costs (where the fee is not set in advance), up to a maximum 250,000 euros. The executive of the German Federal Film Board may permit exceptions in special, justified exceptional circumstances. The recipient of the producer's fee is the natural person who is responsible for the creative tasks of the producer relating to production of the film.

If the producer makes contributions in kind, these contributions may only be recognised up to the usual prices or list prices on the market where available, less a 25 % reduction in the amounts. If the producer makes other personal contributions, these contributions may only be recognised up to the usual prices or list prices on the market where available, less the customary discounts in the industry.

If the producer or co-producer or the proprietor, sole shareholder or majority shareholder of the production company (sole trader, partnership or joint stock company)

and the director are one and the same, the director's fee shall be a maximum 4 % of the production costs (where the fee is not set in advance).

If the producer or co-producer or the proprietor, sole shareholder or majority shareholder of the production company (sole trader, partnership or joint stock company) and the executive producer are one and the same, the executive producer's fee shall be a maximum 2.7 % of the production costs (where the fee is not set in advance).

20 % reductions to the fee should be made in the case of other multiple operations on the part of the producer within the production process of a project.

Annex 5: Determining the Total Production Costs

The total production costs of a project include the types of costs listed in Overview A below. Costs are calculated without value added tax (net principle).

1. Overview A, production costs:

1. Pre-production costs (see Point 7)
2. Rights and manuscript
3. Fees
 - Production staff
 - Director's staff
 - Equipment staff
 - Other staff
 - Actors
 - Musicians
 - Additional costs for fees
4. Studio
5. Equipment and technology
6. Travel expenses and transport costs
7. Film material and editing
8. Final completion
9. Insurance costs
10. General project-related costs (see Overview B, Point 2 below)
11. General expenses (see Point 3)
12. Contingency fund (see Point 6)
13. Trustee's fees

The general project-related costs of the producer include the individual types of costs listed in Overview B below, but only where these have not already been included in the general expenses.

2. Overview B, general project-related costs:

1. Minor expenses
2. FSK (Voluntary Self-Control Association) / FBW (Film Rating Board) fees, where as an exception these are included in the production costs (as a rule advance distribution costs)
3. Production press
4. Phone and postage costs
5. Rent for office space
6. Office materials
7. Hospitality
8. Agent commission
9. Reproduction (making copies)
10. Translations
11. Office equipment (rental)
12. Financing costs
13. Legal and tax advice
14. Costs for ecological advisers
15. Cost contribution for German Films

3. General expenses (overheads) for feature-length projects

The general expenses of the producer include the individual types of costs listed in Overview C below. These may not be recognised as production costs (Points 1 to 10 of Overview A).

In keeping with the principles of economical business management, the general expenses of the producer may amount at most to 7.5 % of the production costs (Points 1 to 10 of Overview A), up to a maximum of 350,000.00 euros. In the case of international co-productions, the general expenses of the German producer may amount at most to 7.5 % of the German production costs (Points 1 to 10 of Overview A), up to a maximum of 350,000.00 euros.

4. Overview C, individual costs included in general expenses:

1. Expense for furnishing and maintaining permanent business premises
2. General business requirements (stationery etc.)

3. General postage and telephone charges
4. General personnel costs where these do not specifically concern the respective project
5. Trade tax on income and capital
6. Expenditure for general legal, tax and foreign exchange advice and for auditing of balance sheets
7. Interest and bank charges for general loans
8. General expenditure for hospitality, representation, flowers and gifts
9. Travel expenses and expenditure within the context of the producer's normal business activities, where these are not spent on a specific project

5. *Financing costs*

In the calculation of the total production costs, the financing costs to be documented may generally be used with the interest rate (including ancillary costs and commitment commission) of the German syndicate banks granting the film loans, but on no account at more than 8% above the relevant basic interest rate of the European Central Bank. Financing costs for the producer's or co-producer's own funds or those of companies associated with them must not be used.

6 *Contingency fund*

A contingency fund of up to 8 % of the total calculated cost types Numbers 1 to 10 (production costs) in Overview A may be included in the calculation of the total production costs.

7 *Pre-production costs*

The pre-production costs include costs for the location recce, material development, screen tests and preliminary negotiations, where these are relevant to the project.

Annex 6: Digital Filmmaking

Digital filmmaking permeates the entire film production and constitutes a major part of the design process in every production phase. The producer may make free use of digital production work throughout all sections and techniques in the production process and combine these with traditional production work; digital production work includes the following aspects:

1. Production preparation

Including:

- Storyboard
- Digital pre-visualisation

2. Work steps during production:

Including:

- Digital Image Technician (DIT) support when filming with digital cameras and with data management on the set
- Digital technical check and colour correction when preparing the rushes
- Set supervision by the VFX supervisor

3. Work steps after production

a. Creative image design

Including:

- Cutting
- Colour correction/colour grading
- Depth grading
- Titles editing / motion graphics design
- Stereo sweetening
- 2D-3D conversion

b. Digital Visual Effects (VFX)

Including:

- 2D design
- Scale model (design and shaping of characters from 2D to 3D)
- Modelling
- Texturing
- Shading
- Rigging, skinning
- Animation
- Simulation, effects
- Tracking, matchmoving
- Lighting, rendering
- Matte painting/set extension
- Compositing

c. Sound design

Including:

- Production sound editing
- Additional Dialogue Recording (ADR)
- Sound design
- Foley recording/ organic sound design
- Film music
- Sound mixing