

Audiovisual Investment Fund Regulations for the Brussels-Capital Region

1. Introduction

The audiovisual sector represents a key component of the cultural and creative industry within the Brussels region. In this regard, the government is now committed to promoting this growing market as one of the priorities of the 2025 Strategy.

In order to be more effective, it is essential to improve the legibility of audiovisual productions in Brussels for all stakeholders, whether they are from Brussels, Belgium or abroad.

As such, the government has decided to develop an umbrella brand, **screen.brussels**, which will be structured into four entities:

- **screen.brussels film commission** (current Brussels Film Office)
- **screen.brussels cluster** (current sectoral cluster with its headquarters at **impulse.brussels**)
- **screen.brussels fund** (new Brussels co-production fund replacing the Wallimage/Bruxellimage line)
- **screen.brussels business** (new line of funding dedicated to the Brussels Regional Investment Company (BRIC))

In light of the effectiveness demonstrated by the first two aforementioned entities, the Region has decided to supplement its system, on the one hand, by allocating dedicated funding, and on the other, by implementing a co-production fund for audiovisual content.

In concrete terms, in close cooperation with its partner in Wallonia, the mixed Wallimage-Bruxellimage fund has been replaced, as of 1st January 2016, by a 100% Brussels-based co-production fund. The creation of the latter, in addition to a total of €3 million, has been named the '**screen.brussels fund**' and will help keep this effective tool in line with the fund's best interests, as well as those of the audiovisual industry in Brussels.

It will be managed by one of the Minister-President's own departments, which will put forward an additional budget of €500,00 to cover operational and promotional costs.

In addition to the creation of the **screen.brussels fund**, the Brussels government has decided to increase its investment resources for companies in the sector. To this end, an additional budget of €1 million will be assigned to the BRIC in 2016 under the label '**screen.brussels business**'. This line of funding will complement the BRIC's investments in companies within the sector. The aim is to increase the scope for investing in companies from developing niches in the Brussels region, such as gaming and virtual reality.

This envelope concerns interventions in the form of loans or capital in favour of SMEs in Brussels working in the audiovisual sector (i.e. companies who work in sectors such as audio, visual, IT, and all related sub-contractors, as well as goods suppliers and services dedicated to the sector).

The operating procedure for this line of funding is subject to specific measures defined by the BRIC and is not included in this document, which solely pertains to the audiovisual content investment fund, hereinafter referred to as **screen.brussels fund** or 'the fund'.

2. Objectives

One of **screen.brussels fund**'s main objectives is to limit a portion of the audiovisual expenses incurred by projects set up by other levels of governance (European, federal and community) within the Brussels-Capital region. In doing so, **screen.brussels fund** will increase competition within the audiovisual sector in Brussels, which will maintain and foster employment in the Brussels-Capital region.

Thanks to this initiative, the Brussels-Capital region will also play a crucial role as a pivotal metropolis by promoting collaboration opportunities between cultural funds from both communities, as well as economic tools from other regions of Belgium and Europe.

The fund operates based on a selective conditional participation system for funding audiovisual works presented by independent production companies.

The general philosophy behind **screen.brussels fund** brings it in line with the shift towards a Europe of the Regions, based on the principle of cultural diversity. Indeed, it involves providing the Brussels-Capital region's audiovisual industry with a structure that can benefit all European filmmakers.

Its financial interventions include compatible aid from the State in compliance with 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 Text with EEA relevance and more specifically with Article 54, relating to aid schemes for audiovisual works.¹

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Under the general block exemption regulation (GBER), revised in 2014, Member States may grant further aid measures for greater amounts without having previously notified the Commission for approval because they are less likely to unduly distort competition in the single market. The adoption of a revised version of the enabling regulation (...) allowed the Commission to exempt new categories of aid, such as funds for (...) regional development (...), culture (...) and audiovisual works...

http://ec.europa.eu/competition/state_aid/legislation/block.html#gber
http://europa.eu/rapid/press-release_IP-14-587_en.htm

3. Eligible audiovisual works

In order to be eligible for the **screen.brussels fund**, audiovisual works must meet certain eligibility criteria. There are two types of criteria: general and economic.

3.1. General eligibility criteria

Any type or format of audiovisual product that may enrich the heritage of the Brussels-Capital region, or the regions or states that have co-produced it, is eligible for the **screen.brussels fund**.

In order to be considered as enriching the heritage, the audiovisual work must meet at least **four of the following criteria**:

1. The action mainly takes place in Brussels, in Belgium, in Europe, or in a state connected to Belgium through a co-production treaty.
2. The director and/or scriptwriter(s) live(s) in Brussels, in Belgium, in Europe, or in a state connected to Belgium through a co-production treaty.
3. One main part or three secondary parts are played by actors with the Belgian nationality or born in Belgium.
4. A main character has a connection with Belgian culture.
5. The original script is written in French or Dutch and the main characters speak French or Dutch.
6. The script is an adaptation of a literary work or a culturally recognised creation.
7. The main theme of the audiovisual work is art and/or several artists.
8. The audiovisual work mainly focuses on historical characters or events.
9. The audiovisual work mainly addresses societal topics pertinent to Belgium, another Member State of the European Economic Area or European Free Trade Association, or a state connected to Belgium through a co-production treaty, and focuses on current, cultural, social or political issues.
10. The audiovisual work contributes towards showcasing audiovisual heritage from Belgium, Europe or a state connected to Belgium through a co-production treaty.

However, works **will not qualify** if they are pornographic, incite hatred or racial hatred, convey a message that contravenes human rights, advertise or involve information or sports programmes.

3.2. Economic eligibility criteria

In order to qualify, the production of the audiovisual work must also satisfy two basic economic criteria:

3.2.1 Prove that a percentage of the total funding for the production has already been acquired²

For feature-length formats, television series, documentaries or animation	40%
For special formats (180°, panoramic, 3D, video games, virtual reality, 4D, etc.)	60%
For web series formats	80%

Note: funding can only be deemed as confirmed if there is an actual signed document showing that the other party intends to grant the sum in question to the specific project. If this document is not enclosed with the application file, the amount will not be acceptable as confirmed funding.

3.2.2. Commit to the minimum eligible audiovisual expenditure in the Brussels-Capital region (excluding VAT, unforeseen costs and overhead)

For feature-length formats and television series	€ 250,000
For documentaries, animated series and special formats	€ 75,000
For web series formats	€ 45,000

In any event, eligible audiovisual expenses must at least equal the amount requested from **screen.brussels**.

² Potential financial contributions from screen.brussels may not be counted within this percentage.

4. The applicant

The beneficiary must be a **production company** that satisfies the following criteria:

- Established as a commercial society, or, in the case of web series, established as a non-profit association
- Has no direct or indirect connection with a broadcaster, in other words
 - o Has a separate legal entity from a broadcaster
 - o The producer of which has not been placed under the authority of public authorities
 - o The producer of which does not earn more than 75% of their production supply revenue from a single broadcaster over a period of three years
 - o No broadcaster has a direct or indirect share in the production company's capital
- Has had operational offices in Belgium for at least a year
- Has delegate producer or co-producer status on the project for which it owns a partial share, which is at least proportionally equal to the co-production share of the fund in relation to the total production budget
- Has no outstanding debt with the Belgian National Social Security Office or ongoing proceedings on the basis of European or national law regarding the recovery of granted aid.
 - o If applicable, the fund reserves the right to demand that the same applies to the tax, Federal Public Services or Brussels Regional Public Service Finance departments.

Note: in the event that several co-producers lead a project, one of them will represent the others regarding funding, although they all still remain fully liable.

5. Application procedure

Applications can only be made in response to a call organised by the fund.

The fund organises three calls per year:

- March
- June
- October

Exceptionally, two calls will be held for the year 2016:

- June
- October

The exact dates will be communicated to professionals in due course, as well as the amount of appropriations available for each call period.

The completed application file (11 sheets + mandatory attachments + potential optional attachments) must be submitted.

- To screen.brussels fund, 2-4 Place Royale 1000, Brussels, Belgium
- At the very latest by 5 pm on the submission deadline date.

The submission date is the date and time stipulated on the confirmation letter.

Aid applications that are submitted without the use of mandatory templates will not be admissible.

These mandatory templates may be obtained from the www.screen.brussels/fund website

5.1. Application form

The application form is composed of the **following documents**:

- Sheet 1 Short synopsis
 - 20 lines (or 1,500 characters) maximum, as a PDF
- Sheet 2 Producer's statement of intent
 - Two A4 pages maximum, as a PDF
 - Impact on the Brussels-based production company
 - Impact on the Brussels-based film crew
 - Impact on the Brussels-based general and technical service providers
 - If necessary: impact on the Brussels-Capital region in terms of territorial marketing ('made in Brussels', Brussels references in the script, etc.)
 - If applicable, upon second submission, a description of the file's new elements justifying its second presentation.
- Sheet 3 Director's statement of intent
 - Two A4 pages maximum, as a PDF
- Sheet 4 Eligibility criteria (cultural and economic)
 - Excel template as a PDF
- Sheet 5 Description of the applicant
 - Excel template as a PDF
- Sheet 6 Description of the works
 - Excel template as a PDF
- Sheet 7 List of artists and technicians

- Excel template as a PDF
- Sheet 8 List of main technical service providers
 - Excel template as a PDF
- Sheet 9 Financing and income plan
 - Excel template as a PDF
- Sheet 10 Detailed budget
 - Unprotected Excel file with a specific column for identifying expenses made in Belgium and Brussels
- Sheet 11 Cost estimate summary
 - Excel template in Excel format

These documents may be submitted in **French** or in **Dutch**

5.2. Mandatory attachments

- Documentary evidence of agreements and funding indicated as 'confirmed' in sheets 1 to 11.
 - Documents and contracts duly dated and signed
 - Co-production contracts
 - Distribution guarantee agreements
 - Contracts relating to copyright and author performances (director and scriptwriter).
- Director résumé
- Authors' résumé(s)
- Articles of association of the production company
- NSSO declaration dating back less than three months.
- Declaration on honour

- Script
 - Feature-length fiction: a completely written script
 - Television or web series: completely written scripts for the first three episodes
 - Animation and special formats: a completely written script, draft storyboard, character design, decorative features, mood board, and a description of the techniques used.
 - Documentary: detailed account of the content and visual presentation and a detailed script, if possible.

These documents may be submitted in **French, Dutch** or **English** as PDFs .

5.3. Optional attachments

Optional attachments

- Documents relating to funding or distribution that are still under negotiation.
- Visual elements
 - Free-form as a PDF
- List of desired filming locations
 - Free-form as a PDF

These documents may be submitted in **French, Dutch** or **English** as PDFs.

5.4. File composition

Two bound or stapled paper copies in A4 format

AND

Two digital copies of the entire application (sheets + attachments) on identical and non-rewritable formats (CD-ROM, DVD, Windows-formatted USB)

Delivery address: screen.brussels fund, 2-4 Place Royale 1000, Brussels, Belgium

6. Selection

6.1. Administrative selection

All applications will be assessed according to:

- The **admissibility criteria** (Sheet 4 General Eligibility Criteria and Economic Eligibility Criteria)
- Their **compliance with the conditions of participation**
 - o Files must be submitted by 5 pm on the submission deadline date
 - o All application forms and attachments must be duly completed and attached to the file. If a question cannot be completed, please provide an explanation.

Projects that do not comply with the admissibility criteria and conditions of participation will be excluded from the qualitative selection process.

Proposals for admissible projects will then be listed by the screen.brussels fund team using the assessment criteria (see 6.2).

A project may only be submitted twice. In the event that it is submitted a second time, a description of the new elements justifying its second presentation must be attached to the application.

6.2. Award criteria

Admissible aid applications are assessed by the screen.brussels fund team and submitted to the board of directors for their decision.

After the applications have undergone checks for admissibility and compliance with formal requirements, and before they are examined by the screen.brussels fund team, aid applicants will be invited to orally explain their aid application and audiovisual works to the screen.brussels fund team.

In doing so, the screen.brussels fund team may obtain a better perspective on the file and demand explanations for any potential inaccuracies. However, aid applications that

have been submitted may not be modified after being explained. In any case, the board of directors will make their decision based on the elements included in the submitted file.

Admissible aid applications will be assessed according to the following qualitative and quantitative criteria:

Social, cultural or technological added value	5 points
In terms of script quality and appeal or the innovative nature of the format (3D, 4D, panoramic, 180° dome, concept art, etc.)	
Actors involved in the audiovisual work	10 points
Professionalism and track record of the applicant	
Quality and appeal of the casting for fiction/animated characters/purchaser of special formats (3D, 4D, VR, panoramic, 180° dome, concept art, etc.)	
Quality and appeal of the director	
Output	25 points
The strengths of the co-production contract	
The nature of the funding contracts (distributors, equity, gap financing, etc.) + signed and dated agreement with stated amounts	
The efficiency with which resources are used (balanced budget)	
The feasibility of the project given the available resources (based on the opinions of technical team members)	
The chances of ROI and repayment capacity	
Effectiveness and outcome	60 points
The amount of eligible expenditure in the Brussels-Capital region	
The impact on the Belgian/Brussels production company	
The impact on the Brussels film crew	
The impact on the Brussels service providers	
The impact on the Brussels-Capital region in terms of territorial marketing (showcasing Brussels, 'made in Brussels', etc.)	
TOTAL	100 points

6.3. Application analysis

The screen.brussels fund team will analyse the applications.

Taking into account the optimised use of public resources and achieving political objectives (including the structuring effect on the audiovisual sector in the Brussels-Capital region), the screen.brussels fund is authorised, in agreement with the applicant,

to reduce or assess elements relating to the aid and qualifying expenditure stated in the proposal.

6.4. Awarding of support

On the basis of analyses carried out by the screen.brussels fund team, the screen.brussels fund board of directors decides on awarding support and determines the conditions according to which the support is awarded.

The board of directors may impose further conditions on an application.

7. Eligible audiovisual expenditure

This regards all expenses incurred and spent on goods and physical or intellectual services used in direct relation to the audiovisual sector.

These expenses must be used for creating the intended audiovisual work and must have a structuring effect (generate long-term economic benefits) on the audiovisual sector in the Brussels-Capital region.

Expenses will only be eligible if they are invoiced to the beneficiary.

Expenses that qualify for aid must exclude VAT, be realistic and be in line with market rates.

Expenses will only be taken into consideration if they are made within the Brussels-Capital region and invoiced by a company or independent entity that is subject to VAT and has its head office and operating offices in the Brussels-Capital region.

In the event that an invoice is sent by a corporation that provides audiovisual or post-production services and is legitimately located in the Brussels-Capital region, it is the overall invoice from the company, regardless of the registered address of its paid employees, that will prevail. In such a case, the fund will verify the authenticity of the job positions by requesting a copy of employment contracts; fixed term or indefinite contracts will be considered as eligible.

Sufficiently detailed, invoices must always be drawn up in accordance with legal requirements.

The fund will be responsible for assessing the pertinence of the expenses that have been deemed eligible.

The following are considered to be structuring audiovisual expenses:

- Above the line expenses
- Below the line expenses

7.1. Above the line

Above the line expenses are expenses that are fixed prior to the start of production, and are not performance-related in any way. Therefore, no margin needs to be factored into these expenses for unforeseen circumstances.

Artistic rights

Development

- Location scouting

- Casting

Script and rights

- Subject

- Writing

- Adaptations and dialogues

- Supervision (script doctor)

Music

- Pre-existing musical rights

- Original music rights

Director's salary

Salaries for lead roles

7.2. Below the line

Below the line expenses are expenses that vary according to actual performance (number of days of filming, number of days of editing, etc.). A 10% margin may be factored into these expenses for unforeseen circumstances.

Staff expenses

Production and administration team

- Production team

- Image team

- Sound team

- Animation and CGI team

- Scenery team

- Costume and makeup team

- Electronics and staging team

Interpretation

- Secondary roles

- Smaller roles

- Stand-ins

Extras
Post-filming artistic staff
Stunts and special effects on set
Non-wage labour costs related to expenses for staff whose wages are capped at 54% of the wage bill.

Equipment expenses

Camera equipment used for filming
Lighting equipment
Machinery
Sound equipment
Filming studio rental (specially dedicated premises)
IT equipment specifically used for production purposes
Scenery equipment specifically used for production purposes
Costume and makeup equipment

Logistics expenses

Image support
Sound support
Laboratory
Costs related to filming (dressing rooms, storage spaces, telecommunications equipment, etc.)
Catering on set
Rental of internal and external locations (outside the studio) from private or public companies

Post-production expenses

Post-production team
Editing team
Sound and mixing team
Sound studio
Editing studio
VFX
Sound support
Laboratory work
Dubbing and subtitling

However, two types of eligible expenses are capped

Contingencies

An amount equal to 10% of below the line items may be accounted for within the calculation of the total eligible expenses. These expenses must be justified and meet the eligibility criteria.

The producer's fee

If the producer has a head office and operational office in the Brussels-Capital region, their fees are eligible up to 7.5% of the total above the line and below the line expenses.

8. Non-eligible expenses

The following expenses are not considered eligible:

- Expenses incurred outside the Brussels-Capital region
- Expenses invoiced for or paid prior to submission of the application
- Expenses that do not imply a structural dynamic for the audiovisual sector in Brussels, such as:
 - Computer equipment; unless the costs are incurred explicitly in the context of special effects and computer graphic animation in and on behalf of the project itself, but still pro rata to the method of depreciation applied to an investment in the form of a purchase.
 - Costs related to renting private premises to private people
 - General costs for production and post-production companies (e-mail, telephone and mobile phone, courier services and other administrative fees, office equipment, etc.);
 - Transport costs, such as travel expenses for the crew, their production vehicles, fuel costs, taxi fares, trucks, etc.; for both production and post-production
 - Hotel expenses, for both production and post-production
 - Restaurant expenses, for both production and post-production (except for costs related to catering on set)

- Promotion and advertising space expenses (including SEO and SAO)
- Financial, legal and insurance expenses

9. Compliance with European legislation

Shareholder contributions made on the basis of this regulation represent state aid, which is compatible with European legislation regarding state aid granted to companies.

If the aid granted within the framework of the screen.brussels fund is combined with another form of state aid for the same expenses, as mentioned in Article 107 of the Treaty on the Functioning of the European Union (TFEU), the cumulative amount of aid granted must not exceed the maximum aid threshold imposed by the GBER.

Therefore, within their application to intervene, the producer must inform the fund of any aid that has already been granted or requested in Belgium or in any other Member State and, if necessary, consequently modify their application to the fund.

Support intensity means the support grant expressed as a percentage of the expenditure qualifying for support for the audiovisual work.

10. Funding the project

An overview of the planned funding for the project must also be attached to the application (Sheet 8) and contain:

- All information required for a clear understanding of the project funding
- The total amount stated in the financing plan must be equal to the total expenses planned

Within this financing plan, there must be a distinction between financial resources that have already been pledged and those not yet finalised.

A certain percentage of the total production budget must have been finalised:

- 40% for feature-length films, television series, documentaries, animated programmes
- 60% for special formats
- 80% for web series

Funding can only be deemed as confirmed if there is an actual signed document showing that the other party intends to grant the sum in question to the specific project.

If this document is not enclosed with the application file, the amount will not be accepted as confirmed funding.

11. Support amount and project duration

11.1. Support amount

The support is awarded in the form of refundable advances on net receipts.

The applicant must indicate the amount of support they wish to receive for their project in the application form.

The following rules apply:

- The total amount of support must never exceed **€500,000** per project for feature-length films, television series, documentaries, animated programmes and special formats.
- The total amount of support must never exceed **€20,000** per project for a web series.
- The support must amount to **no more than 50%** of the total production budget for the project.

11.2. Start and duration of the support term

The date on the first invoice relating to expenses that qualify for support must come after the registered date of submission.

The support must be used within 18 months of the day on which it was approved.

In the case of animation films and series, this period is set at 24 months after the aid approval date.

12. Payment of support

The allocated support will be paid in three instalments:

- 50% upon the signature of the agreement, on the condition that the beneficiary production company:
 - o Requests payment of the instalment
 - Formally agrees on the amount of structuring audiovisual expenditure generated in the Brussels-Capital region (signed purchase orders and/or signed letters of intent)
 - o Demonstrates that the funding is completely in place by way of:
 - The detailed finalised budget
 - The funding plan with all signed contracts
 - The final recoupment schedule signed by the main producer confirming the specific recoupment position of screen.brussels
- 30% on production of proof of actual expenditure of 60% of the declared expenditure amounts
- 20% on production of proof of actual expenditure of the balance of declared expenses.

Documentary evidence must be provided within six months of delivering copy 0, with the exception of web series, which must provide such evidence within two months of the last episode being uploaded online.

If the expenditure eligible for grant support is not demonstrated in full, the grant will be reduced pro rata. However, if they are greater than the amount stated in the agreement, the agreement reached between screen.brussels fund and the beneficiary producer will remain unchanged.

If the eligible expenditure does not reach the minimum amount required, the grant will be cancelled.

If the beneficiary production company has outstanding debts with the National Social Security Office, the payment will be suspended until evidence is provided that such debts have been settled.

13. Repayment of support

Support is awarded in the form of refundable advances on net receipts.

Therefore, screen.brussels fund receives a percentage of all net receipts generated by the producer on exploitation of the audiovisual work. This percentage corresponds to the proportion of total support awarded by the fund in the overall financing of the audiovisual work.

Screen.brussels fund is entitled to this percentage, even if the advance has been repaid.

The percentage will be stated in the financial support agreement.

This percentage will be adapted in case of changes to the proportion of total support awarded by screen.brussels fund against the overall funding of the audiovisual work. However, a reduction of this percentage is only possible if the support granted by the fund is lowered, cancelled or recovered.

The repayable advances are repaid from the net receipts generated by the producer's exploitation of the audiovisual work. The recoupment share is repayable, from the first euro, from the net receipts, in first rank and at the same time as the other investors of the audiovisual work.

The net receipts include:

- All revenue from the exploitation of the audiovisual work in Belgium, including income from cable and private copy levies and merchandising.
 - o The following expenses and items can be deducted from revenues, provided they are borne by the beneficiary:
 - Duties and taxes paid to public administrations
 - The rights paid to copyright associations, and the share for auditorium operators
 - Promotion and distribution expenses involved in releasing the audiovisual work, including making copies. These expenses must be in reasonable proportion to the sales market or the production expenses for the audiovisual work
 - Distribution commissions

- Presales and minimum guarantees, provided they were used to finance the audiovisual work
 - Court costs relating to the collection of sums of money to be recovered
- All revenue generated by the exploitation of the audiovisual work abroad, including revenue from cable and private copy levies and merchandising, except the territories set aside for the co-producers.
- The following expenses and items can be deducted from revenues, provided they are borne by the beneficiary:
 - Taxes withheld on foreign revenues
 - Promotion and distribution expenses related to the release of the audiovisual work, including the costs of subtitling and dubbing the copies for festivals. These expenses must be in reasonable proportion to the sales market or the production expenses for the audiovisual work
 - Sales commissions in accordance with prevailing international standards
 - Presales and minimum guarantees, provided they were used to finance the audiovisual work
 - Court costs relating to the collection of sums to be recovered

If support is awarded to the project, the beneficiary must keep detailed information on these figures.