

Summary of the new film law in Spain.

The new law covers two main areas.

The first one is the definition and detailing of a feature film's production costs. The new law takes into account certain expenses that are not directly linked to production, such as audit costs, financial interest and P&A. The sum considered by the administration is therefore sometimes higher than the actual production cost. The main change in the new law is that production companies have to present an audit report.

There is a new possibility in coproduction: the eligibility of a foreign company's expenses for national costs occurred for the coproduced project. If the company is not linked to the Spanish company, the total amount is taken into account. Otherwise, only invoices above 12,000 euros will be considered and for costs corresponding to market prices.

State funding is spread between the different branches (distribution, promotion, training, film preservation) and the different steps of film fabrication (screenplay, development, pre- and post-production).

State funding is limited to 50% of the total budget. The producer's own investment must not exceed 75% of the budget.

Development grants did not exist in the preceding law. These now extend beyond writing grants to include a project's entire development process: location scouting, raising financing, etc. Development grants are capped at 150,000€. They are exclusively reserved for independent companies. However, they are deductible from automatic support.

A specific grant exists for daring and difficult films, of 1M€ maximum.

Films that have received a development grant may not apply for complementary support.

1/ The rules of automatic support have changed.

- Automatic support is reserved for feature films with a budget > 600.000€
- The implementation of automatic support has changed as well. It is now calculated the following way: 15% of box office x the median price of n-1. If box office reaches 35,000 ticket sales or more, the calculation is made with a "n" multiplication coefficient equivalent of 0035 x each new ticket (cf. attached FAPAE document). The maximum amount for this automatic support is 800,000€.

Spectators in this law project include Spanish festival audiences, legal, purchased downloads and DVD sales and rentals all count. Moreover, a high number of festival awards grant the film an additional 12-18 period during which ticket sales may continue to be counted.



2/ In addition to automatic support is complementary support. This is incompatible with development grants. It is reserved for projects of over 600,000€ and is calculated in the following way:

There is a point system: each point is worth 10,000€. To benefit from support, at least 6 points are needed (cf. attached figure). The criteria for point attribution are the following:

- Selection in a prestigious festival and attribution of awards;
- The type of film: 3 points for a documentary, 4 points for a children's film, 2 points for animation films.
- The type of production company: 4 points for films produced by independent companies; 2 points for coproduction
- The film director: 2 points for first and second films
- The technical aspect: 4 points for films shot and projected partially or totally in 3D
- The balance between male and female employment: 2 points
- Last, producer investment: 1.5 points for each 45,000€ invested, that is 15,000€ for 45,000€ invested, up to a maximum of 120 points. To receive this support, the film must have a budget superior to 2M€ (1,5 for foreign coproductions) and must count over 60,000 spectators (45,000 for foreign-language films).

Complementary support cannot exceed 1,2M€.

All decisions are taken by expert committees whose members are as yet unknown.

The Spanish law is in force since October 2009. It received the clearance from the European Commission on January 27th 2010. And the Call for projects for the different lines of aid was published last week in Spains Official Journal.

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