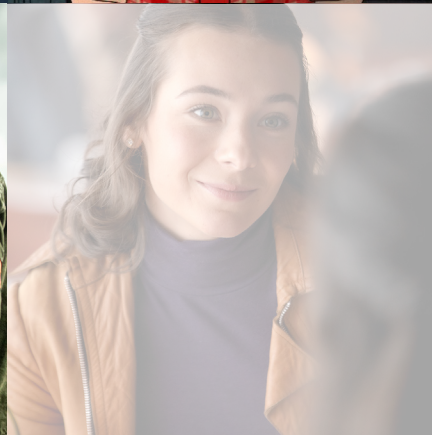




FLANDERS
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Flanders, Belgium is an attractive multi-layered cake when it comes to film financing, offering multiple attractive incentives on different levels, which can easily be combined.



LA SIRÈNE

FILM FINANCING IN FLANDERS, BELGIUM

► The federal **Belgian Tax Shelter incentive**: applies to the whole of the country and is open to European co-productions or international co-productions set-up within the framework of a bilateral co-production agreement between Belgium (or one of its communities) and another state.

► The **Flanders Audiovisual Fund (VAF)**: the cultural public funding body of the Flemish-speaking Community, aimed at supporting local productions (Film/TV series/Games) and international co-productions involving key Flemish talent.

► The **Screen Flanders** Fund of the Flanders Region, investing mainly

in international co-productions that stimulate the local audiovisual industry.

► **Antwerp Film Bonus**: the city film fund of Antwerp, supporting productions that highlight the city as a film location and use local crew and equipment.

The first step for any foreign producer wishing to benefit from one or more of the above-mentioned incentives is to find a local co-production partner.

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THE FEDERAL BELGIAN TAX SHELTER

The Belgian Tax Shelter is an efficient and transparent government-approved tax incentive designed to encourage the production of audiovisual works in Belgium. The system is open to Belgian productions, as well as to qualifying European and international co-productions with Belgium.

► TYPE OF PROJECTS

European co-productions such as animation, documentary and fiction features, medium-length and short films qualify for the system, as well as animation and live-action series, telefilms and TV documentaries. These can be intended for cinema exhibition or television and multimedia (VR, web series, documentary web) broadcasting



NAYOLA



KANUN
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CHEYENNE FEDERATION

(or screening) and need to be certified as a European work, as defined in the Audiovisual Media Services Directive (2010/13/EU).

International co-productions such as animation, documentary and fiction features intended for cinema qualify, provided that they fall within the scope of the Audiovisual Media Services Directive (2010/13/EU) or within the scope of a bilateral co-production agreement concluded by Belgium (or one of the country's communities) with another state.

► HOW DOES IT WORK?

The benefit of the system is based on the amount of direct and indirect qualifying audiovisual costs the production will spend in the European Economic Area and in Belgium. By investing in the audiovisual production, investors can obtain Tax Shelter certificates from the Ministry of Finance that allow them to get fiscal deductions.

The value of all the Tax Shelter certificates issued for one audiovisual work may not exceed 15 million euros and is limited to 70% of the qualifying audiovisual costs of the production in the European Economic Area.

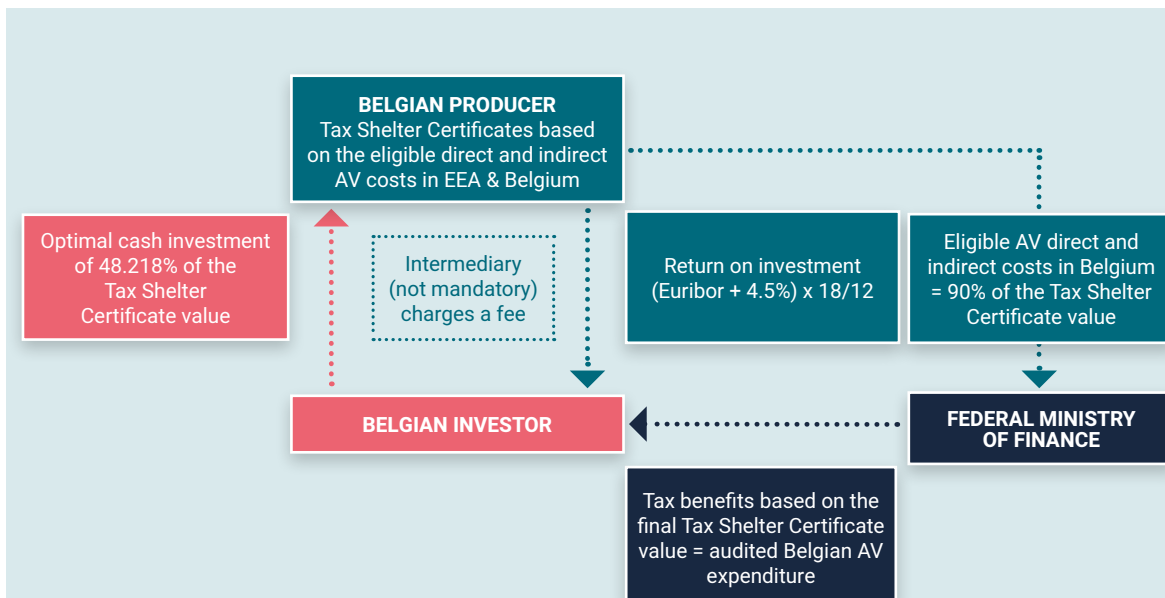
In order to achieve an optimal return on investment, the investor will invest 48.218% of the Tax Shelter certificate's audiovisual expenditure value in the production. Through their Tax Shelter Certificate, the investors benefit from a temporary tax exemption of any retained taxable profits (with limits). Investors also receive a return on the sums paid to the producer; the applied rate is based on the Euribor 12-month rate augmented with 450 basis points.

The investors must make full payment within three months of signing the framework agreement. They thus pre-finance the production and/or post-production costs in return for a temporary tax exemption.

Investors can be approached directly by certified producers to arrange investment under the Tax Shelter, which will involve some legal work. An alternative is for the producer to

work with an intermediary company certified by the Belgian authorities. The intermediary will match potential investors with productions and handle all the paperwork. In return for these services, the intermediary charges a fee to the producer.

Once the audiovisual work has been completed, the Ministry of Finance delivers the final Tax Shelter Certificate based upon the audited expenditure.



It is a win-win-win situation for the three parties involved: the producer is offered a very attractive way to finance and cash-flow projects; the investors obtain a tax exemption through a virtually risk-free investment; and the Belgian state benefits from increased economic activity and spending.

► WHAT'S THE ADVANTAGE FOR THE PRODUCER?

If we take the example of a production with a 2 million euros direct and indirect qualifying audiovisual spend in the European Economic Area, this means that Tax Shelter Certificates can be issued for a total value of 70% - in this case 1,400,000 euros. Of this expenditure, 90% (1,260,000 euros) needs to be spent in Belgium on qualifying audiovisual costs, of which a minimum of 70% (882,000 euros) needs to be directly related to the production and/or post-production of the audiovisual work.

To acquire the optimal investment rate (48.218%), the investors will invest a total of 675,052 euros in the production in return for Tax Shelter certificates with a total value of 1,400,000 euros of qualifying expenditure.

In order to find potential investors and deal with the framework agreement and legal documents, a producer may hire the services of an intermediary company. In return for its services, the intermediary will charge a fee, in this example 15% or 101,258 euros.

In addition to a tax benefit, the investor also earns a return on the sums paid to the producer. The return percentage is defined by the Euribor interest rate (in this example -0.439% over 12 months) augmented with 450 basis points x 18 months/12, in this case 41,121 euros.

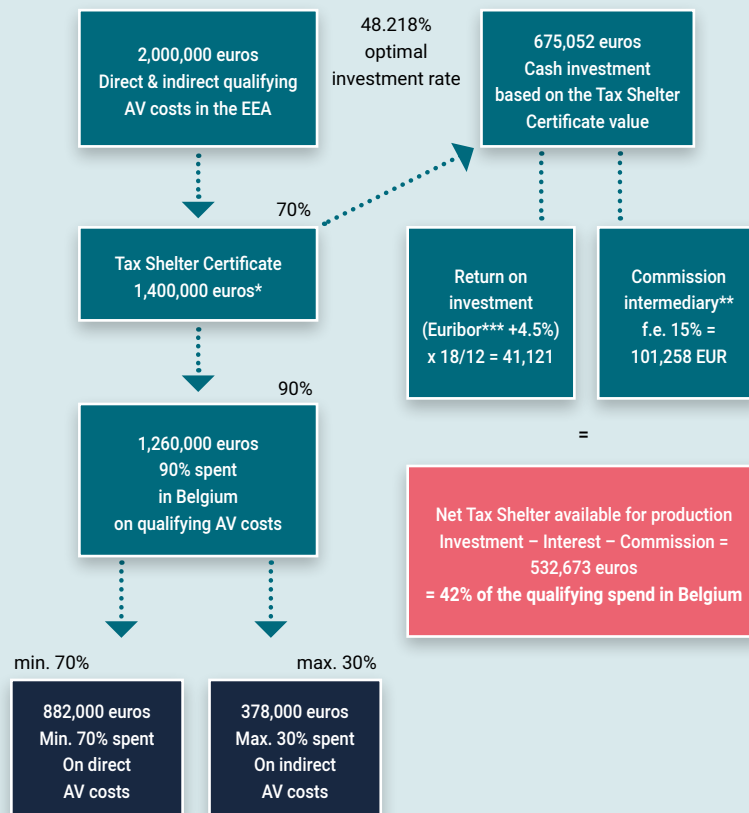
The net advantage of the Tax Shelter Certificate for the producer comes to 675,052 euros - 101,258 euros (commission) - 41,121 euros (return) = 532,673 euros = 42% of the qualifying audiovisual spend in Belgium.

► CONTACT

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* The value of the Tax Shelter Certificate may amount to a maximum of 10/9 of the qualifying spend in Belgium, in this case 1,400,000 euros.

** Using an intermediary is not mandatory. In the schedule, an indicative percentage of 15% was used to calculate the intermediary's fee

*** In this example -0.439% for investments made between 01.01.2021 and 30.06.2021.

The value of all the Tax Shelter Certificates issued for any audiovisual work may not exceed 15 million euros (= 7,258,050 euros of investments)

THE FLANDERS AUDIOVISUAL FUND - VAF

The Flanders Audiovisual Fund (VAF) is the cultural and media public funding body of Belgium's Flemish Community.

It includes three specialised funds: the VAF/Film Fund, VAF/Media Fund and VAF/Game Fund. The funds focus on stimulating local creative talent, mainly by offering selective support schemes for scriptwriting, development, production and promotion. Minority co-productions can only apply for support if creative talent from Flanders is involved in key positions and 50% of the overall financing is confirmed.

The annual budget of the Flanders Audiovisual Fund (VAF) available for

production support is 11 million euros (Film Fund), 5 million euros (Media Fund) and 1.4 million euros (Game Fund).

► CONTACT

FLANDERS AUDIOVISUAL FUND – VAF

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SCREEN FLANDERS

With an annual budget of 3.5 million euros, the Screen Flanders Fund offers support to audiovisual productions and co-productions that spend all or part of their budget within the Flanders Region. The budget of the fund is provided by Flanders Innovation & Entrepreneurship

(Agentschap Innoveren & Ondernemen). The Flanders Audiovisual Fund (VAF) manages the applications and promotes the fund.

► HOW TO APPLY?

Belgian producers can apply to receive up to 400,000 euros of refundable advances as an economic support to cover their audiovisual expenses in the Flanders Region. Foreign producers must work with a Belgian co-producer that meets all the fund's conditions.

Every euro invested in a production by Screen Flanders must yield at least one euro of audiovisual expenditure in the region. As Screen Flanders is a competitive and selective mechanism, higher economic leverages are presented in applications, resulting

in the financing of about 15% of the eligible costs in the Flanders Region. The maximum support amount awarded by Screen Flanders is 400,000 euros.

Fiction features with a minimum length of 60 minutes can apply for support. Documentary and animated features (min. 60 min.) and series may also apply for support. Fiction series spread over multiple episodes are only eligible if the episodes tell an on-going story.

To be eligible, at least 50% of the financing of the overall production budget needs to have been secured at the time of application and the producer needs to spend a minimum of 250,000 euros on eligible costs in the Flanders Region. Furthermore, the project must enrich the cultural heritage of Flanders (the cultural test).

Screen Flanders applications can only be made in response to a call. Screen Flanders has two calls a year, with deadlines in March and September. Information regarding the exact deadlines can be consulted on screenflanders.com.



THE DEEP HOUSE
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PROFESSOR T.
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► QUALIFYING EXPENDITURE

Only certain types of expenditure are eligible when it comes to assessing how much support a project might be awarded. These expenses:

- must be invoiced by a VAT-paying company that has its operating headquarters in the Flanders Region;
- must be made with the aim of completing the audiovisual work in question;
- and must benefit the structure of the Flemish audiovisual industry.

Expenditure qualifying for support is exclusive of VAT and may not have been invoiced for at the time of application. It must be realistic and in line with market rates.

► REFUNDABLE INVESTMENT

The support is awarded in the form of refundable advances on net receipts. From these net receipts, a percentage needs to be repaid corresponding to the proportion of total support awarded by Screen Flanders in the overall financing of the audiovisual work. The Fund is entitled to this percentage even if the advance has been repaid.

► SELECTIVE SYSTEM

Periodical calls are made, each with a specific budget. Applications are presented to a jury consisting of both economic and cultural experts who assess and prioritise all projects based on qualitative and quantitative criteria.

These criteria focus mainly on the economic potential of the project and the impact of the production on the Flemish audiovisual industry. Available funding is then allocated to the highest-ranking applications, in descending order, until the allocation is exhausted.

See screenflanders.com for the full set of application guidelines.

► CONTACT

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cover (left to right, starting at the top): Annette, *Voices of Liberation*, *Coppelia*, *Where is Anne Frank*, *Help I Shrunk My Friends* © DCM, *Blue eyes* / Martin Menke - Petro Domenigg, *Moloch* © Calt Studio / Sofie Silbermann / 2019, *State of Happiness 2* © Agnete Brun_NRK_Maipo Film, *Before We Die* © Sofie Gheysens, *The Window* © ZDF Enterprises, Fuji TV, Boogie Entertainment.



FLANDERS INNOVATION & ENTREPRENEURSHIP



Flanders
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ANTWERP FILM BONUS

The Antwerp Film Bonus is a financial incentive attributed by the city of Antwerp to productions with a great international appeal, which are entirely or partly set in Antwerp and make use of local crew and facilities.

The Antwerp Film Bonus is designed to be complementary to the other existing financing tools in Flanders. Therefore, only productions that have already been supported by one of the regional funds (VAF, Screen Flanders, ...) can apply for funding.

Productions are evaluated on their local economic return (minimum of 10 exterior shooting days, number of nights in the city, local crew and suppliers, ...), which is measured through a point system.

With a budget of 50,000 euros the city aims to support a maximum of two productions each year.

► CONTACT

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