

**The Tax Rebate for International
productions (TRIP)**
general description
of the incentive



The *Tax Rebate for International productions* (TRIP) concerns projects wholly or partly made in France and initiated by a non-French company.

The TRIP is selectively granted by the CNC – French National Center for Cinema, TV and the moving image - to the French Production services company.

The TRIP amounts up to 20% (30% as of 2016) of the qualifying expenditures incurred in France, and can total a maximum of €20 million (€30 million as of 2016) per project.

The projects have to include elements related to the French or European culture, heritage, and territory.

1. Prerequisites

Qualifying companies

To be able to file a TRIP application, a company must meet the following two criteria:

- be subject to corporate income tax in France;
- act as the production services company for the sequences filmed or produced in France.

The production services company is defined as “the company in charge, in compliance with a contract entered into with a non-French production company, of both supplying the artistic and technical means for making the cinematographic or audiovisual production on one hand, and of servicing the material operations and monitoring its achievement on the other hand”.

French regulations do not set any restrictions as to the capital mix of the applicant, nor its main business. The company can thus be specialized in servicing, or in cinematographic or audiovisual production with executive production as its main activity, it can be an animation or visual effects studio, a subsidiary of the non-French producer, a SPV, etc.

A list of French active PSC can be obtained from Film France, the French film commission (www.filmfrance.net).

Qualifying productions

To qualify to the TRIP, a film or audiovisual production must meet all of the following criteria:

- it must be a fictional cinematographic or audiovisual project of live action or animation (whether singular or a series).

Live action production must obtain at least 18 points on the live action cultural test, 7 of which must be for the “dramatic content”.

Animation production must obtain at least 36 points on the animation cultural test, 9 of which must be for the “dramatic content”.

Live-action projects must pass the animation test as soon as:

- 15% of the shots, or on average one and a half shots per minute, are digitally processed to add characters, decorative elements or objects involved in the storyline, or to modify the rendering of the scene or the camera’s point of view

- and more that 50% of the French expenditures are linked to the animation test

- it must not receive any French State traditional financial support. Thus official co-productions with France do not qualify

- it must not be pornographic or promote violence

- it must have a minimum spending of €1 million of qualifying expenditures in France or incur at least 50% of the production budget, when the world budget is below €2 million

- for live action, production must shoot at least 5 days in France

2. Steps and Procedures

Provisional qualification

The French PSC files a provisional qualification at the CNC, with the necessary supporting documents. The standard application file is available on the CNC website: www.cnc.fr.

The application cannot be submitted until at least a preliminary Production service agreement (PSA) has been signed. Indeed, this contract is one of the mandatory documents for the application. Qualifying expenditures start at the date of reception of the application by the CNC. No spending incurred before this date will be taken into account for the TRIP.

The CNC, following Film France's assessment, will decide whether the project is eligible based only on the criteria defined above. The applicant is then granted a provisional qualification.

Final qualification

Maximum 24 months after the last French spend the French PSC submits a final qualification application to the CNC, along with the mandatory documents, including a DVD.

The CNC then verifies that the production still complies with the qualifying criteria, in which case a final qualification is issued.

Collecting the international tax rebate

The tax authorities may pay the tax rebate before the final qualification application has been submitted. However, it is the final qualification that officially confirms the right to this tax rebate. Should the final qualification be refused, the tax authorities would demand the tax rebate to be reimbursed.

At the end of each fiscal year, a statutory auditor must certify the yearly production accounts, which, along with the provisional qualification and the income tax return, is sent by the French PSC to the tax authorities.

A refund is issued by the French State to the extent the production tax credit exceeds the company's tax liability.

The TRIP is exempt of tax and VAT exempt.

TRIP cash flow

Even though the TRIP is a non-transferable debt of the State to the French PSC, as soon as provisional qualification has been obtained, banks are legally allowed to monetize this refundable tax credit so that the production company can get the money earlier.

Credits

Any production that received the TRIP must mention as follows in the beginning or ending credits, either in French or in the original language of the production: "Cette œuvre a bénéficié du crédit d'impôt en faveur de la production de films étrangers en France", ie "This film benefited from the French Tax Rebate for International Production."

3. Qualifying Expenditures

To be eligible, expenditures mentioned hereafter must be incurred in France by the PSC who has submitted the TRIP application for the project.

These expenditures must directly contribute to the production needs.

The maximum tax rebate is €20 million per project (€30 million as of jan 1st 2016). It amounts to 20% (30% as of jan 1st 2016) of the following pre-tax expenditures:

Salaries and wages of writers and actors

- wages paid to French or EU writers (advances on earnings) and related social contributions, under French contract
- wages paid to French or European actors, including extras and artists responsible for the dubbing, commentary, voice-overs, post-synchronization, recording of the soundtrack, and the related social contributions.

Note that the payments considered for the tax rebate are capped at the minimum wages set in the French movie or TV collective bargaining agreements.

Salaries paid to French or EU direction and production staff (wages and incidentals) including the related social contributions (with French payslips):

- production crew members responsible for:
 - artistic direction, development, and writing direction
 - direction and administrative, technical, and accounting production management,
 - direction,
 - direction preparation and assistance,
 - technique and artistic quality of shots,
 - technique and artistic quality of soundtrack recordings,
 - set design and construction,
 - artistic design of costumes, wigs, and clothing accessories,
 - creation of costumes and accessories,
 - dressing and care for costumes,
 - actors' makeup,
 - creation of wigs and hairpieces, as well as hairstyling,
 - props for the set,
 - preparation and creation of special effects, including stunts.
- production workers responsible for:
 - machinery,
 - lighting,
 - set construction.
- team members in charge of:
 - rigging and animation set up,
 - storyboarding,
 - character conception and modeling,
 - set conception and modeling,
 - exposure sheets,
 - pre-visualization,
 - rotoscoping,
 - tracking,
 - motion capture,
 - lay out,
 - animation,
 - set construction,

- tracing opaquing,
- colorization,
- lighting and rendering,
- compositing,
- visual effects
- image and sound editing, mixing,

The salaries and social contributions of the PSC permanent staff members can be taken into account proportionally to the period during which they are working on the project.

Expenditures incurred to specialized companies for technical goods and services:

- renting sound stages and adjoining premises,
- renting locations specifically rented for shooting, excluding residential areas,
- set construction on the shooting sites,
- furniture rental (only that specifically needed for building or creating the set),
- preparation and production of special effects, including stunts,
- renting and creating costumes, hairstyles, and makeup,
- equipment needed for shots, machinery, lighting, and sound pickup,
- animation (preparation and creation),
- equipment, supplies, computer hardware and software used directly for the animation process. The aforementioned computer software must be paid off during the production of the work for which it was designed or purchased.
- post-production: image lab, image editing, voice recording, sound effects and sound design, mixing, sound editing, credits and trailers
- digital visual effects
- negative image film, magnetic sound film, and in general, all digital or non-digital image and sound media; filming, finishing, video, and subtitling studios.

Transportation, travel and catering expenditures:

- transport and travel of artistic and technical materials and supplies (only as strictly needed for production),
- transport and catering for the artistic and technical teams (only as strictly needed for production; nothing lavish).

Accommodation expenditures

- capped at 270 € per night in greater Paris and up to 200 € per night elsewhere.

Depreciation expenses:

- tax-deductible depreciation accruals for fixed assets held by the line production company and directly related to the production of the film or television work for which a tax rebate may be claimed. Only those depreciation expenses that correspond to the period in which the asset was actually used to produce the work eligible for the tax rebate go toward the rebate.

4. Cultural test applicable to cinematographic and audiovisual projects belonging to the live action genre

Eligibility requirements:

To be eligible, the project must score a minimum of 18 points in total, including at least 7 points in the “dramatic content” block.

1. Dramatic Content (18 points)	Number of points per criterion	Best case simulation
1.1 - Location (7 points)		
<u>Criterion no. 1</u>		
A relative majority of the scenes take place in France	4	4
or		
A relative majority of the scenes take place in France and in a French-speaking country	3	
or		
A relative majority of the scenes take place in France and in a European country	3	
or		
At least five scenes take place in France	2	
<u>Criterion no. 2</u>		
At least two sets must be symbolic of France, in other words, two locations representative and recognizable of France serve as the setting of at least one scene each	3	3
1.2 - Characters (4 points)		
<u>Criterion no. 3</u>		
At least one main character is French, from a French-speaking or European country or of a nationality that cannot be determined	1	1
<u>Criterion no. 4</u>		
At least three secondary characters are French, from a French-speaking or European country or of a nationality that cannot be determined	3	3
or		
At least two secondary characters are French, from a French-speaking or European country or of a nationality that cannot be determined	2	
or		
One secondary character is French, from a French-speaking or European country or of a nationality that cannot be determined	1	

1.3 – Plot and story (5 points)

Criterion no. 5

The plot and story highlight French artistic heritage or a period of French history

	2	2
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Criterion no. 6

The plot and story deal with political, social or cultural issues specific to French society or European societies

	2	2
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Criterion no. 7

The plot and story are inspired or adapted from an existing work, notably: a movie or TV drama (except sequels), a novel, short story or comics, an opera, play, or video game.

	1	1
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1.4 – Languages

Criterion no. 8

A final version of the project will be available in dubbed or subtitled French

	2	2
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2. Nationality of Creators and Creative Collaborators (12 points)

Number of points per criterion **Best case simulation**

Nationality points are credited here when creators and collaborators are French, French residents or European (enlarged Europe, see list of countries)

Criterion no. 9

At least one of the creators: director or screenwriter

	2	2
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Criterion no. 10

At least one of the film composers

	1	1
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Criterion no. 11

At least one of the producers (individual)

	2	2
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Criterion no. 12

At least one actor playing a main character

	2	2
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or

At least one of the actors playing a secondary character

	1	
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Criterion no. 13

At least 50% of the actors (for scenes shot in France, excluding extras)

	1	1
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Criterion no. 14

At least three heads of department: first cameraman, head stereographer, art director, sound engineer, wardrobe director, hair stylist director, stunt coordinator, head sound mixer, film editor, first assistant director, production director, postproduction manager, stage manager, visual effects supervisor (for scenes shot in France)

3 3

or

Two heads of department

2

or

One head of department

1

Criterion no. 15

At least 50% of the film crew technicians (for scenes shot in France)

1 1

3. Production Infrastructure (8 points)

Number of points per criterion **Best case simulation**

Criterion no. 16

At least 50% of shooting days are in France

3 3

or

Between 30% and 50% of shooting days are in France

2

or

Between 15% and 30% of shooting days are in France

1

Criterion no. 17

At least 50% of expenditures related to special effects for the set are paid to service providers established in France (for scenes shot in France).

1 1

Criterion no. 18

At least 50% of expenditures related to rentals (filming, machinery, lighting, sound recording) are paid to service providers established in France (for scenes shot in France)

1 1

Criterion no. 19

At least 50% of expenditures related to laboratory work are paid to service providers established in France (for scenes shot in France)

1 1

Criterion no. 20

At least 50% of expenditures related to colour grading or sound mixing, or creating digital visual effects of more than 10 shots are paid to service providers established in France

2 2

Total

38

5. Cultural test applicable to cinematographic and audiovisual projects belonging to the animation genre

Eligibility requirements:

To be eligible, the project must score a minimum total of 36 points, including at least 9 points in the “dramatic content” block.

1. Dramatic Content (20 points)	Number of points per criterion	Best case simulation
1.1 - Location (3 points)		
<u>Criterion no. 1</u>		
At least one of the main locations of the action is in France, in a French-speaking country or in a European-looking location	3	3
or		
At least 50% of the action takes place in a location that cannot be determined	2	
1.2 - Characters (3 points)		
<u>Criterion no. 2</u>		
At least one of the main characters is French, from a French-speaking or European country, or of a nationality that cannot be determined	3	3
1.3 - Plot and story (10 points)		
<u>Criterion no. 3</u>		
The plot is meant or adapted for a young or teenage audience	3	3
<u>Criterion no. 4</u>		
The plot and story are inspired or adapted from an existing work, notably: a movie or TV drama (except sequels), a novel, short story or comics, an opera, play, or video game or traditional tales from the storytelling tradition	4	4
<u>Criterion no. 5</u>		
The plot and story refer to an event or a period in history, or deal with political, social or cultural issues specific to French society or European societies	3	3
1.4 – Languages (4 points)		
<u>Criterion no. 6</u>		
A final version of the project will be available in dubbed or subtitled French	4	4

2. Nationality of Creators and Creative Collaborators (23 points)	Number of points per criterion	Best case simulation
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Nationality points are credited here when creators and collaborators are French, French residents or European (enlarged Europe, see list of countries)

Criterion no. 7

At least one of the creators: director, screenwriter	2	2
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Criterion no. 8

At least one of the film composers	1	1
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Criterion no. 9

At least one of the character and/or set designers	2	2
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Criterion no. 10

At least one of the producers (individual)	2	2
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Criterion no. 11

At least one of the production directors and/or visual effects producers	2	2
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Criterion no. 12

At least one of the artistic directors (animation or visual effects) and/or first cameramen and/or stereographer	2	2
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Criterion no. 13

At least one member of the top technical management (supervisors, first assistant, visual effects supervisor...)	2	2
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Criterion no. 14

At least 50% of the technical middle management (animation supervisors, animation directors, technical supervisors, heads of modeling department and/or texture supervisors, lighting supervisors, etc.)	8	8
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or

Between 25% and 50% of the technical middle management (animation supervisors, animation directors, technical supervisors, heads of modeling department, texture supervisors, lighting supervisors, etc.)	4	
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Criterion no. 15

At least one of the sound creators	2	2
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3. Production Infrastructure (31 points)	Number of points per criterion	Best case simulation
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Criterion no. 16

At least 50% of expenditures related to storyboards and/or building sets and animation and/or (3D) pre-vis are paid to service providers established in France	1	1
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Criterion no. 17

At least 50% of expenditures related to character design are paid to service providers established in France 1 1

Criterion no. 18

At least 50% of expenditures related to set design are paid to service providers established in France 1 1

Criterion no. 19

At least 10% of expenditures related to modeling (including digital sets) and/or rotoscoping and/or motion tracking are paid to service providers established in France: 1 point per 10% bracket 1 to 5 5

Criterion no. 20

At least 10% of expenditures related to animation (characters and cameras) and/or motion capture are paid to service providers established in France: 2 points per 10% bracket 2 to 10 10

Criterion no. 21

At least 10% of expenditures related to rendering and/or lighting or tracing and/or colorization are paid to service providers established in France: 1 point per 10% bracket 1 to 5 5

Criterion no. 22

At least 10% of expenditures related to digital compositing are paid to service providers established in France: 1 point per 10% bracket 1 to 5 5

Criterion no. 23

At least 50% of expenditures related to sound artistry and sound editing are paid to service providers established in France 1 1

Criterion no. 24

At least 50% of expenditures related to music recording are paid to service providers established in France 1 1

Criterion no. 25

At least 50% of expenditures related to voice recording and dialog editing are paid to service providers established in France 1 1

Total 74

6. Definitions, eligible countries and territories

A main character is a character present in at least 25% of the scenes.

A secondary character is a character whose on screen representation requires at least 4 days of work on the final production shooting schedule and is not a main character.

Note that this definition of characters allows a virtual character to score points.

Nationality points are credited in the “dramatic content” block when a character is French or French resident, European (enlarged Europe, see list of countries), a national of one of the countries member of La Francophonie (see list of countries) or of a nationality that cannot be determined.

Nationality points are credited in the second block when creators and creative collaborators are French, French residents or European (enlarged Europe, see list of countries)

French territory

France consists of the metropolitan territory and of the following:

Corsica, French Guyana, French Polynesia, Guadeloupe, Martinique, Mayotte, New Caledonia, Réunion, St. Barthélemy, Saint Martin, Saint Pierre and Miquelon, Wallis and Futuna.

European state

List of countries concerned:

Albania, Armenia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italia, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United-Kingdom.

French speaking country

A French speaking country is a member of the International Organization of La Francophonie plus Algeria.

List of countries concerned:

Albania, Andorra, Moldavia, Monaco;

Algeria, Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Ghana, Guinea, Guinea Bissau, Mali, Niger, Senegal, Togo, Burundi, Cameroon, Central African Republic, Congo, Dem. Rep. of the Congo, Gabon, Equatorial Guinea, Rwanda, Sao Tome et Principe, Chad ;

Comoros, Djibouti, Maurice, Seychelles ;

Egypt, Lebanon, Morocco, Tunisia, Canada, Canada New Brunswick, Canada Quebec, Dominica, Haiti, Sainte Lucia, Cambodia, Laos, Vanuatu, Vietnam.

Do not hesitate to contact the CNC for any questions relating to the qualification procedure or the regulatory framework, and Film France to receive information on production, notably for questions concerning shooting and making your project in France.

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