

Media & Entertainment - France

Recent revisions to audiovisual tax credit systems

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France has implemented two tax credit systems for the benefit of producers (for further details please see "Tax credits for French or foreign productions"):

- *Crédit d'Impôt Cinéma et Audiovisuel* (CICA) - this was introduced in 2004 and applies to French producers, with regard to costs incurred in France for the production of films or television programmes.
- *Crédit d'Impôt International* (C2i) - this was introduced in 2009 and applies to foreign producers of works which are made exclusively or partially in France, with regard to production costs incurred in France.

In December 2014 the French Parliament adopted an Amending Finance Act for 2014, Article 77 of which amends both of these systems. The changes primarily favour the production of animation works and the relocation of foreign productions to France.

CICA

The usual rate of the CICA tax credit – 20% of eligible costs incurred in France – has increased in two instances:

- For animations (both audiovisual and cinematographic works), the rate has increased to 25%; and
- For films with a budget of less than €7 million (€4 million in the 2015 tax year), the rate has increased to 30%.

The applicable per-minute based cap has also increased for audiovisual and cinematographic animation works, from €1,300 per minute to €3,000 per minute.

C2i

The rate of the C2i tax credit has increased from 20% to 30% of eligible costs incurred for operations or services rendered in the French territory.

The cap on the total tax credit from which a producer can benefit has increased to €30 million (it had previously increased from €10 million to €20 million for the 2015 tax year).

Entry into force

The Amending Finance Act for 2014 provides that the new rates and caps will apply from the tax year starting on January 1 2016. However, this is subject to the approval of the European Commission.

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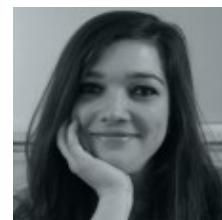
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