

ESTONIAN FILM INSTITUTE

REGULATIONS FOR AID SUPPORT

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1. GENERAL PROVISIONS

- 1.1. The following Regulations (hereinafter the Regulations) set the conditions and procedure for applying for, allocating and using the aid support granted by the Estonian Film Institute (hereinafter “the EFI”). When allocating aid support, EFI shall proceed from the state aid “Estonian film support scheme” and the Administrative Procedure Act.
- 1.2. Commission Regulation (EU) No. 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1–78) (hereinafter the Block Exemption Regulation), including the provisions of Article 54, as well as § 34² of the Competition Act shall apply to these Regulations and the annexes hereto.
- 1.3. Aid support shall not be granted under these Regulations to a person who is subject to an outstanding recovery order following a previous European Commission or Court of Justice decision declaring aid illegal or misused and incompatible with the common market. Aid support shall not be granted under these Regulations to an undertaking in difficulty as defined in Article 2 (18) and in the cases set out in Article 1 (2), (3) and (5) of the Block Exemption Regulation.
- 1.4. The main goal of EFI aid support is to promote professional, high-level and versatile Estonian film culture.
- 1.5. EFI shall support the development, production and distribution of Estonian films and internationally co-produced films, development of TV mini-series, new media projects, film-related events, the screening of art-house film programmes by cinemas, film-related education, film-related research work, and the restoration and protection of film heritage.
- 1.6. EFI shall not allocate targeted support for amateur film production, commissioned, promotional and commercial films, television broadcasts, pastime games, pornographic films and films promoting racism or violence.
- 1.7. In order to apply for support, an application form shall be filled in the EFI electronic application environment or an application shall be submitted on paper. All required documents listed on the application form shall be appended to the application. The

expenses in the application budget shall be presented exclusive of VAT. Within fixed-term application rounds, the applications shall be submitted by 5 pm on the application deadline date. Any applications received after 5 pm shall not be processed in the given round.

- 1.8. Support cannot be received by a legal entity that has a majority shareholding or majority voting rights in a media service provider, state or local government.
- 1.9. Support cannot be received by a legal entity where programmes produced for broadcasting organisations accounts for more than 90% of the entity's turnover.
- 1.10. Support cannot be received by a legal entity whose equity is negative.
- 1.11. Support cannot be received by a legal entity with a deletion notice in the Commercial Register.
- 1.12. Support cannot be received by a legal entity who has state tax arrears at the time of submitting the application or an unpaid interest debt from unpaid taxes or whose state tax debt payment has not been rescheduled. If the debt payment has been rescheduled, the tax debt has to be paid according to the schedule. Under these conditions, a state tax, which has not been paid by the due date and has accrued debt interest of more than 100 euros shall be considered a state tax debt.
- 1.13. Support cannot be received by a legal entity who has not fulfilled their financial obligations to a company providing film services and a court judgement has entered into force concerning the matter or the debtor has acknowledged their indebtedness in writing and where the parties have not signed a payment schedule. When the payment schedule is rescheduled, the debt has to be paid according to the schedule.
- 1.14. Support cannot be received by a legal entity, responsible producer or responsible person, who has not submitted their previous aid support report on time or correctly.
- 1.15. Support cannot be received by a legal entity who has not paid back the support aid which has been reclaimed and is to be repaid by the due date.
- 1.16. An application does not qualify if the application has not been submitted by the set deadline.
- 1.17. The applicant shall be notified of any deficiencies in the application within 5 (five) working days.
- 1.18. The deficiencies in an application shall be corrected within 5 (five) working days.
- 1.19. After processing an application, the Management Board at EFI shall, abiding by the deadlines set for decisions regarding different categories of support, make:
 - a) a decision on the acceptance of the application and determine the size of support; or
 - b) a decision on the rejection of the application.
- 1.20. EFI has the right to allocate support in an amount that is smaller than the amount that has been applied for.

- 1.21. The applicant shall be notified of the decision and its rationale in writing within 5 (five) working days of the date of making the decision.
- 1.22. A support contract shall be signed with the legal entity who has been allocated support.
- 1.23. The support decision shall expire if the support contract is not entered into within 6 (six) months for reasons attributable to the recipient.
- 1.24. The final report will not be accepted if the applicant has state tax arrears or an unpaid interest debt from unpaid taxes or whose state tax debt payment has not been rescheduled. If the debt payment has been rescheduled, the tax debt has to be paid according to the schedule. Under these conditions, a state tax, which has not been paid by the due date and has accrued debt interest of more than 100 euros shall be considered a state tax debt.
- 1.25. In the case of a state budget allocation targeted for financing a specific project, EFI is not required to apply deadlines on the processing of decisions and limits of funding set out in the Regulations to the aid support for this particular project, except for limits set out by the state aid permit.
- 1.26. EFI shall publish the applicant, project title, a brief summary of the project content and the amount applied for in a summary of support rounds.
- 1.27. Source documents for accounting concerning state aid shall be preserved for at least 10 years from the granting of the aid.
- 1.28. Prevention of corruption and restrictions on activities
 - 1.28.1. Employees of EFI and experts providing evaluations under the Regulations shall familiarise themselves with the requirements of the Anti-corruption Act and the requirements of external experts as approved by the EFI Council on 3 February 2016.
 - 1.28.2. Members of the Management Board and employees of EFI and experts participating in evaluation processes must not make decisions, provide expert assessments and/or conduct immediate and continuous supervision with respect to themselves and individuals associated with them within the meaning of §7 of the Anticorruption Act, except in the special cases specified by law and with the prior consent of the EFI Council.
 - 1.28.3. Each expert involved in evaluating and/or providing assessments under the Regulations on the applications received by EFI shall, before the beginning the evaluation process, sign a statement to the effect that he/she is not involved in any of the projects being evaluated in the particular round or other rounds of the same competition within the meaning of §7 of the Anti-corruption Act. The statement shall be maintained in the EFI document register.

2. PRODUCTION OF FILMS

2.1. CATEGORIES OF SUPPORT

2.1.1. Script support

Script support shall be allocated for the creation of a script for a full-length feature film or a full-length animation film. Upon further financing of the film project, the amount of script support shall be included in the amount of development support.

2.1.2. Development support

2.1.2.1. Development support shall be allocated for the development of a full-length feature film, animation film, documentary film or TV mini-series. Upon further financing of the film project, the amount of development support shall be included in the amount of production support.

2.1.2.2. The recipient of development support shall spend at least 50% of the EFI support allocated for his or her film project on economic activity in Estonia.

2.1.3. Production support

2.1.3.1. Production support shall be allocated for the production of a full-length feature film (65 minutes or longer), short film, documentary film or animation film.

2.1.3.2. The recipient of production support shall spend at least 50% of the EFI support allocated for his or her film project on economic activity in Estonia.

2.1.3.3. If a film is produced over 2 (two) or more calendar years, support can be allocated in phases, the number of which is limited to 3 (three). Phases 1, 2 and 3 are collectively regarded as a complete production period. In the case of a phase-based production scheme, a separate support application shall be submitted for phases 1, 2 and 3. The application shall be processed only if the reports for the previous phases have been approved.

2.1.4. Minority co-production support

2.1.4.1. Minority co-production support shall be allocated to an Estonian producer for participation in a project of an international full-length feature film, long documentary film (50 minutes or longer) or animation film provided that the main producer of the film project is not a legal entity registered in Estonia and that the Estonian co-producer owns property rights for the film that are proportional to his or her participation.

2.1.4.2. The recipient of minority co-production support shall spend 100% of the EFI support allocated for the film project on economic activity in Estonia.

2.1.4.3. The amount of support allocated by EFI for a minority co-production film project shall be up to 70% of the film project's consolidated Estonian budget.

2.1.4.4. The categories of minority co-production support are:

- a) production support for a feature film;
- b) production support for a documentary;
- c) production support for an animation.

2.1.4.5. According to the *minority co-production grading table**, the Estonian creative or production-related participation in a film project shall have at least the following grade:

- a) feature film – grade 5, of which at least two points are from the creative grading table;

- b) documentary film – grade 3 of which at least one point is from the creative grading table; and
- c) animation film – grade 5 of which at least two points are from the creative grading table.

*Minority co-production grading table

CREATIVE		TECHNICAL	
Scriptwriter	3	Technical staff of film crew <i>1 point/person, max 2 points</i>	1-2
Director	3	Technical staff of an animation film <i>1 point/person, max 2 points</i>	1-2
Cinematographer	2	Puppeteer	1
Composer	2	Sound studio, shooting locations <i>6 ≤ shooting days</i>	2
Artist	2	Sound studio, shooting locations 1-5 <i>shooting days</i>	1
Editor	1	Picture editing location	1
Sound editor	1	Sound editing location	1
Actor/actress in a feature film, main role	3	Visual effects	1
Actor/actress in a feature film, minor role with dialogue <i>6 ≤ shooting days</i>	2	Colour grading	1
Actor/actress in a feature film, minor role with dialogue 1-5 <i>shooting days</i>	1		
Animators of an animation film 1 <i>point/person, max 2 points</i>	1-2		

2.1.4.6. A film that is produced in international minority co-production shall be in the Estonian language or shall have Estonian subtitles and it shall be screened in Estonian cinemas within 1 (one) year after its international premiere.

2.2. APPLICATIONS

2.2.1. **Script support can be applied for by** a legal entity whose principal activity is the production of films and to whom the property rights of the authors of the audio-visual work are transferred or licensed. The applicant must be a legal entity registered in Estonia by the moment of the payment of support at the latest.

2.2.2. **Development support can be applied for by** a legal entity whose principal activity is the production of films and to whom the property rights of the authors of the audio-visual work are transferred or licensed. The applicant must be a legal entity registered in Estonia by the moment of the payment of support at the latest.

2.2.3. Production support can be applied for by a legal entity whose principal activity is the production of films and to whom the property rights of the authors of the audio-visual work are transferred or licensed. The applicant must be a legal entity registered in Estonia by the moment of the payment of support at the latest.

2.2.4. Responsible producer

2.2.4.1. The producer responsible for the film or, in the case of an international coproduction, the Estonian co-producer shall be a natural person who is a resident for the purposes of § 6(1) of the Income Tax Act.

2.2.4.2. The director of a full-length feature film or a full-length animation film shall not be the sole responsible producer or production manager of the film.

2.2.5. Deadlines and conditions of application; limits of funding

2.2.5.1. The Management Board at EFI shall set the application deadlines for the following calendar year by 1 November at the latest. An application deadline can be amended not later than 2 (two) months before the previously announced deadline.

2.2.5.2. The Council at EFI shall set the financial support limits.

2.2.5.3. An application for a category of support for one and the same project shall not be submitted more than 3 (three) times.

2.2.5.4. An application for production support for a full-length feature film shall be submitted to EFI at least 4 (four) months prior to the start date of the main shooting as specified in the production plan attached to the application, except in the case of minority co-productions.

2.2.5.5. Development support for a film project that has received script support from EFI shall not be processed before the final report on the use of the script support has been approved.

2.2.5.6. Production support for a film project that has received script and/or development support from EFI shall not be processed before the final report on the use of the script and/or development support has been approved.

2.2.5.7. After a decision has been made on an application for production support for a film project, development support for the same project cannot be applied for

2.2.5.8. Script, development and/or production support for a film project shall not be processed before the production company has submitted the source materials and a screening copy of its previous film to the Film Archives of the National Archives according to clause 2.7.1 of these Regulations.

2.2.6. Budget and financing plan

2.2.6.1. The budget for script writing and the financing plan have to be balanced.

The script writing budget for a film shall contain:

a) all planned script writing costs;

b) overhead costs of the film production company – up to 7% of the direct costs of script writing.

2.2.6.2. The film development budget and financing plan have to be balanced.

The development budget for the film shall contain:

- a) all planned development costs;
- b) overhead costs of the film production company – up to 7% of the direct costs of development.

2.2.6.3. The production budget and financing plan of a film have to be balanced.

The production budget shall contain:

- a) all planned production costs;
- b) the costs of the first screening copy in the planned format;
- c) the marketing and promotion costs incurred while the film is in production;
- d) the costs of the production of promotional copies;
- e) overhead costs of the film production company – up to 7% of the direct costs;
- f) unforeseen costs – up to 5% of the direct costs;
- g) the production fee of the film project – up to 5% of the costs (costs: the total of direct costs, overhead costs and unforeseen costs).

2.2.6.4. The overhead costs of a film production company are: office supplies (not including office machines or furnishings); communications services; the running costs of post and electronic data communication; maintenance and repair of IT and office machines; utility costs; rent; the opening and management of a solely project-related bank account and transfer fees; security service; land tax. Overhead costs are eligible for support if based on actual project implementation costs and directly necessary for the implementation of the project.

2.2.6.5. Costs related to the acquisition of movable and immovable property and fixed assets are not eligible for support.

2.2.6.6. In the case of an international co-production, the application shall contain a separate budget and financing plan for the Estonian participant.

2.2.6.7. If the support amount allocated by EFI exceeds 100,000 euros, then this is subject to an audit. EFI shall appoint the auditing firm who shall perform the audit. Auditing costs shall be accounted for in the production budget of the film.

2.2.7. Financing by EFI

2.2.7.1. The total amount of support allocated by EFI shall not exceed 50% of the film project's consolidated budget. In the case of a low-budget film or a film with limited international distribution potential, the original version of which is in the official language of an EU member state with a limited territory, population and language area, the amount of support allocated by EFI shall be up to 70% of the film project's consolidated budget.

2.2.8. Own contribution

2.2.8.1. A support applicant's contribution in financing the project shall be:

- a) a domestic project – at least 5% of the consolidated budget;
- b) an international cooperation project – at least 5% of the consolidated budget of the Estonian participant.

2.2.8.2. The amount and content of the applicant's own contribution shall be explained in the application.

2.2.8.3. The following shall be deemed as the applicant's own contribution:

- a) a bank deposit;
- b) monetarily measurable investments;
- c) services provided at a normal market price;
- d) the remuneration of project team members which is withheld until the completion of a project, which shall not exceed 50% of the applicant's entire contribution;
- e) an advance sale of the broadcasting right to a media service provider, distributor, etc.

2.2.8.4. The following shall not be deemed the applicant's own contribution:

- a) financial support received directly or indirectly from the state budget, which has been granted to the applicant by the grantor of state aid, first and foremost by the state, a local government unit, a foundation, a non-profit association or a legal entity in public law
- b) aid support granted to the applicant by the support funds of the European Union (MEDIA, Eurimages).

2.3. DECISIONS

2.3.1. Processing of decisions

2.3.1.1. Applications for script, development and production support shall be evaluated by EFI's Head of Production or an expert responsible for the relevant field, who shall involve at least two external experts in the evaluation process.

Applications for minority co-production support shall be evaluated by EFI's Head of Production, EFI's expert responsible for the relevant field, EFI's budget expert, and a member of EFI's Management Board. A member of the Management Board at EFI shall appoint the experts for an application round by a directive.

2.3.1.2. When processing applications, the following shall be assessed: the film's topic, content and artistic intent, its budget and financing plan, and distribution potential and potential at festivals, and also the applicant's previous film-related experience and results.

2.3.1.3. For feature and documentary film cooperation projects initiated by multiple Estonian funders, applications to EFI shall be processed only in the production support round, in the course of which the topic, content-related and artistic intentions, budget and financing plan of the film and the former film-making experience and results of the applicant shall be evaluated.

2.3.2. Time limits for decisions

- a) the script of a feature film – thirty (30) calendar days;
- b) the script of a full-length animation film – thirty (30) calendar days;
- c) the development of a feature film – forty (40) calendar days;
- d) the production of a feature film – fifty (50) calendar days;
- e) the development of a TV mini-series – 50 calendar days;
- f) the production of a short film – thirty (30) calendar days;
- g) the development and production of a documentary film – forty (50) calendar days;
- h) the development and production of an animation film – forty (40) calendar days; and
- i) a minority co-production – thirty (30) calendar days.

2.3.3. The recipient of support shall be obliged to:

- a) use the support for the intended purposes;
- b) abide by the Regulations in force and the provisions of the support contract;
- c) not change, without mutual consent, the consolidated budget, authors, main actors or actresses, or other details set out in the documents attached to the contract;
- d) inform EFI of major changes in the script; and
- e) if necessary, submit copies of documents related to the realization of the film project upon EFI's request and grant access to original financial documents.

2.3.4. Term of validity of a support decision

2.3.4.1. A support decision shall be valid until the end of the current calendar year. A contract shall be signed when the applicant has submitted the final budget, financing plan and contracts concerning financing, co-production and authors.

2.3.4.2. During the year following a decision to grant production support for a full-length feature film, full-length animation film and long documentary (50 minutes or longer), the decision can be extended once until the end of the current calendar year.

2.3.5. Letter of commitment

2.3.5.1. Based on a decision to grant production support for a full-length feature film, full-length animation film or long documentary film (50 minutes or longer), EFI may issue the applicant a letter of commitment, which shall specify the amount of EFI support for the film project, the consolidated budget, and the important content and production related indicators.

2.3.5.2. A letter of commitment shall remain valid until the end of the current calendar year.

2.3.5.3. If the decision to grant production support is extended, the letter of commitment can be extended once until the end of the current calendar year.

2.4. PAYMENTS

2.4.1. Full-length feature films, full-length animation films, TV mini-series (only development support)

2.4.1.1. Script support shall be paid in two allotments:

- a) 95% within one week of entry into the contract;
- b) 5% within two weeks of approval of the final report on the use of the support.

2.4.1.2. Development support shall be paid in three allotments:

- a) 55% within one week from entry into the contract;
- b) 40% within two weeks after the approval of the interim report on the use of the support;
- c) 5% within two weeks of approval of the final report on the use of the support.

2.4.1.3. Production support shall be paid in accordance with the cash-flow schedule prepared by the producer and, depending on the complexity of the project, in up to five allotments, as a rule as follows:

- a) 20% within one week from entry into the contract;
- b) 60% before shooting starts;
- c) 15% within two weeks after the approval of the interim report of the production period and the submission of the first cut to EFI;
- d) 5% within two weeks after the approval of the final report.

2.4.1.5. If the support will be less than 50,000 euros, a different payment schedule may be set, but at least one interim report and the final report must be submitted on the use of production support. The last allotment of 5% shall be paid within two weeks after the final report has been confirmed.

2.4.1.6. In the case of a phase-based production scheme, the size of the allotments shall be agreed on the basis of the cash-flow schedule.

2.4.1.7. Prior to the last payment, the audit report of a film project subject to auditing must be approved by the EFI.

2.4.2. Short films

2.4.2.1. Production support for short films shall be paid in three allotments:

- a) 65% within one week from entry into the contract;
- b) 30% after the review of the first cut and approval of the interim report;
- c) 5% within two weeks of approval of the final report on the use of the support.

2.4.3. Documentary films

2.4.3.1. Development support for documentary films shall be paid in two allotments:

- a) 95% within one week of entry into the contract;
- b) 5% within two weeks of approval of the final report on the use of the support.

2.4.3.2. Production support for documentary films shall be paid in three allotments:

- a) 65% within one week from entry into the contract;
- b) 30% after the review of the first cut and approval of the interim report;
- c) 5% within two weeks of approval of the final report on the use of the support.

2.4.4. Short animation films

2.4.4.1. Development support for short animation films shall be paid in two allotments:

- a) 95% within one week of entry into the contract;
- b) 5% within two weeks of approval of the final report on the use of the support.

2.4.4.2. Production support for short animation films shall be paid in three allotments:

- a) 65% within one week from entry into the contract;
- b) 30% after the review of the first cut and approval of the interim report;
- c) 5% within two weeks of approval of the final report on the use of the support.

2.5. REPORTING

2.5.1. General requirements

2.5.1.1. The report on costs incurred and revenue earned (profit and loss account) shall comply with the conditions of the support contract and be consistent with the budget and financing plan annexed to the support contract. The expenses in the report shall be presented exclusive of VAT.

2.5.1.2. In the case of an international co-production, the profit and loss account of the Estonian participant shall be annexed to the report.

2.5.1.3. Each film project shall be recorded in the books as a separate object and it must be possible to print out a profit and loss account for each object. Original documents or consolidated documents based on them shall be duly signed by the producer and bear the project title written in an indelible manner. It must be possible to trace the use of support in the books of the recipient of support on an accrual basis.

2.5.1.4. Following the interim report, it is possible, in collaboration with EFI, to adjust the budget and financing plan of a project and the cumulative share of the state aid according to the established limits set out in the Estonian film support scheme.

2.5.1.5. It is possible to apply for an extension of the deadlines for the reports for compelling reasons up to 2 (two) times during the use of a single support category.

2.5.1.6. The report shall be signed by the responsible producer.

2.5.2. The final report on the script support shall contain:

- a) the recipient's information (name, registration code);
- b) a comparison of the budget and the financing plan annexed to the support contract with the costs incurred and revenues earned prior to the submission

of the report, where the relative share of cumulative state aid in the final financing of the film project must be within the limits set out in the Estonian film support scheme and the overhead costs of the film production company must not exceed 7% of the direct costs of script development;

- c) an activity report describing the work performed and the results achieved;
- d) the agreements and contracts entered into during the period of use of the support and letters of interest from partners;
- e) the script.

2.5.3. Interim reports on development and production shall contain:

- a) the recipient's information (name, registration code);
- b) a comparison of the budget and the financing plan annexed to the support contract with the costs incurred and revenues earned prior to the submission of the report;
- c) the producer's activity report describing the work performed and the results achieved;
- d) the agreements and contracts entered into during the period of use of the support and letters of interest from partners.

2.5.4. The final report on the development support shall contain:

- a) the recipient's information (name, registration code);
- b) a comparison of the budget and the financing plan annexed to the support contract with the costs incurred and revenues earned prior to the submission of the report, where the relative share of cumulative state aid in the final financing of the film project must be within the limits set out in the Estonian film support scheme and the overhead costs of the film production company must not exceed 7% of the direct costs of development;
- c) the producer's activity report on the development of the film project;
- d) the agreements and contracts entered into during the period of use of the support and letters of interest from partners.

2.5.4.1. In the case of a feature film or TV mini-series:

- a) the final script;
- b) the director's vision about the film's topic, structure, characters, style, visual and technical solutions;
- c) the initial choice of actors, actresses and shooting locations.

2.5.4.2. In the case of a documentary film:

- a) the treatment;
- b) the director's vision about the film's topic, structure, characters, style, visual and technical solutions;

2.5.4.3. In the case of an animation film:

- a) the final script;
- b) the director's vision about the film's topic, structure, characters, style, visual and technical solutions;
- c) the visuals.

2.5.5. The final report on production support shall contain:

2.5.5.1. Documents:

- a) the recipient's information (name, registration code);
- b) a profit and loss account which, in comparison with the budget and financing plan, presents the revenues, costs and profit/loss of the whole film project, where the relative share of cumulative state aid in the final financing of the film project must be within the limits set out in the Estonian film support scheme and the overhead costs of the film production company must not exceed 7% of the direct costs of film production. The actual costs which differ from the budgeted costs by more than 10% must be justified in writing for each cost line of the consolidated budget. A difference shall be deemed material if it makes up more than 1% of the consolidated budget and in the case of an international co-production, more than 1% of the consolidated budget of the Estonian participant;
- c) the producer's activity report on the completion of the film project;
- d) the music sheet along with copies of the documents proving the right to use it;
- e) the list of the archival materials, photographs, and artworks used in the film along with copies of the documents proving the right to use them;
- f) confirmation from the Estonian Film Database that they have received the specifications of the film in Estonian and English.

2.5.5.2. Materials:

- a) 20 DVDs with English subtitles;
- b) a file of the film for festival distribution (format: *as agreed with the responsible producer*).

2.5.6. **Interruption of production**

2.5.6.1. If the production of a film is interrupted due to the economic difficulties of the recipient of the support or due to his or her inability to continue the production of the film, the recipient of the support shall be obliged to transfer the property rights of the film and the rights to use licenses, materials and documents owned by him or her to EFI. In such cases, EFI shall announce a targeted tender for the completion of the film, the conditions of which shall be determined according to the circumstances.

2.5.6.2. If the film has co-producers, they shall have the preferential right to acquire the rights transferred to EFI for the completion of the film provided that the film will have an Estonian version, which will be screened within one (1) year on the territory of Estonia.

2.5.6.3. A contract shall be signed with the winner of the tender under the same conditions as with the recipient of support with whom the support contract had been terminated.

2.5.6.4. If there are no participants in the tender announced for the uncompleted film project or if EFI declares the tender failed, the production of the film shall be deemed finished. The documents related to the film shall be handed over to EFI and all audio-visual material to the Film Archives of the National Archives.

2.5.6.5. In order to ensure the application of the rules for interrupted productions, the recipient of the support shall be obliged to enter into contracts to such extent and under such conditions which enable him or her to assign or license his or her copyright to EFI and transfer the ownership of things to EFI.

2.5.6.6. EFI may make an exception with regard to the application of the above rule if the co-production contracts do not allow to enter into a support contract under such conditions

2.6. FORMALIZATION OF FILMS

2.6.1. The opening credits of a film which has received support from EFI shall feature the logo of EFI. The opening credits of an internationally co-produced film may feature the name of EFI.

2.6.2. A film which has received support from EFI shall note that “The production of this film was supported by the Estonian Film Institute” in the closing credits.

2.7. PRESERVATION OF FILMS

2.7.1. A film production company shall be obliged to hand over the film’s source materials (Digital Master) and a screening copy (DCP, BluRay, etc.) to the Film Archives of the National Archives of Estonia within 12 (twelve) months after the film’s premiere in Estonia in accordance with the Legal Deposit Copy Act entering into force on 1 January 2017.

3. DISTRIBUTION

3.1. Distribution support shall be allocated:

- a) to support the distribution in Estonian cinemas of long domestic or long minority co-production feature, animation and documentary films;
- b) to support the distribution in Estonian cinemas of domestic short films and collections of short animation films;
- c) to support film distribution companies that intermediate programmes of European art-house films and of youth and children’s films, provided that the programme consists of at least 4 (four) films and these films are distributed in cinemas and on the VOD platforms used in Estonia;
- d) to produce Estonian subtitles for the hard-of-hearing and audio-descriptions for the visually impaired.

3.2. The following films which have received support from EFI shall have Estonian subtitles for persons who are hard-of-hearing and audio-descriptions for the visually impaired:

- a) full-length feature films (except for minority co-productions);
- b) full-length animation films (except for minority co-productions).

3.3. Support applications

- 3.3.1. A legal entity whose principal activity is the production or distribution of films has the right to apply for distribution support. The applicant must be a legal entity registered in Estonia by the moment of payment of support at the latest.
- 3.3.2. The Management Board at EFI shall set the application deadlines for the following calendar year by 1 November at the latest. An application deadline can be amended not later than 2 (two) months before the previously announced deadline.
- 3.3.3. An application for distribution support for domestic films shall be submitted to EFI at least 30 (thirty) calendar days prior to the start of domestic cinema distribution.
- 3.3.4. The Council at EFI shall set the financial limits for distribution support for domestic films.

3.4. Budget and financing plan

- 3.4.1. The project budget and financing plan have to be balanced.
- 3.4.2. The total amount of support allocated by EFI shall not exceed 50% of the project's consolidated budget. The total amount of support allocated by EFI shall be up to 70% of the consolidated budget if the film has a low budget or limited international distribution potential.
- 3.4.3. The distribution budget of an Estonian film project for which Estonian distribution support is applied must not cover the producer's fee of the film production company or unforeseen costs.
- 3.4.4. The applicant's own contribution in financing the project shall be at least 5% of the consolidated budget.
- 3.4.5. The following shall not be deemed the applicant's own contribution:
 - a) financial support received directly or indirectly from the state budget, which has been granted to the applicant by the grantor of state aid;
 - b) financial support granted to the applicant by the support funds of the European Union.

3.5. Processing of applications

- 3.5.1. Applications shall be evaluated by EFI's Head of Marketing, who shall involve at least two external experts in the evaluation process. A member of the Management Board at EFI shall appoint the experts for an application round by a directive.
- 3.5.2. When processing applications, the applicant's potential for the realization of the intent; film's or film programme's marketing and distribution plan; the potential outcome of the distribution; the budget and financing plan and the rate of the applicant's own contribution set in the application shall be evaluated.
- 3.5.3. Programmes of European art-house films and of youth and children's films shall be assessed on a film-by-film basis.
- 3.5.4. The deadline for making a decision shall be thirty (30) calendar days from the registration of a support application.

3.6. Payments

3.6.1. Support shall be paid in two allotments:

- a) 95% within one week of entry into the contract;
- b) 5% within two weeks of approval of the final report on the use of the support.

3.7. The final report on distribution support shall contain:

- a) the recipient's information (name, registration code);
- b) a profit and loss account which, in comparison with the budget and financing plan, presents the revenues, costs and profit/loss from the distribution of the film, where the expenses in the report shall be presented exclusive of VAT and the relative share of cumulative state aid in the final financing of the film project must be within the limits set out in the Estonian film support scheme;
- c) a performance report on the distribution of the film in Estonia, which specifies the number of audiences, screening times and venues and ticket revenue.

3.8. A film or a film program which has received distribution support has to be equally accessible to all cinemas and similar venues which have the corresponding technical platform.

3.9. Within 2 (two) years of a film's public premiere, the recipient of support for the film shall ensure its screening on at least one television programme belonging to the Estonian Public Broadcasting or to a media services provider having a media service license.

3.10. EFI has the right to use a film which has received support from EFI in agreement with the responsible producer of the film and in accordance with its distribution plan and world premiere for the non-commercial purposes of introducing Estonian culture in Estonia and abroad.

3.11. A film production company is obliged to submit reports on the international distribution, participation in festivals and the number of audiences of any film which has received support from EFI during the three (3) first years from the international premiere of the film. An international distribution report for each previous year shall be submitted in April of the current year. International distribution reports shall be downloadable from EFI's webpage. EFI shall not process support applications of film production companies which have not submitted international distribution reports.

4. NEW MEDIA

4.1. **New media support shall be allocated** for further development and marketing of a film project via cross- and/or transmedia, videogames, virtual and augmented reality and other similar solutions.

4.2. Application

4.2.1. New media support can be applied for by legal entities. The applicant must be a legal entity registered in Estonia by the moment of payment of support at the latest.

4.2.2. The Management Board at EFI shall set the application deadlines for the following calendar year by 1 November at the latest. An application deadline can be amended not later than 2 (two) months before the previously announced deadline.

4.2.3. The Council at EFI shall set the financial support limits.

4.3. Budget and financing plan

4.3.1. The project budget and financing plan have to be balanced.

4.3.2. The total amount of support allocated by EFI shall not exceed 50% of the project's consolidated budget. The total amount of support allocated by EFI shall be up to 70% of the consolidated budget if the new media project is connected to a film of a low budget or limited international distribution potential.

4.3.3. The applicant's own contribution in financing the project shall be at least 5% of the consolidated budget.

4.3.4. The following shall not be deemed the applicant's own contribution:

- a) financial support received directly or indirectly from the state budget, which has been granted to the applicant by the grantor of state aid;
- b) financial support granted to the applicant by the support funds of the European Union.

4.4. Processing of applications

4.4.1. Applications shall be evaluated by EFI's Head of Production, who shall involve at least two external experts in the evaluation process. A member of the Management Board at EFI shall appoint the experts for an application round by a directive.

4.4.2. When processing applications, the following shall be assessed: the artistic and technical innovation of a new media project, the interaction between its content and the media platforms to be used, the completion plan, the project's marketing support for the film project and the budget and financing plan.

4.4.3. The deadline for making a decision shall be twenty (40) calendar days from the registration of a support application.

4.5. Payments

4.5.1. New media support shall be paid in two allotments:

- a) 95% within one week of entry into the contract;
- b) 5% within two weeks of approval of the final report on the use of the support.

4.6. Reporting

4.6.1. The final report on new media support shall contain:

- a) the recipient's information (name, registration code);
- b) a comparison of the budget and the financing plan annexed to the support contract with the costs incurred and revenues earned, where the expenses in the report shall be presented exclusive of VAT and the relative share of cumulative state aid in the final financing of the project must be within the limits set out in the Estonian film support scheme;

- c) an activity report describing the work performed and the results achieved;
- d) a presentation of the cross-media and/or transmedia project.

4.6.2. EFI's participation in projects which have received support shall be indicated with the logo or in another way.

5. EVENTS AND ACTIVITIES

5.1. Miscellaneous support shall be allocated for:

- a) organizing film-related events;
- b) participation in film fairs and festivals;
- c) the production of festival copies and marketing materials;
- d) projects and initiatives for promoting Estonian film culture.

5.2. Support applications

5.2.1. Miscellaneous support can be applied for by legal entities. The applicant must be a legal entity registered in Estonia by the moment of payment of support at the latest.

5.2.2. Miscellaneous support can be applied for without any deadlines, but at least seven (7) calendar days prior to the beginning of the event.

5.3. Budget and financing plan

5.3.1. The project budget and financing plan have to be balanced.

5.3.2. The total amount of support allocated by EFI shall not exceed 70% of the project's consolidated budget.

5.3.3. The applicant's own contribution in financing the project shall be at least 5% of the consolidated budget.

5.3.4. The following shall not be deemed the applicant's own contribution:

- a) financial support received directly or indirectly from the state budget, which has been granted to the applicant by the grantor of state aid;
- b) financial support granted to the applicant by the support funds of the European Union.

5.4. Processing of applications

5.4.1. Applications shall be evaluated by the Head of Marketing at EFI who can involve external experts in the evaluation process.

5.4.2. When processing applications, the following shall be assessed: an applicant's potential for the realization of the intents set for the project, the outcome of an event or an activity for the applicant and for the field as a whole, the budget and the financing plan, and the percentage of co-financing and own financing in the overall budget.

5.4.3. The deadline for making a decision shall be 30 calendar days from the registration of a support application.

5.5. Payments

5.5.1. Miscellaneous support shall be paid in two allotments:

- a) 95% within one week of entry into the contract;
- b) 5% within two weeks of approval of the final report on the use of the support.

5.6. Reporting

5.6.1. The final report on miscellaneous support shall contain:

- a) the recipient's information (name, registration code);
- b) a comparison of the budget and the financing plan annexed to the support contract with the costs incurred and revenues earned, where the expenses in the report shall be presented exclusive of VAT and the relative share of cumulative state aid in the final financing of the project must be within the limits set out in the Estonian film support scheme;
- c) an activity report describing the work performed and the results achieved.

5.6.2. EFI's participation in projects which have received support shall be indicated with the logo or in another way.

6. FURTHER TRAINING AND EDUCATION

6.1. Further training and education support shall be allocated for:

- a) film-related further training;
- b) promoting film-related education in cooperation with the Baltic Film and Media School.

6.2. Support applications

6.2.1. Further training and education support can be applied for by legal persons. The applicant must be a legal entity registered in Estonia by the moment of payment of support at the latest.

6.2.2. Further training and education support can be applied for without any deadlines, but at least seven (7) calendar days prior to the beginning of the project.

6.3. Budget and financing plan

6.3.1. The project budget and financing plan have to be balanced.

6.3.2. The total amount of support allocated by EFI shall not exceed 70% of the project's consolidated budget.

6.3.3. The applicant's own contribution in financing the project shall be at least 5% of the consolidated budget.

6.3.4. The following shall not be deemed the applicant's own contribution:

- a) financial support received directly or indirectly from the state budget, which has been granted to the applicant by the grantor of state aid;
- b) financial support granted to the applicant by the support funds of the European Union.

6.4. Processing of applications

- 6.4.1. Applications shall be evaluated by the Head of Marketing at EFI who can involve external experts in the evaluation process.
- 6.4.2. When processing applications, the following shall be assessed: the potential of a applicant for the realization of the intent set for the project and the potential outcome for the applicant and for the field, the budget and the financing plan, and the percentage of co-financing and the applicant's own financing in the overall budget.
- 6.4.3. The deadline for making a decision shall be 30 calendar days from the registration of a support application.

6.5. Payments

- 6.5.1. Support shall be paid in two allotments:
- a) 95% within one week of entry into the contract;
 - b) 5% within two weeks of approval of the final report on the use of the support.

6.6. Reporting

- 6.6.1. The final report on support shall contain:
- a) the recipient's information (name, registration code);
 - b) a comparison of the budget and the financing plan annexed to the support contract with the costs incurred and revenues earned, where the expenses in the report shall be presented exclusive of VAT and the relative share of cumulative state aid in the final financing of the project must be within the limits set out in the Estonian film support scheme;
 - c) an activity report describing the work performed and the results achieved;
- 6.6.2. EFI's participation in projects which have received support shall be indicated with the logo or in another way.

7. FILM-RELATED RESEARCH WORK AND DIGITALIZING

7.1. Film-related research work and digitalizing support shall be allocated for:

- a) research and scientific work on cinematography and Estonian film history;
- b) preparing and publishing a film-related research article, printed material, educational material, a database or another publication;
- c) digitalization and restoration of professionally produced films that are relevant to the Estonian film and cultural history, except films produced by Tallinnfilm and its predecessors.

7.2. Support applications

- 7.2.1. Film-related research work and digitalizing support can be applied for by legal entities. The applicant must be a legal entity registered in Estonia by the moment of payment of support at the latest.
- 7.2.2. Film-related research and digitalizing support applications can be applied for without any deadlines, but at least seven (7) calendar days prior to the beginning of the project.

7.3. Budget and financing plan

7.3.1. The project budget and financing plan have to be balanced.

7.3.2. The total amount of support allocated by EFI shall not exceed 70% of the project's consolidated budget.

7.3.3. The applicant's own contribution in financing the project shall be at least 5% of the consolidated budget.

7.3.4. The following shall not be deemed the applicant's own contribution:

- a) financial support received directly or indirectly from the state budget, which has been granted to the applicant by the grantor of state aid;
- b) financial support granted to the applicant by the support funds of the European Union.

7.4. Processing of applications

7.4.1. Applications for support shall be evaluated by the Head of Film Heritage at EFI, who can involve external experts in the evaluation process.

7.4.2. When processing applications, the following shall be assessed: the applicant's potential for the realization of the intents set for the project and its potential outcome, the project's completion and release plan, budget and financing plan, and, in the case of film-related research work or educational material development applications, the topic of the work.

7.4.3. The deadline for making a decision shall be 30 calendar days from the registration of a support application.

7.5. Payments

7.5.1. Support shall be paid in two allotments:

- a) 95% within one week of entry into the contract;
- b) 5% within two weeks of approval of the final report on the use of the support.

7.6. Reporting

7.6.1. The final report on support shall contain:

- a) the recipient's information (name, registration code);
- b) a comparison of the budget and the financing plan annexed to the support contract with the costs incurred and revenues earned, where the expenses in the report shall be presented exclusive of VAT and the relative share of cumulative state aid in the final financing of the project must be within the limits set out in the Estonian film support scheme;
- c) an activity report describing the work performed and the results achieved;
- d) scientific or research work, printed material, educational material, a database or another publication;
- e) a digitalized and/or restored film.

7.6.2. EFI's participation in projects which have received support shall be indicated with the logo or in another way.

8. PROCESSING OF REPORTS

- 8.1. EFI shall review a report within 3 (three) weeks from the submission of the last required documents and shall make a decision within this period of time on the approval of the report.
- 8.2. EFI shall not approve a report and make contractual payments in the following cases:
 - a) the support has not been used for the intended purposes;
 - b) while using the support, the recipient of the support has violated the law, the support contract or the Regulations;
 - c) the recipient of the support refuses to submit to a representative of EFI or to the auditor appointed by EFI documents related to the use of support or to the film project which has received support, or is late in submitting them by more than 3 (three) months;
 - d) the recipient of the support has been declared bankrupt, the company is being wound up or its business activities have been suspended;
 - e) using support for the intended purposes is difficult due to legal reasons.
- 8.3. EFI shall suspend making support payments in the cases listed in point 8.2. If the deficiencies have been corrected, EFI shall resume making the payments. If EFI discovers a material breach of the support contract and the Regulations, EFI shall withdraw from the support contract and claim a refund of the support paid. In the event of withdrawal from the contract, EFI may claim from the applicant a refund of all types of support granted by EFI to the project.
- 8.4. EFI's support for each category of support shall not exceed 70% of the actual costs of the project. If, on the basis of the final report of the project, EFI's support exceeds 70%, it shall be reduced by the amount exceeding the allowed percentage.
- 8.5. If the relative share of support received as state aid cumulatively exceeds the limit for state aid, the applicant shall reimburse EFI the part of the support exceeding the limit for state aid.
- 8.6. If the final report of the project shows a profit that arises from the difference between the actual revenues and costs, the EFI's support shall be reduced by the amount equal to the profit.
- 8.7. EFI shall have the right to perform an audit of a project that has received support. A recipient shall submit data and original documents for auditing within 14 calendar days of receiving a relevant notice from the auditor. If the recipient fails to submit data and original documents in due course or if the audit establishes a material misuse of the support or a breach of the support contract, the recipient shall pay the costs of the audit. EFI may withhold the costs of the audit from the support paid to the recipient. If the audit finds no deficiencies in the activities of the recipient, EFI shall cover the costs of the audit. If the audit identifies misuse of the support, the recipient shall return the misused support to EFI. If the misuse is substantial, the recipient shall return the full amount of support to EFI.
- 8.8. EFI may designate the result of a completed or commissioned audit for internal use only, if this is necessary to ensure the administration of justice or safeguard judicial

proceedings. In such cases, any information collected during supervision shall be only for the internal use of EFI and shall not be made public. EFI may make audit information public after a court judgement has entered into force or after cessation of the circumstances that necessitated the administration of justice. EFI shall not make audit information public if this is required to protect personal data.

- 8.9. EFI may present project reports and documents to other public agencies financing films if EFI or such public agency has reason to believe that the recipient has misused the support.

Approved by the Council of EFI on 08 November 2017