

Issued by: Minister of Culture

Type: Act

Version: original/consolidated text

In force from: 7.1.2019

In force until:

Publication citation: RT I, 04.01.2019, 25

Conditions and procedures for supporting the development, production and distribution of films

Adopted on 31.12.2018 No 25

This Regulation is established on the basis of subsection 53¹ (1) of the [State Budget Act](#).

Chapter 1

General provisions

§ 1. Scope of application

- (1) The Regulation sets out the conditions and procedures for supporting the development, production and distribution of films; the development of TV miniseries; film events; the distribution of arthouse film programmes; film education; film-related research; and the restoration and protection of cinematographic heritage.
- (2) The relevant legislation of the European Union and the Administrative Procedure Act shall apply to issues not covered by this Regulation.
- (3) The Regulation shall not apply to the cases referred to in Article 1(2), (4) and (5) of 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 of 26 June 2014) as amended by Commission Regulation (EU) No 2017/1084 (OJ L 156 of 20 June 2017) (referred to below as ‘the Block Exemption Regulation’).
- (4) The Regulation shall not apply to an applicant who is subject to an outstanding recovery order pursuant to a prior decision of the European Commission or the European Court of Justice declaring aid unlawful or misused and incompatible with the internal market.
- (5) The implementation of the Regulation shall be the responsibility of the Estonian Film Institute (‘the granting authority’).

§ 2. Objectives and results of granting support

- (1) The objective of granting support shall be to enable the creation of high-quality works of Estonian cinematography that speak to the audience and to facilitate the appreciation, development and distribution of Estonian cinematography.
- (2) As a result of granting support, Estonian cinematography shall be viable, original, and internationally successful, taking the audience into account, and representing the past and present

in a diverse and engaging manner; Estonian film culture, including film studies, film education, film heritage and film history, shall be fostered, easily accessible to the public, evolving and contemporary.

§ 3. Supported activities and State aid

(1) Support shall be granted to projects that will contribute towards the objectives and results set out in section 2 of this Regulation, for the following categories:

- 1) scriptwriting support for feature films and animated feature films with a running time of at least 60 minutes;
- 2) development support for feature films, animated feature films, animated short films, documentary films with a running time of at least 45 minutes and TV miniseries of 6 to 13 episodes;
- 3) production support for feature films, short films, documentary films, animated feature films, and animated short films;
- 4) minority co-production support for Estonian producers participating in the making of an international feature film, documentary film, animated feature film or animated short film, provided that the main producer of the film is not a legal entity registered in Estonia and that the Estonian minority co-producer holds economic rights from copyright on the film commensurate with their participating interest in the project. An international minority co-production film shall be in Estonian or with Estonian subtitles and shall be screened in Estonian cinemas within one year of its international premiere;
- 5) distribution support to facilitate the distribution in Estonian cinemas of feature films, documentary feature films, animated feature films, and collections of short films with a total running time of at least 60 minutes by an Estonian film producer or minority co-producer. Support shall be granted to projects that have previously received production support from the granting authority;
- 6) subtitling and audio-description support for Estonian-language subtitling for the hard of hearing and Estonian-language audio description for the visually impaired in feature films and animated feature films. Support shall be granted to projects that have previously received production support from the granting authority. Support shall not be granted to minority co-production projects;
- 7) distribution support for European arthouse films and youth and children's film programmes granted to distributors, provided that the programme consists of at least four films that are distributed in cinemas and on video-on-demand platforms available in Estonia;
- 8) event support for organising film-related events, participation at film fairs and festivals, production of festival copies and marketing materials, and for projects and initiatives facilitating the development of Estonian film culture;
- 9) refresher training and education support for film-related refresher training and post-graduate studies;
- 10) film-related research and digitalisation support for research on cinematography and Estonian film history; for the preparation and publication of film-related research articles, printed materials, educational materials, databases or other publications; and for the digitalisation and restoration of films that are important in Estonian film and cultural history.

(2) Support for activities specified in subsection 1 of this section shall be deemed to be State aid as defined in subsection 30 (1) of the Competition Act.

(3) State aid shall be granted in accordance with section 34² of the Competition Act and with the Block Exemption Regulation for the following categories of aid:

1) Article 53(3)b), (5) and (8) of the Block Exemption Regulation (aid for culture and heritage conservation) or

2) Article 54 of the Block Exemption Regulation (aid schemes for audio-visual works).

(4) Support shall not be granted for amateur film production; commissioned, educational, promotional or commercial films; television programmes; games; pornographic films; or projects promoting racism or violence.

Chapter 2

Requirements for applicants and applications, and applying for support

§ 4. Requirements for applicants

(1) An applicant shall be a legal person in private law registered in Estonia or a self-employed person entered in the commercial register.

(2) Applicants shall meet the following requirements:

1) the principal activity of applicants for development support, production support or minority co-production support shall be the production of films, and the economic rights arising from the copyright on the audio-visual work shall be held by or licensed to the film producer;

2) the principal activity of applicants for distribution support shall be the production and/or distribution of films;

3) applicants shall have no tax debts or payment debts to the state or the debt has been deferred to be paid in instalments;

4) applicants shall not be bankrupt, undergoing liquidation or compulsory dissolution, or have received a current warning regarding deletion from the commercial register;

5) applicants shall not be in difficulty within the meaning of Article 2(18) of the Block Exemption Regulation;

6) if the granting authority has issued a decision to recover support from the applicant with regard to a previous project, the applicant shall not have overdue payments arising from the decision;

7) applicants shall be capable of paying self-financing as specified in section 10 (4) of this Regulation and covering non-eligible project costs until the completion of the project;

8) applicants shall not be overdue in submitting an annual report;

9) applicants' shareholders shall not include media service providers, the state or local governments;

10) applicants shall not have negative shareholder equity;

11) applicants shall not have outstanding financial obligations to film service providers or a debt that has been deferred to be paid in instalments. In the event of payment in instalments, the debt shall be paid in accordance with the payment schedule;

12) applicants shall have no other outstanding obligations to the granting authority.

(3) The responsible producer of an applicant for development support, production support or minority co-production support or, in the case of an international co-production, the Estonian responsible producer of the applicant shall be a natural person who is a resident within the meaning of subsection 6 (1) of the Income Tax Act.

(4) The director of a feature film or animated feature film of an applicant for development support or production support shall not be the sole responsible producer or production manager of the project.

§ 5. Requirements for applications

(1) An application shall describe a project that faces a market failure and contributes towards the objectives and results set out in section 2 of this Regulation.

(2) If the applicant applies for support for more than one activity, the cost-benefit budget included in the application shall be submitted separately for each activity, broken down by funding source and type of cost.

(3) The amount of support applied for shall not exceed the amount notified in accordance with subsection 10 (1) or the rate of support specified in subsection 10 (2), and the project budget shall include self-financing in accordance with subsection 10 (4) of this Regulation.

(4) The eligibility period of the project shall conform to the conditions set out in section 9 of this Regulation.

(5) The application shall contain, among others, the following information and documents:

- 1) general data of the applicant;
- 2) project details, a budget broken down by activity, a financing plan, the amount of support applied for, and the amount of self-financing;
- 3) an action plan and time schedule for the project;
- 4) a description of the project team; and
- 5) an authorisation if the person representing the applicant acts according to some authorisation.

(6) The costs in the application budget shall be specified exclusive of value added tax, unless the applicant is not registered for value added tax.

(7) The budget of an application for scriptwriting support shall include:

- 1) all planned scriptwriting costs;
- 2) general expenses of up to 7 % of the eligible scriptwriting costs.

(8) The budget of an application for development support shall include:

- 1) all planned development costs;
- 2) general expenses of up to 7 % of the costs eligible for development support.

(9) The budget of an application for production support shall include:

- 1) all planned production costs;

- 2) the production costs of the first screening copy in the planned format;
- 3) the marketing and promotion costs incurred during production;
- 4) the costs associated with producing promotional copies;
- 5) general auditing costs if the support applied for exceeds 100,000 euros;
- 6) general expenses of up to 7 % of the direct costs of the project;
- 7) unforeseen costs of up to 5 % of the direct costs of the project;
- 8) a production fee of up to 5 % of the total combined amount of the direct costs, indirect costs and unforeseen costs of the project.

(10) The direct costs referred to in subsection 9 of this section comprise project implementation and management costs; the indirect costs comprise general expenses, including those incurred while the supported activity is not being carried out.

(11) If the applicant has applied for support for the project or some activities within the project simultaneously from several sources or from other state budget, European Union or foreign-aid funds, the application shall specify so.

(12) Projects for which the granting authority has granted production support are not eligible for development support.

(13) An application for minority co-production support shall be accompanied by the budget and financing plan of the entire project as well as the budget and financing plan of the Estonian film producer involved.

(14) An application for documentary film development or production support shall be accompanied by the written consent of the subject or their representative to appear in the documentary.

§ 6. Opening of application rounds

(1) The budget for an application round shall be approved by the Minister of Culture via a budget directive for the area of government of the Ministry of Culture.

(2) The granting authority shall establish the deadlines for submitting applications for the next calendar year by 1 November at the latest.

Any changes to the deadlines shall be made no later than two months before the announced deadline.

(3) Applications for scriptwriting support, development support, production support, minority co-production support, distribution support and European arthouse film distribution support shall be accepted in rounds.

(4) Applications for subtitling and audio-description support, refresher training and education support, and film-related research and digitalisation support shall be accepted on an ongoing basis.

(5) The authority granting support shall publish the budget for an application round on its website at least 30 calendar days before the day the application round is opened.

(6) The granting authority shall publish an appropriate notice on its website one week before closing an application round in which applications are accepted on an ongoing basis.

§ 7. Submission of applications

- (1) Applications shall be submitted by the deadline announced in accordance with subsection 6 (2) of this Regulation.
- (2) Applications shall be submitted through the appropriate online environment by authorised representatives. The granting authority shall send a confirmation of receipt to the applicant.
- (3) Applications accepted in rounds shall be submitted no later than at 17.00 (Estonian time) on the final day of the application round.
- (4) In the event of a technical error in the online environment of the granting authority that prevents the timely submission of an application, the submission deadline shall be deemed to be the next working day following the correction of the error.
- (5) Applications for the same project may be submitted up to three times, each time for one of the activities specified in subsection 3 (1) of this Regulation.
- (6) Applications for production support for a feature film shall be submitted to the granting authority at least four months before the start date of the main shooting as specified in the production plan.
- (7) Applications for distribution support and European arthouse film distribution support shall be submitted in an application round taking place before the start of cinema distribution.
- (8) Applications for event support or refresher training and education support shall be submitted at least seven calendar days before the start of the project's period of eligibility.
- (9) In accordance with Article 6 of the Block Exemption Regulation, applications for scriptwriting support, development support, production support or distribution support shall be submitted before work on the project or activity starts.

Chapter 3

Eligible costs and rate of support

§ 8. Eligible costs

- (1) Costs are eligible if necessary for carrying out the activities, justified, incurred upon carrying out supported activities performed during the project's period of eligibility, and in compliance with the legal requirements, including the following:
 - 1) costs shall be paid directly from the bank account of the recipient of the support and shall not include expenses paid from the contribution of a co-operation partner or a third person in accordance with subsection 10 (4) of this Regulation;
 - 2) costs shall be supported by documentary evidence;
 - 3) costs shall be incurred in compliance with the principles of the Public Procurement Act and shall conform with clause 21 6) of this Regulation;
 - 4) costs shall be described in the accounts in a clearly distinguishable manner and in compliance with the Estonian standard of financial reporting.

(2) Costs shall be deemed to be justified if suitable, necessary and effective for achieving the objectives and results specified in section 2 of this Regulation and incurred in the course of activities specified in subsection 3 (1) of this Regulation.

(3) Non-eligible costs are:

- 1) costs of acquiring real estate or fixed assets and costs of acquiring movables not directly associated with the use of the support;
- 2) cost of acquiring office equipment and furnishings;
- 3) value added tax, unless non-refundable under the Value Added Tax Act;
- 4) fines and pecuniary charges;
- 5) costs of judicial proceedings, including the procedural expenses of the opposing party and a third person;
- 6) expenses paid for in cash;
- 7) costs that the recipient of the support has been compensated for from other measures, State budget, or other public-sector or foreign-aid funds.

§ 9. Period of eligibility of a project

(1) A project's period of eligibility is the period specified in the application during which the project activities begin and are completed, and the costs necessary for carrying out the project are incurred.

(2) The period of eligibility of the project may begin on the date of submitting the application or a later date specified in the application.

(3) The recipient of support may apply for an extension of the project's period of eligibility under the following conditions:

1) circumstances beyond the control of the recipient of support, extraordinary and/or unforeseen circumstances have become evident during the implementation of the project, and

2) the recipient of the support has submitted an application for extending the project's period of eligibility before the expiry of the project's period of eligibility.

(4) An application for extending the project's period of eligibility shall be submitted by an authorised representative of the recipient of the support in a format that can be reproduced in writing.

(5) The granting authority shall notify the recipient of the support about granting or rejecting the application for extending the project's period of eligibility in a format that can be reproduced in writing within 10 calendar days of submitting the application.

(6) If the application for extending the project's period of eligibility is granted, the deadline specified in the amendment application shall be deemed to be the date of expiry of the project's period of eligibility.

(7) The granting authority shall deem the project completed following the approval of the final report and shall notify the recipient of the support thereof.

§ 10. Minimum and maximum amount of support and rate of support

- (1) The minimum amount of support shall be 100 euros. The maximum amount of support shall be published by the granting authority on its website at least 30 calendar days before opening the relevant application round.
- (2) The maximum rate of support, expressed as a percentage of the eligible costs of the project, shall be:
 - 1) for scriptwriting support, development support, production support, distribution support and European arthouse film distribution support, up to 50 % or up to 70 % in the case of complicated or low-budget films;
 - 2) for minority co-production support, up to 50 % of the budget of the Estonian film producer involved or up to 70 % in the case of complicated or low-budget films;
 - 3) for subtitling and audio-description support, event support, refresher training and education support, and film-related research and digitalisation support, up to 70 %.
- (3) The rate of support shall be calculated only based on eligible costs.
- (4) The eligible costs that are not funded with support shall be covered with self-financing. Repayable or non-repayable support granted by the state, local governments, or other European Union institutions or funds shall not qualify as self-financing.
- (5) The share of self-financing in a minority co-production project shall be calculated based on the production budget of the Estonian side of the project.
- (6) Self-financing comprises:
 - 1) monetary and non-monetary contributions;
 - 2) services to be provided by the recipient of the support itself within the scope of the project at an estimated market price according to the applicant's price list;
 - 3) wages, accounting for up to 50 % of the applicant's self-financing;
 - 4) advance sale of distribution rights to a media service provider or distributor.
- (7) Scriptwriting support granted to a project shall be deemed part of development support if the project is subsequently granted development support.
- (8) Development support shall be deemed part of production support if the project is subsequently granted production support.
- (9) Support shall be granted in accordance with the cumulation rules specified in Article 8 of the Block Exemption Regulation.

Chapter 4

Processing of applications

§ 11. Processing of applications

- (1) Applications shall be processed within:

1) 40 calendar days from the closing of the application round for scriptwriting support, development support for a feature film, development and production support for an animated feature film and animated short film, and minority co-production support;

2) 50 calendar days from the closing of the application round for development support for a TV miniseries, production support for a feature film, and development and production support for a documentary film;

3) 30 calendar days from the closing of the application round for production support for a short film, distribution support or European arthouse film distribution support, subtitling and audio-description support, event support, refresher training and education support, and film-related research and digitalisation support.

(2) Applications received after the submission deadline shall not be reviewed.

(3) If an applicant has exceeded the deadline for the submission of applications with good reason, the granting authority may reset the deadline at its own initiative or at the request of the applicant in accordance with the procedure laid down in section 34 of the Administrative Procedure Act.

(4) In the course of processing an application, the granting authority may require the applicant to provide explanations or additional information, or to make additions or changes to the application should the authority find that the application is not clear enough, contains deficiencies and/or provides insufficient information for evaluating the application.

(5) The granting authority may suspend the processing of an application for up to five working days to allow the applicant to correct the deficiencies referred to in subsection 4 of this section. The granting authority shall dismiss the application without substantial evaluation if the applicant fails to correct the deficiencies by the deadline specified in this subsection and shall notify the applicant thereof in a format that can be reproduced in writing within five working days of the expiry of the deadline. A requirement to correct a deficiency shall be deemed fulfilled once the deficiency is corrected.

(6) The granting authority may refuse to accept further applications for subtitling and audio-description support, refresher training and education support, or film-related research and digitalisation support once the remaining budget of the application round is equal to the total amount of support requested in the applications that have been accepted for processing but not yet decided on. Once the total amount of the applications received but not yet decided on is equal to or exceeds the remaining budget of the application round, the applications shall be processed in the order of their submission.

(7) The granting authority may propose that the applicant change its application budget and proposed project activities, provided that the amount and rate of the support applied for does not increase and the objectives of the project do not change.

(8) The granting authority shall deem the applicant and application to be compliant if all the requirements set out in sections 4 and 5 of this Regulation are met.

§ 12. Formation of an evaluation committee

(1) Applications that are deemed compliant shall be evaluated by an evaluation committee formed by the granting authority.

(2) The members of the evaluation committee shall confirm, in accordance with the Anti-Corruption Act, their impartiality and independence with regard to the applications and applicants that they are to evaluate. In the event of a conflict of interest, the member of the evaluation committee shall withdraw from the evaluation in accordance with the conditions and procedure specified in section 10 of the Administrative Procedure Act.

(3) The evaluation committee shall make a proposal to the granting authority to grant an application or, where appropriate, to partially grant or reject an application.

§ 13. Evaluation of applications and evaluation criteria

(1) For scriptwriting support, development support, production support or minority co-production support, the evaluation committee shall assess the topic of the film, its substantive and artistic intent, budget and financing plan, distribution and potential at festivals, and the applicant's previous film-related experience and achievements.

(2) For minority co-production support, the evaluation committee shall assess the creative and technical contribution of the Estonian producer in addition to the evaluation criteria specified in subsection 1 of this section.

(3) For distribution support, the evaluation committee shall assess the applicant's potential for the realisation of the intent expressed in the application, the marketing and distribution plan for the film or film programme, the potential outcome of distribution, the budget and the financing plan.

(4) For European arthouse film distribution support, the evaluation committee shall assess the artistic value of the films in addition to the criteria specified in subsection 3 of this section.

(5) For subtitling and audio-description support, the evaluation committee will assess the budget and the financing plan as well as the applicant's potential for the realisation of the intent expressed in the application.

(6) For event support, the evaluation committee shall assess the applicant's potential for the realisation of the intent expressed in the application, the outcome of the event or activity for the applicant and for the field as a whole, the budget and the financing plan.

(7) For refresher training and education support, the evaluation committee will assess the applicant's potential for the realisation of the intent expressed in the application, the potential outcome for the applicant and for the field, the budget and the financing plan.

(8) For film-related research and digitalisation support, the evaluation committee shall assess the applicant's potential for the realisation of the intent expressed in the application and the potential outcome, the completion and release plan for the project, the budget and the financing plan, and, in the case of support for film-related research work or educational material, the topic of the work.

(9) Applications shall be evaluated according to the evaluation methodology approved by the granting authority, designed according to the criteria specified in subsections 1–8 of this section and published on the website of the granting authority no later than on the day of announcing or opening the application round.

§ 14. Conditions and procedure for granting or rejecting applications

(1) The decision to grant or reject an application shall be made by the granting authority.

(2) An application shall be granted if the applicant and the application comply with all the requirements specified in this Regulation and the application is to be granted according to the evaluation result of the evaluation committee.

(3) An application may be granted partially if it cannot be granted in full due to the limited budget of the application round and/or if it were inappropriate to grant it in full considering the amount of support applied for, the project activities and their results. A proposal for a partial grant shall include a proposal to reduce the amount of support applied for or change the planned project activities to be supported. An application may be granted partially only if the applicant agrees to this. The applicant may agree to the partial grant of an application on the condition that the objectives specified in the application can be achieved with a partial grant.

(4) A secondary condition, as defined in section 53 of the Administrative Procedure Act, may be imposed on a decision to grant an application if it is likely that a necessary requirement for taking a final decision will be fulfilled by the deadline specified in the secondary condition and if establishing a secondary condition is reasonable. When a secondary condition is properly fulfilled, this information shall be added to the decision to grant the application.

(5) A decision to conditionally grant an application shall not give the recipient of the support the right to receive support payments. The recipient of the support shall obtain the right to receive support payments after the granting authority determines that the relevant condition has been fulfilled. The granting authority shall determine this based on information submitted by the recipient of the support, unless the authority can retrieve the relevant information from its information system or another source of data.

(6) An application shall be rejected if:

- 1) the applicant and/or application fails to comply with at least one of the requirements specified in sections 4 and 5 of this Regulation or other requirements specified in this Regulation;
- 2) the applicant influences the processing of the application through fraud or threat or in some other unlawful manner;
- 3) the applicant makes it impossible to verify the conformity of the application;
- 4) the application does not qualify for support according to the evaluation result of the evaluation committee;
- 5) the limited budget of the application round makes it impossible to support the project;
- 6) the applicant does not agree to the proposal to partially grant the application in accordance with subsection 3 of this section by reducing the support amount or changing the planned project activities to be supported.

(7) The granting authority may reject an application if it becomes evident, upon assessing in combination, the information submitted in the application and the information collected during the processing of the application, that the project objectives can be achieved without support.

(8) The decision taken with regard to an application shall be sent to the applicant via the online environment.

§ 15. Hearing of applicants and recipients of support

(1) Applicants shall be given the opportunity to submit their opinions before:

- 1) the partial grant of an application;
 - 2) the rejection of an application, unless the decision is based on the information submitted in the application and the information and explanations submitted for the correction of deficiencies.
- (2) Recipients of the support shall be given the opportunity to submit their opinions before:
- 1) the revocation or amendment of the decision to grant an application, except where the application of the recipient of the support is granted in full;
 - 2) a decision to recover the support.

§ 16. Filing of challenges

- (1) Challenges concerning an administrative act or measure shall be filed with the granting authority within 30 calendar days of the day when the applicant or recipient of the support becomes or should become aware of the administrative act or measure being challenged.
- (2) An applicant or recipient of support whose challenge is rejected or rights violated during challenge proceedings has the right to file an action with an administrative court in accordance with the conditions and procedure provided by the Code of Administrative Court Procedure. An applicant or recipient may also bring an action with an administrative court without filing a challenge.

Chapter 5

Amendment and revocation of decisions to grant support

§ 17. Amendment of decisions to grant support

- (1) A decision to grant support shall be amended at the initiative of the granting authority or based on an appropriate written request from the recipient of the support.
- (2) A decision to grant support may be amended until the expiry of the project's period of eligibility, but not after the completion of project activities, and retroactively from the date of the submission of the amendment application if this helps to achieve the results of the project and the amendment is justified.
- (3) The granting authority may refuse to amend a decision to grant support if the requested amendment threatens the achievement of the intended results of the project or the completion of project activities within the project's period of eligibility.
- (4) The granting authority shall take a decision on amending a decision to grant support within 30 calendar days after receiving a request to that effect.

§ 18. Revocation of decisions to grant support

- (1) A decision to grant support shall be fully or partially revoked in the following cases:
 - 1) circumstances become evident which would not have allowed the application to be granted or would have allowed it to be granted only partially;
 - 2) incorrect or incomplete information has been knowingly submitted or information has been knowingly omitted upon application or carrying out the project;
 - 3) for applications subject to a secondary condition, the secondary condition is not fulfilled;

- 4) a request by the recipient of the support to amend the decision to grant support is rejected and the recipient of the support is unable to continue using the support under the prescribed conditions;
- 5) the recipient of the support submits a request to forgo the support.

(2) In the event of a decision to partially or fully revoke a decision to grant support, the recipient of the support shall repay the support accordingly.

Chapter 6

Submission of reports and conditions for payment of support

§ 19. Submission of reports on the use of support

(1) A recipient of support shall submit an interim report and final report on the project to the granting authority by the deadlines specified in the decision to grant the application.

(2) The granting authority shall establish the report forms and publish these on its website.

(3) The granting authority shall process the interim and final reports within 30 calendar days from their submission.

(4) The deadline for the submission of a report may be extended up to two times in justified cases based on a request from the recipient of the support, provided that the recipient submits the application for an extension before the expiry of the deadline set in accordance with subsection 1 of this section.

(5) If there are deficiencies in the report, the granting authority may suspend the processing of the report, extending the period specified in subsection 3 of this section by up to 14 calendar days to allow the recipient of the support to correct the deficiencies.

(6) The granting authority shall approve the report if the recipient of the support has corrected the deficiencies by the deadline set in accordance with subsection 5 of this section, the granting authority has not identified violations, and the recipient of the support has repaid any unused support to the granting authority.

(7) Following the approval of the interim report, the project budget and rate of support may be adjusted in accordance with the limits arising from the rules for State aid with the permission of the granting authority.

(8) The interim and final reports of the project shall contain:

- 1) the details of the recipient of the support;
- 2) a comparison of costs and revenues with the budget and financing plan;
- 3) an activity report on the work carried out and the results achieved;
- 4) significant agreements and contracts entered into during the period of using the support.

(9) For scriptwriting support, the final report shall contain the script as well as the items specified in subsection 8 of this section.

(10) For development support for a feature film or TV miniseries, the final report shall contain the final script; the director's vision about the film's topic, structure, characters, style, visual and

technical solutions; the initial choice of actors, actresses and shooting locations; as well as the items specified in subsection 8 of this section.

(11) For development support for a documentary film, the final report shall contain the treatment and the director's vision about the film's topic, structure, characters, style, visual and technical solutions, as well as the items specified in subsection 8 of this section.

(12) For development support for an animated feature film or animated short film, the final report shall contain the final script; the director's vision about the film's topic, structure, characters, style, visual and technical solutions; and the visuals; as well as the items specified in subsection 8 of this section.

(13) For production support, the interim report shall contain the first cut of the film as well as the items specified in subsection 8 of this section.

(14) For production support, the final report shall contain a profit and loss account for the revenues, costs, and profits or losses for the entire film project measured against the budget and financing plan; the music sheet along with copies of the documents proving the right to use the works; a list of archival materials, photographs and artworks used in the film along with copies of the documents proving the right to use them; confirmation from the Estonian Film Database that it has received the specifications of the film in Estonian and English; 20 DVDs with subtitles in English; and a file of the film for festival distribution the format of which has been agreed with the recipient of the support; as well as the items specified in subsection 8 of this section.

(15) For distribution support and European arthouse film distribution support, the final report shall contain a profit and loss account for the revenues, costs and profits or losses for the distribution of the film measured against the budget and financing plan; a film distribution performance report that specifies the audience sizes, screening times and venues, ticket revenue; as well as the items specified in subsection 8 of this section.

(16) For subtitling and audio-description support, the final report shall contain a DVD of the film with subtitles in Estonian and an audio-description in Estonian for the visually impaired, as well as the items specified in subsection 8 of this section.

(17) For film-related research and digitalisation support, the final report shall contain a research paper or study, printed material, educational material, database or other publication and an HD MP4 file of the digitalised and/or restored film, as well as the items specified in subsection 8 of this section.

(18) If the total amount of the support granted to the project exceeds 100,000 euros, the project shall be subject to auditing. The granting authority shall appoint the auditor.

§ 20. Conditions for payment of the support

(1) Support shall be paid to the recipient in accordance with the conditions set out in the decision to grant the application and in this Regulation.

(2) If the entry into force of the decision to grant an application depends on the fulfilment of a secondary condition, support may be paid after the fulfilment of the secondary condition.

(3) Scriptwriting support, development support for a documentary film, distribution support, European arthouse film distribution support, subtitling and audio-description support, event

support, refresher training and education support, and film-related research and digitalisation support shall be paid in two instalments:

- 1) 95 % within one week after the decision to grant support;
- 2) 5 % within two weeks after the approval of the final report of the project.

(4) Development support for a feature film, animated feature film, animated short film or TV miniseries shall be paid in three instalments:

- 1) 55 % within one week after the decision to grant support;
- 2) 40 % within two weeks after the approval of the interim report;
- 3) 5 % within two weeks after the approval of the final report.

(5) Production support for a feature film or animated feature film shall be paid in four instalments:

- 1) 20 % within one week after the decision to grant support;
- 2) 60 % within two weeks before shooting starts and after the approval of the interim report;
- 3) 15 % within two weeks after the submission of the first cut and after the approval of the interim report;
- 4) 5 % within two weeks after the approval of the final report.

(6) Production support for a documentary film, short film or animated short film shall be paid in three instalments:

- 1) 65 % within one week after the decision to grant support;
- 2) 30 % within two weeks after the submission of the first cut and after the approval of the interim report;
- 3) 5 % within two weeks after the approval of the final report.

(7) If the film is produced in two or three stages, support shall be paid in instalments in accordance with the conditions set out in the decision to grant the application, based on the payment request submitted by the recipient of the support in a format that can be reproduced in writing. All the stages shall collectively be regarded as a complete production period.

Chapter 7

Rights and obligations of the recipient and the granting authority

§ 21. Obligations of the recipient of the support

The recipient of the support shall be obliged to:

- 1) ensure the management and successful implementation of the project in accordance with the conditions set out in this Regulation and the decision to grant support;
- 2) use the support for the intended purpose;
- 3) not change the project budget, authors or main actors or actresses without the consent of the granting authority;

- 4) inform the granting authority of any major changes to the project script;
- 5) submit the required information and reports to the granting authority in due time;
- 6) comply with the principles specified in section 3 of the Public Procurement Act when purchasing services to implement the activities, and obtain at least two comparable price offers from independent bidders with regard to all the expenses to be incurred by the recipient of the support when purchasing services or tangible/intangible assets of the same type for an amount of at least 20,000 euros, exclusive of value added tax, to implement the activities. If two independent price offers cannot be submitted or if the lowest offer is not chosen, an appropriate justification shall be submitted;
- 7) comply with the obligations and requirements arising from the receipt of State aid;
- 8) spend at least 50 % of development support and production support on project-related economic activity in Estonia;
- 9) spend 100 % of minority co-production support on project-related economic activity in Estonia;
- 10) keep separate accounts for eligible and non-eligible costs and revenues associated with the implementation of the activities;
- 11) ensure the required amount of self-financing;
- 12) provide oral and written explanations and information to the granting authority regarding the implementation of activities, including the use of the support, and provide extracts from the accounting software and bank statements within three working days of being requested to do so and allow the granting authority to make copies or extracts of the documents;
- 13) allow the granting authority to check the use of the support on site and provide any assistance to that effect;
- 14) promptly notify the granting authority in writing, or in a format that can be reproduced in writing, of any changes to the information submitted in the application or related to the project, any circumstances that prevent the implementation of the project, including bankruptcy or liquidation proceedings, reductions or increases in project costs, or the transfer of project-related assets to another person or institution;
- 15) repay any unused support at the time of submitting the final report;
- 16) repay support if the granting authority submits a recovery claim for the support;
- 17) preserve documents relating to the support application, documents verifying the eligibility of costs and other evidence for 10 years after receiving the support;
- 18) use the logo of the granting authority in the opening credits of the film. For an international co-production, the name of the granting authority may be used in the opening credits;
- 19) use the sentence "The production of this film was supported by the Estonian Film Institute" in the closing credits;
- 20) refer to or indicate the participation of the granting authority in an information medium;
- 21) organise a public premiere of the film within one year after the granting authority approves the final report of the production support for the project;

22) within two years after the public premiere of the film, organise the screening of the film through at least one broadcast service belonging to a media service provider holding an Estonian media service licence;

23) allow the granting authority to screen the supported film in Estonia and abroad for non-commercial purposes in a way that is not in conflict with the distribution plan or world premiere of the film;

24) submit the source materials and a screening copy of the film to the Film Archives of the National Archives of Estonia within 12 months after the Estonian premiere in accordance with the Legal Deposit Copy Act;

25) submit a report on the international distribution and participation in festivals accompanied by copies of the reports of a sales agency within the first three years from the international premiere of the film, except in the case of minority co-production films. An international distribution report for each previous year shall be submitted in April of the current year. The international distribution report form shall be made available for download on the website of the granting authority;

26) for distribution support, ensure that the film or film programme is equally accessible to all cinemas and film venues that use the appropriate technical platform.

§ 22. Rights of the recipient of the support

The recipient of the support shall have the right to:

1) receive from the granting authority information and advice associated with the requirements and obligations of the recipient of the support set out in the legislation, this Regulation or the decision to grant the support;

2) submit their opinions in cases set out in subsection 15 (2) of this Regulation and when correcting deficiencies;

3) examine the information included in a document drawn up with regard to them, or information integral to the document, in accordance with the procedure set out in the Public Information Act;

4) forgo or repay support in full at any time.

§ 23. Obligations of the granting authority

The granting authority shall be obliged to:

1) communicate decisions covered by this Regulation to the applicant or recipient of the support within the deadlines set out in this Regulation;

2) ensure that State aid information is entered in the register of State aid and de minimis aid, and ensure the performance of other obligations provided for in Chapter 6 of the Competition Act;

3) preserve documents that provide evidence of applying for and allocating the support and prove the eligibility of costs as well as evidence associated with other documents and information for 10 years from making a decision to satisfy an application;

4) verify project implementation;

5) make application and report forms as well as the relevant guidance materials available on its website;

- 6) promptly notify the recipient of the support of any amendments to this Regulation or other legislation regulating the use of the support;
- 7) carry out other activities provided for in this Regulation, applicable legislation or a decision to grant support.

§ 24. Rights of the granting authority

The granting authority shall have the right to:

- 1) perform an audit of a project that has received support;
- 2) inspect expense receipts associated with the project and check project implementation on the territory of the recipient of the support, including verifying that the support is used in accordance with this Regulation and the decision to grant the support;
- 3) examine documents drawn up in the course of preparing the project and implementing the activities;
- 4) require the submission of additional information and documents regarding the duration, activities, objectives, results and costs of the project to prove that the project implemented and the obligations of the recipient of the support are performed in accordance with the requirements;
- 5) cease paying support and/or recover support partially or in full if the recipient of the support violates the conditions set out in this Regulation and/or the decision to grant support;
- 6) proportionally reduce the amount of support if the cost of the project is reduced compared to the cost approved in the decision to grant support;
- 7) refuse to pay support if the financial situation of the recipient of the support has deteriorated to an extent that threatens the [appropriate] use of the support or implementation of the project;
- 8) when processing the application, check the capability of the applicant to cover the non-eligible costs, and refuse to pay support if the recipient of the support owes taxes or payments to the State and the debt has not been deferred for payment in instalments;
- 9) exercise discretion when deciding on the extent to which the support shall be recovered under section 25 of this Regulation;
- 10) extend the deadline for implementing a project, and consequently the project eligibility period, if circumstances become evident that are beyond the control of the recipient of the support and the recipient has requested such an extension.

Chapter 8

Recovery of support

§ 25. Recovery and repayment of the support

- (1) The granting authority shall have discretionary power to recover the support partially or in full if:
 - 1) the support has been paid out and used to cover non-eligible costs;
 - 2) the objectives and results specified in section 2 of this Regulation or the results of the project were not achieved or activities described in the application were not carried out;

- 3) the eligible costs turned out to be lower than planned;
- 4) the expense receipts have also been used for other support;
- 5) the recipient of the support has partially or fully failed to meet an obligation or claim and this has affected the eligibility of costs;
- 6) the recipient of the support has submitted false information or withheld information;
- 7) the interim or final report has not been submitted on time;
- 8) the recipient of the support refuses to submit to the granting authority or an auditor appointed by the authority documents related to the use of the support or to the project, or is late with submitting them by more than three months;
- 9) liquidation or bankruptcy proceedings have been initiated with regard to the recipient of the support;
- 10) the granting of the support would violate the rules of State aid in some other way.

(2) A decision to recover support shall not be taken if:

- 1) the deficiency is corrected or the obligation or claim met;
- 2) the recipient of the support has discovered and notified the granting authority in writing at the first opportunity of having been compensated for non-eligible costs and has repaid the support.

(3) A decision to recover support may be made within three years from the conclusion of the performance of the last obligation of the recipient of the support.

(4) A decision to recover support in the case of unlawful or misused State aid may be made within 10 years from the grant of the support to the recipient of the support.

(5) The recipient of the support shall repay the support specified in the recovery decision within 30 calendar days of the day when the decision comes into effect.

(6) In the case of unlawful State aid, the support shall be recovered with interest as of the payment of the support based on the rates established by the European Commission.

(7) If it becomes evident that the recipient of the support has violated their obligations or the requirements established for them and the violation has a financial impact, but the granting authority cannot evaluate the financial impact, the amount of support shall be reduced by an amount commensurate with the severity of the violation and its impact on the eligibility of costs.

(8) Support subject to repayment may be set off against support payable to the recipient of the support.

(9) Repayable support may be recovered in instalments if the recipient of the support submits a justified request to that effect and a single payment would cause significant solvency problems for the recipient.

(10) In order to apply for repayment of the support in instalments, the recipient of the support shall submit a request to the granting authority, specifying the reason for the need to pay in instalments and a proposed time schedule for repayments, no later than within 10 working days of receiving the decision to recover the support. The recipient of the support shall add to the request for payment in instalments documents describing its financial status as required by the granting authority.

(11) The granting authority shall decide on granting or rejecting the request for repayment in instalments within 10 calendar days of receiving the request. Where justified, the deadline for taking a decision may be extended by a reasonable time, notifying the recipient of the support.

(12) The period for the repayment of the support in instalments shall be determined by the granting authority.

(13) The decision to grant or reject a request for repayment in instalments may be made together with the decision to recover the support. The decision to grant or reject a request for repayment in instalments shall be sent to the recipient of the support via email or by registered mail.

(14) If the recipient of the support fails to keep to a schedule for the repayment of the support in instalments, the decision to allow repayment in instalments may be revoked. If the decision to allow payment in instalments is revoked, the recipient of the support shall repay the support within 30 calendar days after the revocation enters into effect.

(15) If repayable support is not repaid on time and subsection 8 of this section cannot be implemented, the granting authority shall recover the repayable support in accordance with private-law provisions applicable to unjust enrichment.

Indrek Saar

Minister

Tarvi Sits

Secretary General