



PORTUGUESE FILM
INSTITUTE

Legal Framework for Public Film Funding in Portugal

Legal Basis

- CINEMA & AUDIOVISUAL FRAMEWORK LAW

Law 55/2012, September 6th

Modified by Law n. 28/2014, May 19th

- REGULATORY LAWS

Law-Decree 9/2013, January 26th

Levies and payment procedures

Law-Decree 124/2013, August 30th

Support measures, investment obligations and registry of works and audiovisual companies.

Sources

■ Levies under successive framework Laws and Law-Decrees:

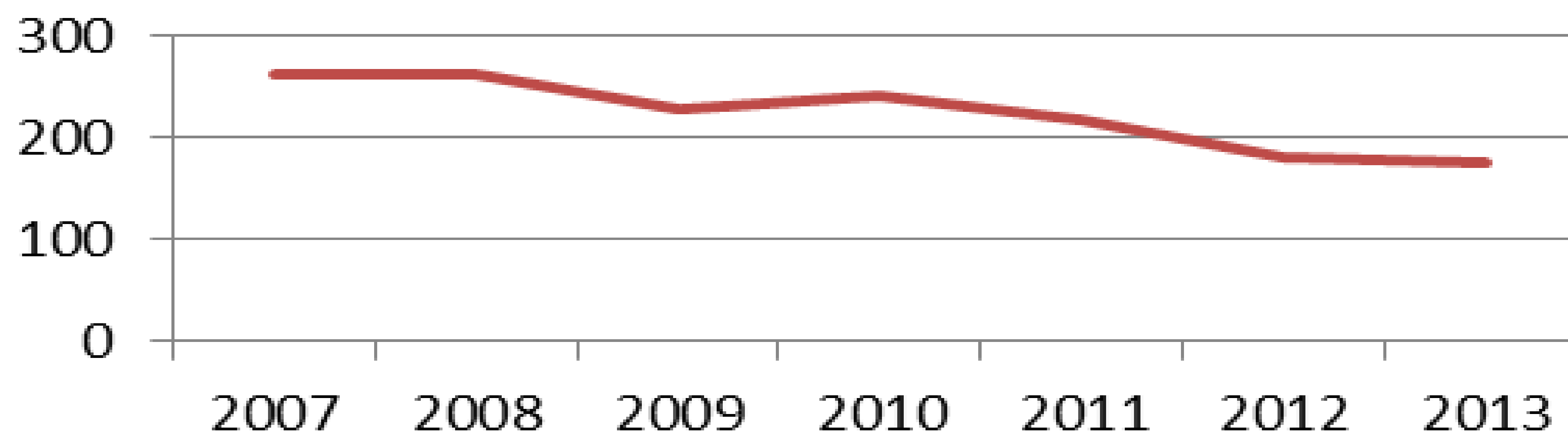
| | 1971 | 1990 | 2004 | 2012 |
|------------------------|------|------|------|------|
| Exhibition Levy | ✓ | ✓ | ✓ | ✓ |
| Ticket Levy | ✓ | ✗ | ✗ | ✗ |
| Subscription TV Levy | | | * | ✓ |
| Investment Obligations | | | ** | ✓ |

* Under the 2004 Law, TV packagers should either contribute by paying a levy or invest on a contractual basis in a dedicated investment and venture capital fund. This fund started operations in 2007 and is presently in its exit stage, pending liquidation.

** Under the 2004 Law, film distributors, DVD publishers and film theatres had an obligation to invest in national production. This obligation, however, has not been duly regulated.

Exhibition Levy

Advertising revenue of the two main commercial broadcasters in Portugal 2007-2013

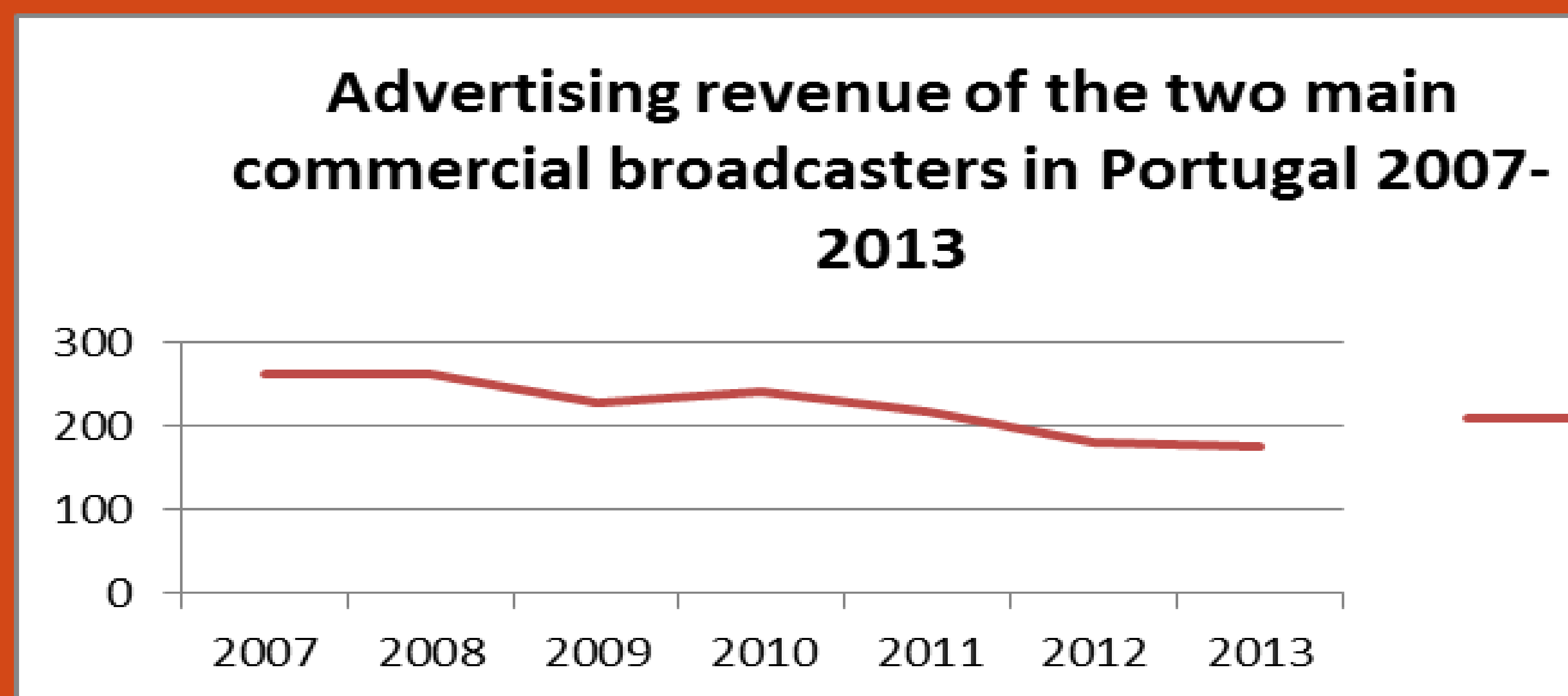


- Since 1990, 4% on advertising price, paid by the advertiser
 - 3,2% to ICA
 - 0,8% to the Portuguese Cinematheque

Market Developments

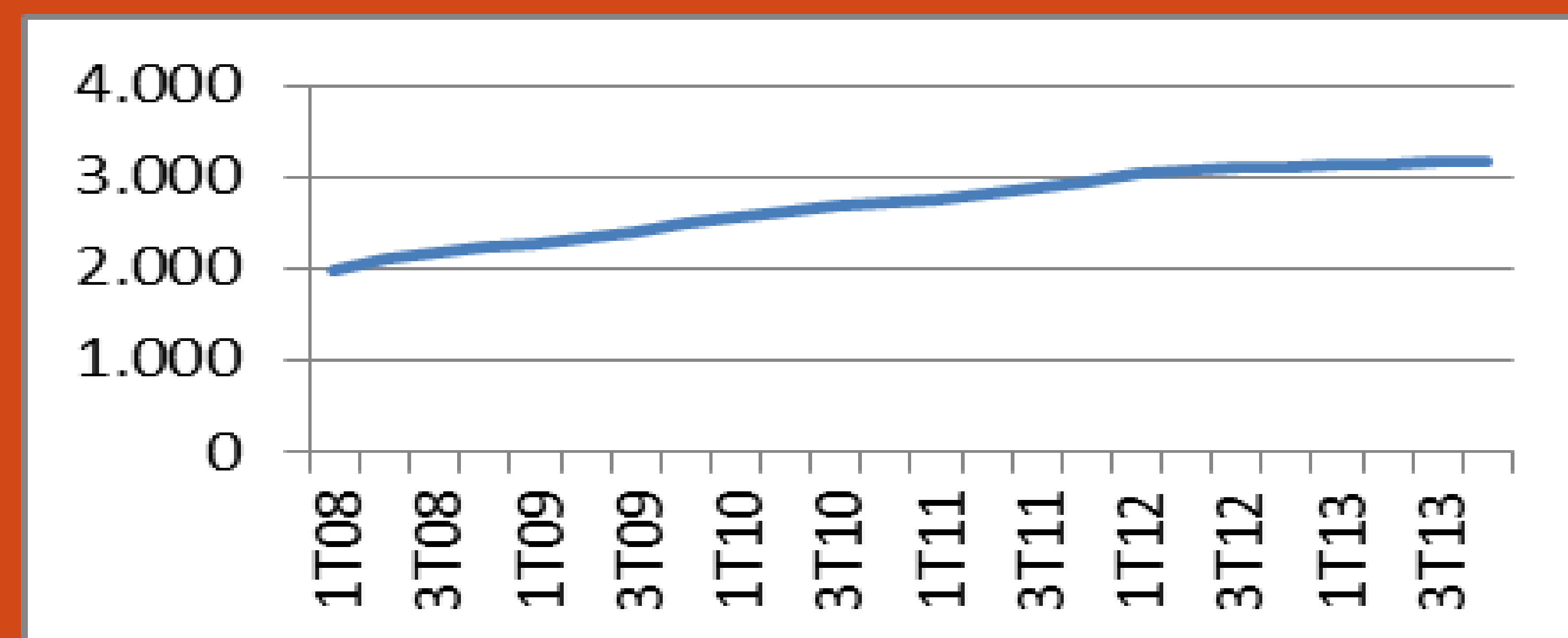
TV ADVERTISING REVENUE tends to decrease

(source: SIC and TVI yearly financial reports)



SUBSCRIBERS OF PAY TV SERVICES tend to increase – even in a period of crisis (2008 – 2013)

(source: ANACOM)



New players should be called to step in



SUBSCRIPTION TV LEVY

Subscription TV Levy

Law 55/2012, originally

Article 10

- €3,5/subscriber/year
- 10% increase/year
- max. €5/subscriber in 2018
- includes integrated service providers with any kind of TV service

Law 55/2012, revised 2014

Article 10

- €2/subscriber/year paid by the operator
- + 75% (1,5€) paid by the National Telecoms Regulator, reaching the same amount of 3,5€
- no progressivity (except inflation)
- includes integrated service providers with any kind of TV service

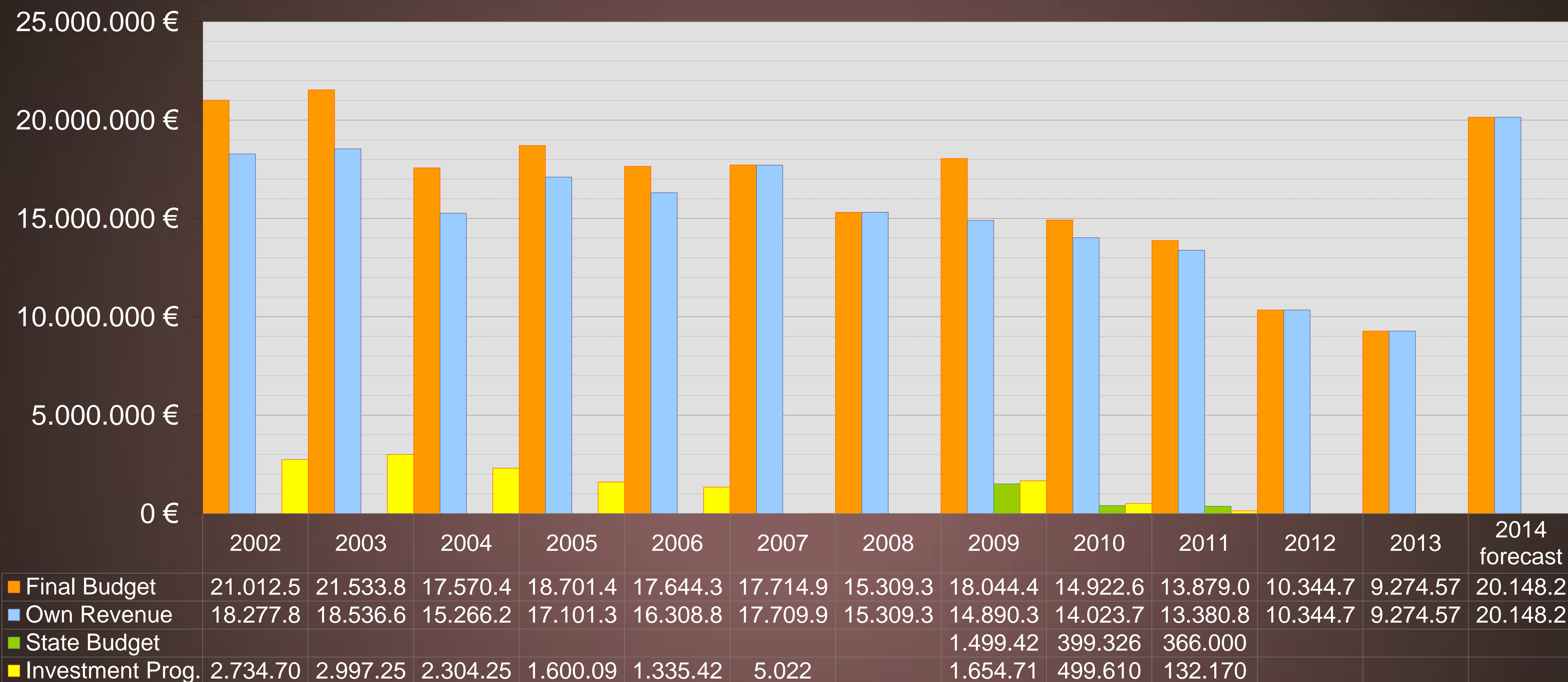


Lobby against the application of the levy:

- National level: issues with legal principle of proportionality
- European level: complaint to the Commission alleging violation of art. 12 of the Authorization Directive



Public Film Funding



- Total budget - 2014 forecast: €11M (subscription levy) + €9M (exhibition levy)
- Net support - 2012: €0,90/capita vs 2014: €1,60/capita

Framework for Public Film Funding in Portugal

Public vs. “Private” funding

Legally, film funding guaranteed by law has 2 forms:

Levies

aka Public Funding
(revenue of the ICA)

Art. 10, Law 55/2012

- The liquidation and audit are regulated in Law 55/2012 and Law-Decree 9/2013

Direct Investment Obligations

Aka “Private” Funding
(free investment in eligible works)

Arts. 14 -17, Law 55/2012

- Regulated in the Law Decree 124/2013

Direct Investment Obligations

- From 1st January 2014, based on 2013 financial reports
- Law-Decree 124/2013

Mandatory for:

TV Broadcasters
(art. 43)

Distributors and
DVD/Bluray
Publishers
(art. 44)

VOD Providers
(art. 45)

Cinema
Exhibitors
(art. 46)

Direct Investment Obligations

TV broadcasters (art. 43)

- Direct investment in independent “stock” works (fiction, documentary, animation, either single works or series), as well as cultural, artistic, musical and didactic programmes
 - 0,75% of advertising revenue, of private broadcasters :
+/- €700K
 - 8% of the license fee of PBS (“contribuição audiovisual”):
+/- €10M
- Investment in production:
 - Acquisition or pre-acquisition of broadcasting rights
 - Coproduction
 - Equity – mere financial participation
- Mandatory broadcasting of the works
- ICA validates the investments

Direct Investment Obligations

- Film distributors: 3% of revenues;
- DVD/Bluray publishers: 1% of revenues;
- Form of investment:
 - cofinancing
 - coproducing
 - MGs
 - distribution rights acquisition
 - restoration and masterization
- ICA validates the investment:
 - Certified accountancy;
 - Information on the invested works

Distributors and
DVD/Bluray
Publishers
(art. 44)

Direct Investment Obligations

VOD providers
(art. 45)

- 1% of VOD service revenues
- Form of investment:
 - cofinancing
 - coproducing
 - MGs
 - rights acquisition
 - making available works for online sale or rental, with 50% of revenue being given to rights holders
- ICA validates the investment

Direct Investment Obligations

Cinema
Exhibitors
(art. 46)

- 2,5% of box office revenues
- ICA validates the investment:
 - Certified accountancy;
 - Information on the invested equipments and works



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