A Guide to co-producing with the UK

IT'S ALL ABOUT WHERE

The UK Tax Relief

In order to access the UK's film tax relief, a film needs to qualify as British

• As an official co-production (see 'It's all about HOW')
• Under the UK’s film cultural test

The cultural test is a points-based test where the project will need to achieve 18 of a possible 35 points to pass.

Qualifying spend (WHO is incurring the expenditure)

The expenditure must be incurred by the UK co-producer and qualify as UK core spend. It is spent in the UK or elsewhere, but must be used and consumed in the UK rather than by the UK production.

Example: UK personnel, goods and services are used or incurred on UK soil and incurred for co-production (WHERE is the co-producer). Qualifying spend can only include goods, services, personnel, and amounts paid to associates of the UK co-producer. Costs must be incurred before or during production. Interim certification is essential if you wish to claim film tax relief during production. A final application must be submitted once the film is completed. (See Useful Links)

Applicant: UK producer - needs to be a limited liability film production company incorporated before principal photography begins.

Financial contributions:

• 20% minimum for all countries except for Australia (minimum of 30%)

Minimum of 10% where there are 3 or more party co-producers.

The Convention can allow non-party co-producers which are not signatory to the Convention.

Minimum of 10% where there are 3 or more party co-producers.

Financial contributions:

• 20% minimum for all countries except for Australia (minimum of 30%)

Minimum of 10% where there are 3 or more party co-producers.

The creative, technical and artistic contribution to the film needs to be made using personnel, goods and services from the co-producing partner.

Example: Cast and crew in the UK (UK cast & crew) are credited as co-producers and contribute to the overall creative, technical and artistic content of the film.

The following must end up in the UK:

• The creative, technical and artistic production contribution.

The/her/him\'s use of the UK as a co-producer must pass the points test.

The UK Film Production Company can claim tax relief of up to 25% of UK qualifying expenditure. This is available on a maximum of 80% of total UK qualifying expenditure (subject to an upper cap of £1m). The co-producer is generally entitled to the remaining 75%.

Structuring a UK co-production

• A co-producer from each co-producing country needs to make both a financial and creative contribution.

The co-production status must be applied for at least 4 weeks before the co-producer becomes involved in production. At least one representative of each co-producer must be present at the same time. (See Useful Links)

WHY CO-PRODUCE?

Co-producing allows pooling of creative, financial and technical expertise and resources as well as a sharing of risk.

WHEN TO CO-PRODUCE?

When the team is ready to share their vision for the film, supported by a strategic plan

WHERE TO CO-PRODUCE?

The UK can also co-produce with countries with whom it does not have a treaty. The following countries have co-production agreements with the UK:

Australia • Canada • China • Czech Republic • France • Germany • Hong Kong • Hungary • India • Ireland • Japan • Mexico • Morocco • New Zealand • Occupied Palestinian Territories • South Africa • Spain • Sweden • Switzerland • Taiwan • Turkey • United Arabia Emirates • United States • Venezuela

Qualifying as an official co-production, and therefore as a British film means eligibility to apply for:

• UK Film Tax Relief
• British qualifying films also count as local content for UK TV.
• The British Films Catalogue produced by the British Council Films Department
• The UK directory of independent producers published by the Producers Alliance for Cinema and Television (PACT) is a comprehensive database of TV and film producers in the UK
• The UK co-producer can use the co-production status to access co-production funding.

USEFUL LINKS

• BFI Film Fund
• BFI International Strategy
• BFI Film Export Fund (for intl sales agents)
• Weareukfilm.com
• British Council Films Department
• British Film Commission
• Bilateral co-production treaties with the UK
• PACT directory of independent UK producers
• BFI Film Export Fund (for intl sales agents)
• PACT directory of independent UK producers
• The Convention
• Unofficial co-productions

The following countries have co-production agreements with the UK:

Australia • Canada • China • Czech Republic • France • Germany • Hong Kong • Hungary • India • Ireland • Japan • Mexico • Morocco • New Zealand • Occupied Palestinian Territories • South Africa • Spain • Sweden • Switzerland • Taiwan • Turkey • United Arabia Emirates • United States • Venezuela

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WHY CO-PRODUCE?
Co-producing allows pooling of creative, financial and technical expertise and resources as well as a sharing of risk.

An official UK co-production is a film production between the UK and one or more countries made under one of the UK’s official bi-lateral co-production treaties or the European Convention on Cinematographic Co-production.

Qualifying as an official co-production, and therefore as a British film means eligibility to apply for:

- UK Film Tax Relief
- BFI Film Fund
- Support from national film agencies Creative England, Ffilm Cymru, Creative Scotland and Northern Ireland Screen (depending on producer’s location)
- International sales and distribution support

Further benefits include:
- British qualification can be a requirement for entry to some film festivals and awards.
- British qualifying films also count as local content for UK TV.

IT'S ALL ABOUT WHO

The UK co-producer
Finding the right UK co-producer that shares the same creative vision is key to the success of any project. The BFI can’t recommend individual UK producers, but there are several sources that will help you identify potential partners, including:

- The British Films Catalogue produced by the British Council Films Department lists more than 3000 British feature films, producers and production companies. The database is searchable by genre and production year.
- The UK directory of independent producers published by the Producers Alliance for Cinema and Television (PACT) is a comprehensive database of TV and film production companies registered in the UK and their contact details.
- We Are UK Film brings together the UK’s film commissions, national and regional agencies, producers and sales companies under one umbrella to provide clear information about our outstanding locations, services, films and talent.
IT'S ALL ABOUT HOW

Structuring a UK co-production

All treaties have different requirements, but the common principles are:

- A co-producer from each co-producing country needs to make both a financial contribution and an effective creative, technical and artistic contribution to the film. These need to be broadly in proportion.

- The creative, technical and artistic contribution to the film needs to be made using personnel, goods and services from the co-producing countries (including personnel from the EEA).

- The film needs to be made in the co-producing countries (you may be able to shoot in a third country location and use of some third country personnel may be allowed but must not exceed 20% - 30% of the budget, depending on the treaty being used).

- The co-production status must be applied for at least 4 weeks before principal photography commences.

In the UK, films can qualify as official co-productions under either:

The European Convention on cinematographic co-productions

- Bi-lateral co-productions between two co-producers which are signatory to the Convention.
- Multi-lateral co-productions between three or more signatory countries.
- The Convention can allow non-party co-producers which are not signatory to the Convention with prior agreement from the BFI.

Financial contributions:

- Minimum of 20% where there are only 2 party co-producers making a film bi-laterally.
- Minimum of 10% where there are 3 or more party co-producers.

One of the UK’s official bi-lateral co-production treaties

Active Treaties:

- Australia • Brazil • Canada • China • France • India • Israel • Jamaica • Morocco • New Zealand • Occupied Palestinian Territories • South Africa

Financial contributions:

- 20% minimum for all countries except for Australia (minimum of 30%)

Unofficial co-productions

The UK can also co-produce with countries with whom it does not have a treaty. This involves qualifying as a British film under the Cultural Test (see 'It’s all about WHERE').
IT’S ALL ABOUT WHERE

The UK Tax Relief

In order to access the UK’s film tax relief, a film needs to qualify as British in one of two ways:

• As an official co-production (see ‘It’s all about HOW’)
• Under the UK’s film cultural test

The cultural test is a points-based test where the project will need to achieve 18 of a possible 35 points to pass.

*Eligible costs:* UK core expenditure for purposes of the tax relief is defined on that which is used or consumed on UK soil rather than by the nationality of the people, goods and services.

Since the tax relief is claimed through the company’s corporate tax return, all eligible costs need to be incurred by the UK co-producer.

*UK core spend:* minimum of 10%

*Applicant:* UK producer - needs to be a limited liability film production company (FPC) within the charge of UK Corporation tax net and the company must be incorporated before principal photography begins.

*Application deadlines:* Applicants can apply for interim certification at any point before or during production. Interim certification is essential if you wish to claim film tax relief during production. A final application must be submitted once the film is complete and ready to be viewed by an audience.

Other eligibility requirements: Films need to be intended for theatrical release.

*Value of the tax credit*

The UK Film Production Company can claim tax relief of up to 25% of UK qualifying expenditure. This is available on a maximum of 80% of total UK core expenditure. There is no cap on the amount which can be claimed.
THE BFI FILM FUND

Funding available for British qualifying majority and minority co-productions

With over £26m to invest a year, the BFI Film Fund is the UK’s largest public investor in film, supporting first-class filmmaking through development and production, to distribution and international sales.

The BFI Film Fund has earmarked up to £250,000 per year of its existing funding towards the support for co-productions at the development stage, and up to £1m per year towards production awards where the UK is a minority partner.

Priority will be given to projects where:

- A world-class, non-British filmmaker wishes to engage with UK talent or cultural content;
- UK involvement elevates the project’s creative or commercial potential;
- The project gives an opportunity to an outstanding, emerging talent from the UK.

There are no application deadlines, so please apply when the script is complete and when the team is ready to share their vision for the film, supported by a strategic plan for making it.

FAQS

Is there a distinction between qualifying spend for co-productions and the UK tax relief?

Yes. For co-productions, qualifying UK spend can include goods, services, facilities, and personnel from the UK, regardless of whether it is spent in the UK or elsewhere in the world. This spend will contribute towards your co-production contribution (see 'It’s all about HOW').

For tax relief purposes, qualifying spend can only include what was used and consumed in the UK rather than by the nationality of the people, goods, and services. All qualifying costs need to be incurred by the UK co-producer since the tax relief is claimed through the company’s corporate tax return (see 'It’s all about WHERE').

<table>
<thead>
<tr>
<th>Qualifying spend for co-production</th>
<th>Qualifying spend for tax relief purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(WHO is incurring the expenditure)</td>
<td>(WHERE is the expenditure incurred)</td>
</tr>
<tr>
<td>UK cast &amp; crew</td>
<td>Cast &amp; crew in the UK</td>
</tr>
<tr>
<td>Personnel, goods and services from</td>
<td>UK core expenditure used and consumed</td>
</tr>
<tr>
<td>the co-producing countries</td>
<td>on UK soil and incurred by the UK</td>
</tr>
<tr>
<td>count towards co-production</td>
<td>production company = eligible for tax</td>
</tr>
<tr>
<td>contribution.</td>
<td>rebate.</td>
</tr>
<tr>
<td>Example: UK personnel fees</td>
<td>Example: Cast and crew fees regardless</td>
</tr>
<tr>
<td>regardless of in or outside the UK</td>
<td>of nationality where their services are</td>
</tr>
<tr>
<td></td>
<td>used or consumed in the UK</td>
</tr>
</tbody>
</table>
Can the BFI suggest possible co-production partners for my production? The BFI can't recommend individual UK producers, but there are several sources that will help you identify potential partners (see 'It's all about WHO').

When do I need to register my co-production at the competent authority in the UK? Applications for interim or final approval under the co-production agreements should be made to the BFI Certification Unit. Applications for interim approval should be made at least four weeks before the start of principal photography. Final approval will only be granted once the film is completed. (See Useful Links)

**USEFUL LINKS**

- BFI Certification Unit (for registering a co-production or cultural test application to qualify as British and to subsequently apply for the UK’s film tax relief) bfi.org.uk/film-industry/british-certification-tax-relief
- BFI Film Fund bfi.org.uk/supporting-uk-film/funding-filmmakers
- BFI International Strategy bfi.org.uk/film-industry/bfi-international-strategy
- Bilateral co-production treaties with the UK bfi.org.uk/film-industry/british-certification-tax-relief/co-production
- British Council Films Department film.britishcouncil.org
- British Film Commission britishfilmcommission.org.uk
- British Films Catalogue film.britishcouncil.org/british-films-directory
- International sales and distribution support Media Desk UK mediadeskuk.eu/funding/media-sub-programme
- BFI Film Export Fund (for intl sales agents) bfi.org.uk/film-industry/film-export-fund
- National film agencies in the UK bfi.org.uk/film-industry/bfi-network
- PACT directory of independent UK producers pact.co.uk/find-a-member
- We Are UK Film weareukfilm.com
## BASIC TREATY REQUIREMENTS

<table>
<thead>
<tr>
<th>Country</th>
<th>Authority in partner country</th>
<th>Minimum financial contribution (% cost of production)</th>
<th>Finance only co-production permitted?</th>
<th>Third party co-producers from other countries permitted?</th>
<th>Non-party producers allowed?</th>
<th>Where the film is made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Screen Australia</td>
<td>30%</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Co-production films shall be made (incl. studio and location shooting), and processed up to the creation of the first release print in the UK, Australia or the country of a third co-producer.</td>
</tr>
<tr>
<td>Canada</td>
<td>Telefilm Canada</td>
<td></td>
<td>Yes</td>
<td>Commonwealth State EU State</td>
<td></td>
<td>Co-production films shall be made (including studio and location shooting), processed, post-synchronised and mixed up to the creation of the first release print in the UK and/or Canada and/or country of any third co-producer.</td>
</tr>
<tr>
<td>Brazil</td>
<td>Ancine</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td>Unless the Competent Authorities agree otherwise: (a) all work on the co-production prior to completion shall be carried out in the UK or Brazil, or where there is a Third Party Co-producer, in the State or region in which that Third Party Co-producer is established, and (b) the majority of the work on the co-production shall be carried out in the State or region in which the Party Co-Producer or Third-Party Co-producer making the greatest financial contribution is established.</td>
</tr>
<tr>
<td>New Zealand</td>
<td>New Zealand Film Commission</td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Co-production films shall be made, processed and dubbed up to the creation of the first release print, in the countries of the participating co-producers. Post-release print dubbing into languages other than Maori, English, Gaelic, and Welsh may be carried out in third countries and all versions of the film may contain passages of dialogue in other languages if required by the script.</td>
</tr>
<tr>
<td>France</td>
<td>Centre National de la Cinématographie</td>
<td></td>
<td>Yes (minimum of 20%, maximum of 30% (Subject to approval by competent authorities))</td>
<td>Yes</td>
<td></td>
<td>Co-production films shall be made (incl. studio and location shooting), processed, dubbed and sound recorded in the United Kingdom and/or France. Dubbing into languages other than English and French may be carried out in the country concerned.</td>
</tr>
<tr>
<td>China</td>
<td>Ministry of Information and Broadcasting</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td>Co-production films shall be made (including studio and post production) in the UK and/or India and/or country of any third-party co-producer.</td>
</tr>
<tr>
<td>Morocco</td>
<td>Centre Cinematographique Marocan</td>
<td>20%</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td>Unless the competent authorities agree otherwise: (a) all work on the co-production prior to completion shall be carried out in the UK or China, or where there is a third party co-producer, in the state or region in which that third party co-producer is established, and (b) the majority of the work on the co-production shall be carried out in the state or region in which the party co-producer or third-party co-producer making the greatest financial contribution is established, but nothing in the Agreement shall prevent co-production work in a third country or region if the script or the circumstances require it, and the competent authorities agree.</td>
</tr>
<tr>
<td>Occupied Palestinian Territories</td>
<td>Al-Qattan Foundation</td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td>Unless the competent authorities agree otherwise: (a) all work on the co-production prior to completion shall be carried out in the UK or Morocco or where there is a third party co-producer, in the State or region in which that third party co-producer is established, and (b) the majority of the work on the co-production shall be carried out in the state or region in which the party co-producer or third-party co-producer making the greatest financial contribution is established, but nothing in the Agreement shall prevent co-production work in a third country or region if the script or the circumstances require it, and the competent authorities agree.</td>
</tr>
<tr>
<td>Israel</td>
<td>Ministry of Industry</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td>Co-production films shall be made (including studio and post production) in the UK and/or Jamaica and/or country of any third-party co-producer.</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Film, Music &amp; Entertainment Commission, Jamaica</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td>Co-production films shall be made (including studio and post production) in the UK and/or South Africa and/or country of any third-party co-producer.</td>
</tr>
<tr>
<td>South Africa</td>
<td>National Film and Video Foundation, South Africa</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td>Co-production films shall be made (including studio and post production) in the UK and/or South Africa and/or country of any third-party co-producer.</td>
</tr>
<tr>
<td>European Convention</td>
<td>Individual European competent authorities</td>
<td>20%</td>
<td>Yes</td>
<td></td>
<td>Non-party allowed with prior agreement from competent authorities</td>
<td>Filming may be carried out in any country, subject to the requisite amount of points in Appendix II of the European Convention up to 30% of the total budget may be spent.</td>
</tr>
</tbody>
</table>