

**Hungarian National Film Fund Nonprofit Private Share  
Company  
SUPPORT POLICY**

- *effective as of 26 July 2017* -

## I. SCOPE OF THE SUPPORT POLICY, GOALS AND BASIC PRINCIPLES

### 1. Introduction

The purpose of the Support Policy (hereinafter referred to as the Policy) is to follow the Hungarian state film support program (hereinafter referred to as Film Support Program) approved by Decision N202/2008 of the European Commission and Decision SA.38425 modifying it, the Act II of 2004 on Motion Picture (hereinafter referred to as Mktv.) and other relevant statutes, as well as the provisions of the Statute of **the Hungarian National Film Fund Nonprofit Private Share Company (hereinafter referred to as the Supporter)** to create for applicants a support application framework that provides rules for regulating the conditions of the application system in accordance with relevant statutes and other regulations, and thus helps to ensure that the distribution of the central budgetary support and other available funds should be implemented in a democratic, efficient and transparent way. The current Policy includes the Supporter's general tender and supporting conditions as well as the rules applicable to the distribution of supports.

### 2. Scope of the Policy

The scope of this Policy covers all direct supports provided by the Supporter to individuals, business associations, and other organisations and institutions as defined by Mktv. Any terms not included in the Interpretative Provisions of the Policy must be interpreted based on Mktv.

### 3. Interpretative Provisions

3.1 *State aid:* a support as defined by point 1 of paragraph 2 of Government Decree No 37/2011 of 22 March 2011 on the procedure for state aid for the purposes of EU competition law and on the regional aid map (hereinafter referred to as Atr.)

3.2 *Film production company:* a legal entity with a registered seat in Hungary or a legal entity with a registered seat in one of the EEA states or an economic entity without legal personality which initiates and manages the implementation of creating the film providing for the financial and legal conditions and which holds the rights for the use and the licensing of the use of the cinematographic work.

3.3. *Screenwriter with appropriate references:* a Hungarian citizen or an individual resident in Hungary or in one of the EEA states who, prior to the submission date of the application, participated as a screenwriter or co-screenwriter in creating at least one screenplay which was used to create a cinematographic work used for

- a feature-length film that was shown in cinemas in Hungary, or
- a feature-length film which participated in a competition at a film festival specified by genres in Annex 2, or participated at least as a candidate in one of the film events specified in Annex 2, or
- a diploma film created within a State-recognised training (including director).

3.4. *Film production company with appropriate references:* a film production company who, prior to the submission date of the application, participated as a film production company in creating at least one feature-length film which was shown in cinemas in Hungary, or which participated in a competition at a film festival specified by genres in Annex 2, or which participated at least as a candidate in one of the film events specified in Annex 2 as a film

production company. In case the application is submitted by a project company, the reference of the mother company may be taken into consideration.

3.5. *Producer with appropriate references:* a producer who, prior to the submission date of the application

- participated as a producer in creating at least one feature-length film which was shown in cinemas in Hungary, and their name was listed in the film credits as producer or
- participated as a producer in creating at least one feature-length film which participated in contest in one of the film festivals specified by genres in Annex 2, or participated in the official competition programme of one of the film events specified in Annex 2, and their name was listed in the film credits as producer, or
- acquired a degree at the University of Theatre and Film Arts at the film producer or production management programme, or
- participated as producer in creating a diploma film created within a State-recognised professional film training, and their name was listed in the film credits as producer.

3.6. *Director with appropriate references:* a director who, prior to the submission date of the application

- participated as a director in creating at least one feature-length film which was shown in cinemas in Hungary, and their name was listed in the film credits as director, or
- participated as a director in creating at least one feature-length film which participated in competition in one of the film festivals specified by genres in Annex 2, or participated at least as a candidate in one of the film events specified in Annex 2, and their name was listed in the film credits as director, or
- acquired a degree at the University of Theatre and Film Arts at the film director programme, or
- participated as a director in creating at least one feature-length film which participated in competition in one of the film festivals specified by genres in Annex 2, or participated in the official contest programme of one of the film events specified in Annex 2, and their name was listed in the film credits as a director.

3.7. *Beneficiary:* the successful applicant or tenderer with whom the Supporter has not entered into a contract yet. The successful applicant or claimant shall be regarded as a beneficiary until they meet the conditions specified in point 24.1 of Chapter VI. of the current Policy.

3.8. *Claimant:* the one who submits an individual support request within the procedure specified in Chapter VIII.

3.9 *Applicant:* the one who submits a support request, excluding a support request specified in Chapter VIII.

3.10. *Grantee:* the one who entered into a support agreement with the Supporter.

3.11. *Call for application:* an announcement calling for submission of application published by the Supporter on its website.

3.12. *Application documentation:* the document containing the data, certificates and appendices specified as a requirement for submitting the application.

3.13. *Project company*: the business association with a registered seat in Hungary or a legal entity with a registered seat in one of the EEA states, or a branch or subsidiary with a registered seat in Hungary belonging to an economic entity without legal personality, which was specifically founded with the purpose of creating the given cinematographic work, and which holds the rights related to the use and the licensing of the use of the given cinematographic work. The Project company shall not conduct activities not related to the given cinematographic work, shall not found another association and shall not acquire a share in an association. The conditions set out in this point and point 23.2 of the current Policy must be met until the fulfilment of the support purpose supported (see point 28.), which the Supporter shall be entitled to verify on an ongoing basis.

3.14. *Producer*: a Hungarian citizen or a private individual who is a resident in one of the EEA states, who initiates and manages the implementation of the cinematographic work in their own name, ensuring the required financial and other conditions.

3.15. *Film distributor*: a business association or other organisation dealing with film distribution, excluding cinema operators.

#### 4. The purpose of the Policy

The purpose of this Policy is to create a unified framework for the participants of the decision on the support as well as the Applicants and the Claimants, which supports and ensures the predictability of the efficient implementation of the regulations concerning the distribution of supports, as well as to define basic and detailed conditions for the use, accounting and supervision of the state aid provided by the Supporter.

#### 5. The fundamental principles of the Policy

5.1. a) ensuring equal opportunity and equal treatment in all support procedures.  
b) defining uniform basic requirements related to the distribution of supports,  
c) making the financing of cinematographic work and the process of production transparent,  
d) promoting the increasing of the artistic standards.

5.2. All types of support shall be awarded on the basis of application, while the supports specified in Chapter VIII. shall be awarded on the basis of individual request, and it may only be disbursed after the signing of and entering into force of the Support Agreement between the Grantee and the Supporter, with the application of any conditions for disbursement set out in the given application procedure.

5.3. Supporta shall only be awarded to support the cinematographic purposes specified in this Policy and only to an Applicant or Claimant who submits a valid application to the Supporter, and meets all conditions set out in the relevant regulations and the Supporter's regulations, and the Supporter evaluates the submitted application as eligible for support.

5.4. The Supporter shall bring its decision based on the applications and the exact information included in them about the purpose of the support, carefully evaluating all the circumstances. The Supporter is required to monitor the fulfilment of the purpose of the support on an ongoing basis, as well as to take all measures in accordance with Mktv. which ensure the fulfilment of the supported purposes.

5.5. The Supporter may require students taking part in higher level cinematography trainings as part of their professional practice, to participate in the process of the creating the cinematographic work.

5.6. During the implementation of the application process, care must be taken to ensure that the use of public money and other financial sources of the production should be traceable and transparent during the whole process.

5.7. The Supporter shall inform the public about the conditions of application and eligibility, primarily via its website.

## **II. TYPES OF SUPPORTS AND CONDITIONS OF PROVISION**

### *6. The types of supports provided by the Supporter*

6.1. The Supporter may award non-repayable and repayable supports. In the case of repayable supports, the Supporter shall define the mode and extent of the repayment in the support agreement in accordance with the provisions of the current Policy.

6.2. The Supporter awards non-repayable selective supports for the following activities related to the creation of feature-length (at least 70 minutes) feature films, feature-length (at least 70 minutes) animation films, and feature-length (at least 70 minutes) documentary films:

- a) development of screenplays or film plan,
- b) pre-production,
- c) film production.

The Supporter may award a non-repayable support in the form of financial support or a service provided by the Supporter (e.g. studio use, laboratory services).

The Supporter provides direct selective support for the following activities related to feature-length feature films, animation films and documentary films:

- d) distribution of films and the marketing activity supporting the film distribution and the film sales.

In the case of activities specified in points *b)* and *c)* only the film production company may be awarded a support, while in the case of activities specified in point *d)* the film distributor and the film production company may be awarded a support.

One production may receive multiple types of and multiple purpose supports on the basis of separate applications.

6.3. The Supporter shall award selective support for cinematographic activities specified in point 6.2 through application and on the basis of evaluation and assessment criteria defined by the Supporter, with respect to the provisions included in section 15 of Mktv.

6.4. The Supporter may publish a call for a unique application with conditions different from the current Policy's provisions for supporting activities specified in point 6.2 and cinematographic activities specified in section 12, subsection (3), points a) to i), in consistence with the principles of the current Policy and Mktv., if it is justified by

- the target range of applicants or
- the special character of the purpose of the application and
- the more efficient implementation of the tasks specified in subsection 9/B. (1) of the Mktv.

6.5. 12. The Supporter may also award a support for activities specified in chapter VIII. and in section 12, subsection (3), points a) to i) of the Mktv., on the basis of individual application, based on the procedure specified thereof.

### *7. Common provisions regulating individual types of supports*

7.1. In its decision making, the Supporter shall place a special emphasis on the creative content and feasibility of the synopsis, the treatment and the screenplay. The application procedure is ongoing. The Supporter will start the processing of the applications in the order in which they are received, and will make a decision with taking into account the available resources. The order in which decisions are made may differ from the order in which applications are received.

If the Supporter awarded a support for film production purposes, the distribution rights of the cinematographic work supported by the support shall be transferred to the Supporter after a 7 calendar year period following the premier of the film, or – at the latest - following a maximum two-year period (a three-year period in the case of animation cinematographic works) after signing the support agreement, in return for consideration defined on the basis of the principles specified in the support agreement. In the case of co-produced cinematographic works, the economic rights of the film production company shall be transferred to the Supporter.

7.1.1. If after the 7-year period following the date specified above, the film production company holds a valid international contract for distribution regarding the cinematographic work, the distribution rights affected by the agreement will only be transferred to the Supporter after the termination (expiry) of the contract for distribution.

7.1.2. In case the support is awarded for film production purposes, the Grantee shall undertake commitment in the support agreement, that the international contract for distribution of the cinematographic work will include the provision according to which if the Grantee does not earn a revenue from the distribution activity for a one year period, then the Grantee is entitled to terminate the contract.

7.2. Eligible expenses that may be covered by the support are defined in Annex 1. of the Policy.

7.3. Compliance with the intensity regulations defined in article 13 if the Mktv. will be monitored by the Supporter and the cinematography authority.

7.4. At the time of submission of the application, the applicant must specify the amount requested, the purpose of the support funding and the genre to be supported.

7.5. The budget of the production must include the value of and the funds for the use of all the intellectual properties (especially musical compositions, acting performance, neighbouring rights etc.) without regional or temporal limitations, in all types of media, transferable to third parties and eligible for further licensing.

7.6. The Grantee must guarantee that they will enter into an agreement with all contributors of the phase related to the given support type that includes content based on which they will be able to acquire all the copyrights and property rights required for the use for film purposes until the beginning of the production at the latest, and is able to guarantee for third parties that no circumstance, fact, law or eligibility will impede the use of the film plan/cinematographic work.

The Grantee may acquire the copyrights and property rights (e.g. the use of musical work) related to the post-production in the later stages of the support, but until the finishing of the post-production at the latest.

7.7. If the applicant doesn't hold the rights of the synopsis, the treatment (detailed description of the storyline) or the screenplay, the value of acquiring the rights must be indicated in the budget of the film production at the latest, and evidence must be provided about the payment of the cost and the acquiring of the rights until the first day of the shooting (the entire amount defined as the cost of the royalty must be paid to the entitled party). This latter provision does not exclude the possibility that the party entitled should receive a share from the revenue realized during the use of the cinematographic work.

7.8. The support may only be awarded if the Grantee has submitted their application or individual request before starting the activities expected to be accounted against the support.

#### *8. Development support for screenplays or film plans*

8.1. The Supporter awards supports for the development of screenplays or film plans as specified in point a) of subsection (3) of paragraph 12 of the Mktv. on the following conditions:

The maximum amount of the support awarded for the development of screenplays or film plans may be 100% of the eligible costs directly related to activities of the development of screenplays or film plans.

8.2. In case of own synopsis/treatment/screenplay the screenwriters must declare that they hold the rights required for the film adaptation. In the case of adapted screenplays, the applicant must hold an option contract for the film adaptation, which is valid for at least two years after the submission date of the application, and can be unilaterally extended for an additional year by the applicant.

If the Applicant holds an option contract for a shorter period than this (2+1 years) at the time of the submission of the application, they must submit the option contract for the above specified period at the time of signing the support agreement at the latest.

The option contract must include the option fee as well as the costs of acquiring the rights for film adaptation and other rights required for other uses. The statement by the screenwriter must also include the indication of the costs of acquiring these rights.

8.3. During the supporting period of developing the screenplay or the film plan, the Supporter may support the development process of the screenplay with the help of a screenwriter professional (consultant) hired by the Supporter. The consultant may contribute actively in improving and further development of the screenplay in order to make it appropriate standard and feasible.

8.4. The Supporter may require the inclusion of a (further) co-writer selected by the Grantee/Beneficiary as a condition for the support for the development of the screenplay or film plan.

8.5. If, within a period of one year following the closure of the development of the screenplay/film plan and the date of the realization of the goal of the support certified by the Supporter, the Grantee creates the cinematographic work based on the screenplay without the Supporter, or transfers its film adaptation rights to a third party (excluding the transfer to a project company specified by this Policy), or does not submit an application for the production or pre-production for the purpose of the cinematographic work, the Grantee shall repay the support, or transfers the film adaptation rights of the screenplay to the Supporter. This provision is not applicable, if the Decision Board states in its decision on the closing of the screenplay development that it does not support the further development or the creation of the film (the production). Within this period or, in justified cases, beyond this period, the Supporter may give its consent to transferring the film adaptation rights to an association, with whom successfully creating the film is more likely, and which submits an application before the specified deadline for the film production.

If based on the support agreement, the support is to be repaid, the Grantee is required to declare the debt in a notarial act.

#### *9. Supports for the pre-production*

9.1. The Supporter awards supports for the pre-production as specified in point b) of subsection (3) of paragraph 12 of the Mktv. on the following conditions:

The maximum amount of support awarded for the pre-production may be 100% of the eligible costs directly related to activities of the pre-production.

9.2. The cinematographic work may only be awarded a support for pre-production, if it meets the set of cultural conditions specified in subsection 31/B. of the Mktv. and its Annex No. 2. The compliance with the conditions shall be monitored and certified by the cinematography authority on the bases of point (1) e) of section 19 of the Mktv.

#### *10. Supports for film production*

10.1. The Supporter awards supports for film production on the basis of point c) of subsection (3) of section 12. of the Mktv., further provisions of the Mktv., and the present Policy.

The total amount of the support (the total amount of all state subsidies, also including indirect subsidies) may not exceed 50%, 60% or 100% of the production budget of the supported cinematographic work, or in the case of co-production, of the Hungarian contribution, with regard to section 13 of the Mktv., with the following conditions:

10.1.1. The amount of the support in case of all cinematographic work may not exceed 50% of the production budget, and in case of co-production, the Hungarian contribution.

10.1.2. If at least one film production company from an EEA state also participates in the production of the international filmmaking besides the Hungarian film production company, the amount of the support may reach 60% of the Hungarian contribution.

10.1.3. The amount of the support may cover up to the production costs of the budget of the Hungarian cinematographic work - belonging to the genres of feature films, feature-length documentary films and popular science and animation films -, and in the case of international filmmaking in co-production, 100% of the Hungarian contribution, if the production budget of the filmmaking does not exceed the amount of the annual thresholds regarding Hungarian cinematographic work and co-production cinematographic work with Hungarian contribution specified in the budget act. (These thresholds are annually published by the Supporter on its website.)

10.1.4. The amount of the support may cover up to the production budget of the filmmaking in the case of a Hungarian cinematographic work, and up to 100% of the Hungarian contribution in the case of an international cinematographic work created in co-production, if the cinematographic work is originally produced in Hungarian, and if it is probable that the production costs will not be recouped even from the total revenues from all forms of the distribution. If the production costs of the filmmaking are recouped during the distribution phase, the amount over the production budget must be repaid to the Supporter.

10.1.5. The amount of the support may cover up to the production budget of the filmmaking in the case of a Hungarian cinematographic work, and up to 100% of the Hungarian contribution in the case of an international cinematographic work created in co-production, in which, besides the Hungarian co-producer, at least one film production company from the states that appear in the list of the Development Assistance Committee of the Organisation for Economic Co-operation and Development.

10.1.6. In the case of documentary films, animation films, popular scientific films, experimental films and short films, the amount of the support may cover up to the production budget of the filmmaking in the case of a Hungarian cinematographic work, and in the case of an international co-production, 100% of the Hungarian contribution, if the funds required for creating the cinematographic work contributing to cultural diversity may not be secured in other ways. This rule is not applicable in the case of feature films released primarily in movie theatres.

10.2. The Supporter continuously monitors and helps the implementation of the filmmaking during the entire process of the production, and is entitled to approve the final form of the cinematographic work as specified in point 10.3.

In the case of an international cinematographic work created in co-production, whereby the amount of the support awarded by the Supporter is less than 50% of the production budget of the filmmaking, the Supporter exercises its rights specified in this point in cooperation with and with the consent of the co-producers and the other supporters.

10.3. The process of approving the final version of the cinematographic work:

- a) The director and the producer of the cinematographic work complete the final version proposed by them before the deadline of implementation specified in the support agreement, and present it to the Supporter.
- b) The Supporter brings a decision about the approval after viewing the version, or hold consultations with the producer and the director, during which the Supporter may make recommendations about the final version.
- c) Based on the Supporter's recommendations, the director and the producer may implement modifications to the final version, or if they do not agree with the recommendations, they may leave the version without changes.

- d) If the director and the producer do not make changes to the film, or if the Supporter does not agree with the modified version either, the parties will strive to reach mutual agreement during a further consultation. If this ends unsuccessfully, the Supporter is entitled to prepare its own version, and screen the two versions in front of a test audience.
- a) The version to be distributed will be decided by the Supporter, the producer and the director on the basis of the result of the test screening.

10.4. In the case of cinematographic work receiving support for production, the Supporter is entitled to a share in the revenue resulting from the use of the film. The amount of this must be defined on the basis of the cinematographic work (international cinematographic work created in co-production) in the following way:

The Supporter and the film production company both receive a 50% share from the net revenue (i.e. after the deduction of the distributor's fee and costs from the revenues) of the domestic and international distribution of the cinematographic work (the Supporter accepts a declaration of exclusive regions only in justifiable cases, such as and especially with respect to the countries of the co-producers). The co-producers and other partners providing non-financial services are entitled to receive a share from the 50% that the film production company is entitled to. The investors providing actual financial aids in return for a share of the revenue receive a share from the revenue of the total distribution in proportion to their financial investments, in which case the 50%-50% share to be divided between the Supporter and the film production company will be limited to the remaining amount.

In the case of an international co-production, the 50-50% share specified above applies to the revenue from the Hungarian contribution, and the international revenue is shared among all co-producer and Supporter/investor in proportion to their contribution (also taking into account the regulations of refunding of Eurimages).

The 50-50% share specified above also applies to the revenues that the film production company is entitled to originating from the merchandising use of cinematographic work and their titles and characters, from the book and stage remake, from the publishing of the soundtrack and the sales of the remake rights, as well as from the distribution of film series based on the cinematographic work. The Grantee shall send a copy of contracts of this type to the Supporter, and will prepare accounts of revenues arising from this annually, until 31 January after the reference year.

By signing the support agreement, the Grantee gives their consent that the sharing of the revenue as specified above, and the accounting of the revenue will be managed with the inclusion of a collection agent commissioned by the parties. The parties may derogate from the provisions of the current point due to the unique circumstances of the production (co-production) in justifiable cases and with mutual agreement.

10.5. The Supporter is entitled to the world sales activities related to the cinematographic work that receives a film production support, about which the parties will conclude an agreement. Also in the absence of such agreement, after decision has been made about the support, the Grantee must send the contracts entered into by the Grantee about domestic and international distribution to the Supporter for approval in each case in advance. With signing the support agreement, the Grantee commits themselves to transfer to the Supporter the rights related to the share of the revenue that the Supporter is entitled to, in return for consideration specified in subsection 6:202 of the Ptk., in accordance with the provisions of the support agreement. In the case of appropriate amount of a minimum guarantee, the Supporter may give its consent for the Grantee to enter into a world sales agreement with an international sales agency. The Supporter

is entitled to derogate from the provisions of this point in justifiable circumstances (especially in the case of agreements concluded with televisions for co-production).

In the case of an international cinematographic work created in co-production, whereby the amount of the support awarded by the Supporter is less than 50% of the production budget of the filmmaking, the Supporter exercises its rights specified in this point on the basis of its agreement with the co-production partners.

In justified cases, the Decision Board may provide in its decision on the support of film production, that the Supporter should be entitled for the distribution of the cinematographic work in Hungary, too, based on the provisions of point 10.5 of the Policy.

10.6. In the case of a support for film production, the Grantee is required to conclude a production insurance contract with respect to the production that the support was awarded for, until the disbursement of the support at the latest, with the Supporter as the co-insured party. In the absence of this, the support may not be transferred. The provisions related to the insurance contract are included in the support agreement.

This provision shall be also regarded fulfilled if the Grantee holds a valid and irrevocable insurance offer for a period exceeding at least the date of disbursement of the first instalment of the support, and pays the fee specified therein from the first instalment of the support.

10.7. In the case of a support for film production purposes, with regard to the budget of the film production and the amount of the support, the Supporter may require a completion guarantee in the support agreement.

10.8. The Grantee must use at least 60% of the direct support for film production purposes for direct Hungarian film production expenses. In the support agreement, the Supporter may impose an obligation for higher proportions, which may not exceed 80% of the support. If the screenplay of the cinematographic work requires shooting on original locations, the Supporter may provide approval for the Grantee to use up to 60% of the support for expenses not directly related to Hungarian film production.

10.9. Before concluding the support agreement, the Grantee (i.e. the film production company) and the Supporter conclude a pre-agreement with the Film distributor for the distribution of the film in Hungary. Within seven days after viewing the first edited version of the cinematographic work, the Film distributor is entitled to terminate the pre-agreement through a written notification simultaneously sent to the Supporter and the Grantee, which will terminate all the rights and obligations of the Film distributor arising from this. If the Film distributor submits an application for a support specified in chapter 11/A of the Policy until the conclusion of the agreement for the support for distribution, the Supporter, the Grantee and the Film distributor conclude a contract for distribution.

10.10. In the decision about the support for film production purposes, the Supporter may exempt the Grantee from concluding the pre-agreement specified in point 10.9 of this Policy, if the Film distributor does not undertake the concluding of the pre-agreement for a reason justifiable with the character of the cinematographic work, in which case the Grantee submits a declaration of intent by the distributor until the concluding of the support agreement.

10.11. The Grantee is required to nominate the cinematographic work that received a support for film production purposes and which entered into screening in movie theatres, for the

Hungarian Film Award, and if the Grantee does not fulfil this requirement, the Supporter is entitled to submit the nomination in the Grantee's name and on behalf of the Grantee.

*11. Supports available for film production companys for distribution (film marketing) purposes*

11.1. On the basis of point d) of subsection 12. (3) of the Mktv., the Supporter provides a support to the film production company for the Hungarian an international sales of, the distribution of and for the purposes of supporting related activities (film marketing) of the cinematographic work and cinematographic work with a Hungarian contribution (and international cinematographic work created in co-production in this category) specified in the Mktv.

In the case of a support awarded for the purposes of film marketing, the ratio of the amount of the support to the eligible cost may not exceed the ratio specified for supported cinematographic work in paragraph 13 of Mktv. and point 10.1 of the current Policy. That is, the distribution of the cinematographic work may be subsidised in a proportion in which its production may be subsidised according to Mktv. Among others, the provisions of paragraph 5 of Decree 67/2013 (X.17.) EMMI of the Minister of Human Resources on the rules of state aid of motion picture activities other than film production (hereinafter referred to as R.) will also be applicable to the support.

11.2. The support for distribution (film marketing) may only be recouped from the revenues arising from the distribution and the commercial utilization of the cinematographic work, before the revenue share specified in point 10.4 of the current Policy. The absence of the recoupment does not constitute illegitimate use of the direct support specified in the Mktv., it does not impede the approval of the accounting of the support, and does not result in a film debt as specified in point 15.3 of this Policy.

*11/A. Supports available for film distributors for distribution (film marketing) purposes*

11.3. On the basis of point d) of subsection 12. (3) of the Mktv., the Supporter provides a support to the Film distributor for the Hungarian an international sales of, the distribution of and for the purposes of supporting related activities (film marketing) of the cinematographic work and cinematographic work with a Hungarian contribution (and international cinematographic work created in co-production in this category) that received a support for film production purposes.

11.4. The Film production company, the Film distributor and the Supporter conclude a tripartite contract for distribution with the provision that if a pre-contract as specified in point 10.9 of this Policy was concluded between them, the parties may derogate from its provisions with mutual agreement.

The Supporter classifies the cinematographic works into categories of distribution on the basis of estimated audience figures, with the decision on the amount of the support based on these categories. The currently applicable categories and the support amount limits will be published on the Supporter's website.

11.5. During the development and the implementation of the marketing and distribution concept, the Film production company and the Film distributor are in continuous cooperation and consultation with the Supporter and the marketing professional selected by the Supporter.

11.6. The ratio of the amount of the support to the eligible cost may not exceed the ratio specified for supported cinematographic works in paragraph 13 of Mktv. about the amount of the support for the purposes of film production.

11.7. The film distribution (film marketing) supports that the film distributor is eligible for, are qualified as supports for audiovisual work as specified in article 54 of Regulation No 651/2014 of the Commission declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (General Block Exemption Regulation) (OJ L 187.26.6.2014., p. 1).

11.8. A support may not be awarded:

- a) to an enterprise in difficulty,
- b) to a Grantee who failed to comply with a European Commission decision to repay state subsidy in terms of European Union competition law,
- c) with a condition that results in the infringement of European law.

In application of the current point, an enterprise is classified to be in difficulty if

- a) In case of a public limited liability company, if the company has lost more than half of its capital including its share premium account due to its accumulated loss, especially if after deduction of the share premium account from the part classifiable as own resources, a negative result exceeding half of the issued capital is reached,
- b) in the case of a general partnerships, limited partnerships, associations, sole traders, if the company has lost more than half of its own capital due to its accumulated loss,
- c) a company against which collective insolvency proceedings were brought, or against which collective insolvency proceedings may be brought on the basis of Act no XLIX of 1991 on Bankruptcy and Liquidation Proceedings based on creditor's appeal,
- d) with the exclusion of small and medium-sized enterprises, an enterprise where the ratio of own equity and external capital exceeds 7.5 in the two previous years, and the cover for interest rate was smaller than 0.1 as calculated before interests, taxes and depreciation expense.

An enterprise that has existed for less than three years must be qualified as one in difficulty only if the conditions specified in point c) apply;

11.9. Eligible costs are the costs specified in paragraph 5. (1) of R.

11.10. The provision requiring a separate bank account as specified in point 25.1.4. is not applicable in the case of a support for film distribution (film marketing) applied for by the film distributor.

## *12. De minimis aids*

12.1. Supports for the purposes specified in the Mktv. may also be awarded as de minimis aids. De minimis aids may only be awarded with the application of the provisions of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (HL L 352, 2013. 12.24. p.1.) (hereinafter referred to as EU Commission Regulation 1407/2013).

12.2. De minimis aids may not be accumulated with state aids with regard to the same eligible costs, if the costs thus calculated would exceed the amount of the aid intensity specified in the block exemption regulation or the Film Aid Program. De minimis aids awarded for the same eligible costs must be calculated within the aid intensity.

12.3. The gross aid component of de minimis aids awarded in Hungary to one and the same enterprise in the current financial year and the two previous financial years on the basis of EU Commission Regulation 1407/2013 may not exceed the value of 200.000 Euros in Hungarian Forints, also taking into consideration subsections (8) and (9) of the EU Commission Regulation 1406/2013. The Supporter is required to inform the Grantee in writing that the Grantee receives de minimis aids. The information note must specifically refer to the EU Commission Regulation 1407/2013, specifying its exact title and its publication in the Official Journal of the European Communities, and it must specify the exact amount of the aid expressed in aid element.

In application of the current point, one and the same enterprise is an enterprise as specified in point 2. of Article 2 of the EU Commission Regulation 1407/2013.

12.4. The applicant must submit a written or electronic declaration to the Supporter with regard to subsection (1) of section 5. of EU Commission Regulation 1407/2013 and in a form that allows for determining compliance with the conditions thereof, about all de minimis aids used by the applicant and the enterprise which qualifies as one and the same enterprise as them in the two previous financial years and the current financial year. The declaration must list in a detailed form the de minimis aids received through the tax system/indirectly expressed in Hungarian Forints and in Euros. The declaration is Annex number 6 of this Policy.

The amount in Hungarian Forints must also be stated in the foreign exchange rate published by the Hungarian Central Bank, valid on the last day of the tax year.

The aids received through the tax system (such as tax advantages reducing the base or the amount of the company tax) must be defined with regard to the last two completed financial years, in accordance with the tax return submitted to the tax authority.

12.5. In the case of direct de minimis aids the full amount supported for the applicant must be taken into account, not only the amount that has already been used. The amount of the de minimis aids received in the past two completed financial years and the current year must be recorded in details, both in Euros and in Hungarian Forints. In the case of direct de minimis aids, the Euro/Forint exchange rate will be defined by the exchange rate valid on the last day of the month preceding the decision about the support, published by the Hungarian Central Bank as the official rate of exchange.

12.6. In the case de minimis aids received both through the tax system and directly, if one decision results in awarding supports over several years, the amount must be discounted to present value. The aid component of de minimis aids received at different times does not have to be discounted to present value when checking the 200.000 Euros value threshold.

12.7. In the case of merger and acquisition, all the previous de minimis aids awarded to the previous enterprises must be taken into account in evaluating whether the new de minimis aid to be awarded to either the new enterprise or the enterprise to be acquired exceeds the relevant upper limit of the de minimis aid. The de minimis aid awarded before the merger or the acquisition remain legitimate afterwards, too.

12.8. If an enterprise is demerged into two or more separate enterprises, the de minimis aid awarded before the demerger must be classified as awarded to the enterprise that originally received it, which in principle is the same as the enterprise which undertook the activities supported by the de minimis aid. If this is not possible, the de minimis aid must be divided between the enterprises in proportion of the book value applicable at the actual time of the demerger.

12.9. With the exception of subsection (2) of article 1. of EU Commission Regulation 1407/1013, the Grantee must not use the support for purposes specified in the exceptions in subsection (1) of article 1. of the EU Commission Regulation 1407/2013.

12.10. The Grantee must keep the documents related to the support available for ten years after the awarding of the support, and the Grantee must present these documents on the request of the support awarding party. On the request of the European Commission, information must be provided about de minimis aids within 20 working days.

### *13. Regulations regarding support accumulation*

13.1. In the case of identical or partly identical eligible costs, the intensity of all supports originating from any general government resources and awarded on the basis of this Policy, including indirect aid (tax advantage) and de minimis aids provided for the project, may not exceed the intensity specified in the Mktv, and in R.

13.2. The de minimis aid awarded on the basis of European Union Regulation 1407/2013 and on the basis of Commission Regulation No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid supported to undertakings providing services of general economic interest (HL L 114., 26.4.2012, p.8) may be accumulated up to the limit specified in EU Commission Regulation 360/2012. The support specified in EU Commission Regulation 1407/2013 may be accumulated with other supports awarded on the basis of other regulations regarding de minimis aids up to the limit specified in subsection (2) of article 3 of EU Commission Regulation 1407/2013.

13.3. When calculating support intensity, all applicable data figures must be taken into account before taxes and commissions deducted.

### *13/A. Disclosure obligations*

13.4. The Supporter provides information to the State Aid Monitoring Office as the organisation responsible for monitoring state aids on the basis of European Union competition for the publication purposes specified in point 9 of the General Block Exemption Regulation and in point 52.7<sup>1</sup> of the Communication on State aid for films and other audiovisual works, on condition that the amount of the support per items exceeds the Hungarian Forint value of 500.000 Euros.

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<sup>1</sup> Communication from the Commission on State aid for films and other audiovisual works (2013/C 332/01)

13.5. The Supporter will implement the provision of information according to paragraphs 18/A-18/D of Atr.

### **III. THE RECIPIENTS OF THE SUPPORTS**

#### *14. The applicants*

14.1. The calls for applications of the Supporter are open for persons and organisations registered by the motion picture authority based on subsection (1) of paragraph 28 of the Mktv:

- a)* against whom/which there are no factors justifying exclusion and
- b)* who/which meet the special conditions related to the given tender and
- c)* who/which undertake responsibility to comply with the provisions specified in the given application procedure and in case of a support, in the provisions in the support agreement.

14.2. Supports may be awarded to persons/organisations that are eligible to participate in the Supporter's tenders, and meet the special conditions specified in the given application procedure.

14.3. Applications may be submitted:

- a)* For development of screenplays or film plans:

by:

- screenwriters with appropriate references,
- producers with appropriate references,
- film production companies with appropriate references.

An applicant without appropriate references may only submit an application jointly with a screenwriter, film production company or director with appropriate references.

- b)* For pre-production and production of films:

by:

- producers with appropriate references,
- film production companies with appropriate references,
- directors with appropriate references.

An applicant without appropriate references may only submit an application jointly with a film production company or producer with appropriate references. If the director with appropriate references is also the producer of the cinematographic work, another producer (delegated producer) must also participate in the production of the film.

- c)* For film distribution (film marketing):

- by film production companies and film distributors.

In the case of supports for the film distribution (film marketing) of cinematographic works for which the applicant had previously received aid from the Supporter for the purposes of film

production and/or the pre-production, the application for the support available for film production companies may only be submitted by the project company that received the support.

With the consideration of the applicant's professional history and the quality of the application, the Supporter may support its approval for the applicant to meet the provisions concerning references specified in this point until the date of concluding the support agreement for film production.

14.4. The applicant must provide proof of the following (e.g. with contracts) at the time of submitting the application:

*a)* in the case of development of screenplays or film plans:

- in the case of own synopsis/treatment/screenplay the applicant must declare that the work is the original work of the screenwriter and that they hold exclusive rights required for the adaptation to screen;
- in the case of film adaptation: the screenwriter or, if he/she applies jointly with the film production company, the film production company holds an option contract for acquiring the rights for the exclusive development rights for the synopsis/treatment/screenplay and the rights for its adaptation to screen; in the case of an international cinematographic work created in co-production or a cinematographic work created in co-production, this condition may be met by any of the co-producers;

*b)* in the case of pre-production: holds an option contract for acquiring the rights for the exclusive development rights for the synopsis/treatment/screenplay and the rights for its adaptation to screen; in the case of an international cinematographic work created in co-production or a cinematographic work created in co-production, this condition may be met by any of the co-producers;

*c)* in the case of film production: holds an option contract for acquiring the rights for the exclusive development rights for the synopsis/treatment/screenplay and the rights for its adaptation to screen; in the case of an international cinematographic work created in co-production or a cinematographic work created in co-production, this condition may be met by any of the co-producers;

*d)* in the case of supports for the purposes of film distribution (if the applicant is a Film production company): holds at least for the exclusive rights for distribution of the cinematographic work in Hungary, and concluded a contract for the distribution of the cinematographic work in Hungary with a film distributor based in Hungary, and for the distribution abroad, with an international distributor;

*e)* in the case of applications for film distribution (if the applicant is a Film distributor): holds a declaration of intent or pre-contract or contract for the distribution in Hungary.

14.5. If the applicant is applying for a support for the production of an international cinematographic work created in co-operation, they must certify and guarantee until the concluding of the support agreement at the latest, that they will hold at least the following rights on the basis of the co-production contract about the implementation of the production, and that they will meet the following conditions:

*a)* the property right of the negative of the original image and soundtrack recordings or the original copy suitable for reproduction or the right of access to it for the purposes of producing a work suitable for screening;

- b)* share of the rights (copyright, property right and related rights) and revenues on the cinematographic work in proportion to their capital contribution to the total budget of the production;
- c)* indicating the name of Hungary and the film production company in the list of participants of the production;
- d)* ongoing request for information about the production, the status of the production and the foreign film production companies, and submitting this information to the Supporter;
- e)* territorial exclusive right for distribution for the territory of Hungary and share rights from the revenues obtained in Hungary, except if in exceptional and justifiable cases, the Hungarian and the foreign film production companies agree on different conditions;
- f)* producing the Hungarian language version of the cinematographic work (subtitles, audio description, dubbing);
- g)* the screening (in movie theatres) right for the cinematographic work in Hungary;
- h)* the contract complies with the provisions specified in the Policy.

In the case of co-production, the applicant must provide proof (e.g. authentic extract from trade register not older than 30 days or other certificate issued by a foreign authority providing proof of their existence with at least a simple Hungarian translation, which is suitable for determining the person authorised for representing the company) that the co-production partners are registered enterprises according to the regulations of the given country, and they are not under liquidation procedures against them.

#### *15. Parties excluded from participating in the tender and from support awards*

15.1. The following are excluded from participating in calls for application published by the Supporter and from receiving supports:

- a)* those who are not registered by the motion picture authority, or who have been removed from registration,
- b)* those who have overdue public law liabilities including taxes or contributions towards the state,
- c)* those who have not complied with their obligation for providing the obligatory specimen deposit,
- d)* those who have not completed the accounting for the support awarded by an aid organisation as specified in the Mktv., or whose accounting has not been accepted by the aid organisation, or who has an overdue payment liability towards the aid organisation,
- e)* organisations whose executive officers or owners include a person who, during the three years preceding the submission date of the application for the support, was an executive officer of an organisation, which during the period mandate of the executive officer did not complete accounting for direct aid towards the aid provider, or the accounting was not accepted by the aid organisation,
- f)* organisations whose owners include an organisation, which during the three years preceding the submission date of the application for the support, did not complete accounting for direct aid, or the accounting was not accepted by the aid organisation,
- g)* against whom a bankruptcy, liquidation, voluntary winding up or other procedure is being carried out that targets its termination as specified in legislative provision,
- h)* who does not meet the conditions for settled labour relations specified in separate legislative provisions,

- i)* a legal entity with a registered seat in one of the EEA states or an economic entity without legal personality, which does not hold a seat or a branch in Hungary at the time of the disbursement of the state aid at the latest,
- j)* the members of the Decision Board, the executive office holders and executive employees of the Supporter and their next of kins, as well as organisations in which these persons are executive officers authorised for legal representation, or who hold an ownership share in them – excluding public limited liability companies,
- k)* those for whom the reasons for exclusion specified in subsection (1) of paragraph 6. of Act CLXXXI of 2007 on the transparency of spending of public funds, are applicable,
- l)* those whose participation is not made possible or whose participation is excluded by this Policy.

15.2. The Supporter may support derogations from the exclusive conditions specified in point *d)* of subsection (3) of section 14. of the Mktv. after a three year period following the deadline of submission of the accounting. In case of overdue or unsettled obligation to pay, such derogations may not be supported until the obligations to pay have been completed.

15.3. If a film related debt is owed by the applicant, the owner of the applicant, the executive officer of the applicant or a next of kin of these persons, or the enterprise partially or fully owned by these persons, or by an enterprise in which these persons hold executive positions, the Supporter may exclude the applicant from the application procedure, and is entitled to denounce the concluded support agreement, or to suspend the disbursement until it is settled. A film related debt is an overdue debt during the film production based on a contract between the film production company and the person participating in the production of the pre-production of the film, and debts towards EURIMAGES and the programmes of the European Union (MEDIA, Creative Europe).

## *16. Cinematographic works eligible for supports*

16.1. The awarding of the support is conditional on the following:

- a)* the cinematographic work is a Hungarian cinematographic work, a cinematographic work created with Hungarian contribution or an international cinematographic work created in co-production as specified in subpoint a) of point 6. and in subpoints a) and b) of point 7. of paragraph 2. of the Mktv., or in the case of screenplay/film plan development, the cinematographic work and the development work plan to be implemented is likely to qualify as a Hungarian cinematographic work, a cinematographic work created with Hungarian contribution or an international cinematographic work created in co-production, according to the intention of the applicant,
- b)* the end product of the cinematographic work is a 35-mm film copy or a DCI 4K (DCP/digital print) or HD and/or in cases of select productions, predefined E-cinema standard,
- c)* in addition to the amount of funding applied for, the total financial background required for the implementation of the given goal is available to the applicant.

16.2. In the case of a partially completed cinematographic work, the applicant must enclose the product already produced (filmed) at the time of the submission of the application on DVD as an attachment to the Film production or Film distribution application, or make it possible for the Supporter to preview the filmed material at a pre-arranged date. Based on viewing the

material, the Supporter determines the degree of completeness and whether it considers the film to be worthy of support.

16.3. An application with a completed cinematographic work (those having an answer print) may only apply for film distribution (film marketing) or for a support requested on an individual request.

## **IV. THE APPLICATION**

### *17. The application documentation*

17.1. When submitting an application, the applicant is required to complete an online administration form, which is available on the Supporter's website. The date of submission of the application is the date of uploading the online administrative form.

17.2. The form must be submitted by the applicant within 5 days following the online registration, signed in original, together with the application annexes, at a location specified on the Supporter's website, either personally or by an authorized party (at a pre-arranged date). Failure to do so will result in the Supporter's refusing the application for reasons of invalidity.

The application form and its annexes must be submitted in one original copy in Hungarian, with an authorised signature on each page, and in an electronic format (CD, DVD, etc.). In the case of a synopsis / treatment / script written in a foreign language, its simple Hungarian translation must be included in the application. The CEO of the Supporter may support a waiver from this rule in eligible cases.

17.3. The list of compulsory annexes to the application is set out in Annex 3 of this Policy.

17.4. The original of the documents originally not in Hungarian, and at least the abstract in a Hungarian language translation must be enclosed by the applicant in the application documentation. The applicant must declare that the translation is in conformity with the terms of the contract and contains all conditions necessary to establish the compliance with the terms and conditions of the Policy (see Complex Application declaration).

### *18. Application fee, administrative fee, professional and financial inspector fee*

18.1. The applicant may submit one tender at a time free of charge. Until the evaluation of the current tender, the applicant is required to pay the equivalent of HUF 50.000 + VAT as an application fee per each further application. Following the evaluation of the current tender, the submission of a new application is free of charge.

The application fee must be paid to the account number 18203246-06011663-40010015 kept by the Sponsor at FHB Bank, with specifying the registration number of the application and the exact name of the applicant. The payment must be verified when the application is submitted.

The application fee paid will not be refunded by the Supporter, and the Supporter submits an invoice to the Applicant.

18.2. The Grantee is required to pay the Supporter an administrative fee of 2.5% (+ VAT) of the amount of the subsidy supported for the development of the screenplay, for the pre-production, for film production and film distribution. The administrative fee will be deducted from the amount of the support. The administrative fee will be invoiced by the Supporter in an amount increased by VAT.

The administrative fee covers the costs of the activities carried out by the Supporter, from the development of the project to the completion of the marketing work.

18.3. In the case of film pre-production and film production supports, the costs of the professional and financial auditor are borne by the Grantee as specified in the support agreement (fee of the professional and financial inspectors). The fee of the professional and financial inspector is 1% of the support amount, at least HUF 500,000 in the case of film production, and 1% of the support amount, but minimum HUF 100,000 in the case of film pre-production. The activities of the aforementioned professionals are considered to be the service provided by the Supporter.

In the case of a film production support, the Supporter may also require the Grantee in the support agreement to use a marketing specialist, the cost of which will be covered by the Grantee.

### *19. Remediable deficiencies, invalid application*

19.1. The Supporter only evaluates valid applications.

19.2. The validity of the application is conditional on the applicant being eligible to participate in the given tender, submitting the complete application documentation as specified in point 3, and, if necessary, paying the application fee.

19.3. If the application or their annexes do not comply with the law or the Policy or, if necessary, the applicant has not paid the application fee, the Supporter shall determine a deadline of no more than 30 days for correction in writing, in conjunction with specifying the deficiencies. The request for correction of deficiencies is sent to the Applicant via e-mail by the Supporter, the acknowledgement of which must be sent to the Supporter by the applicant within 3 days. If this is not done, the Supporter will also send the request for correction of deficiencies to the Applicant by post. The deadline for correction of deficiencies will begin on the date of sending the feedback or posting it.

19.4. The documents to be supplied must be submitted at the latest on the last day of the deadline either personally or by means of an authorized person, at the location indicated on the Supporter's website, after pre-arranging an appointment. If the last day of the deadline for correction is a public holiday, the deadline will expire on the first working day thereafter.

19.5. If the applicant adequately corrects the deficiencies within the deadline set forth in the notification, the application must be deemed as correct and complete from the start.

19.6. If the deficiencies are not remedied by the applicant within the deadline or if the application does not meet the terms of this policy even after the correction, the Supporter will regard the application invalid.

19.7. The application is invalid if

- a) it was submitted not in accordance with point 17.2. or if it was not submitted
- b) the participation and support of the applicant is not possible based on point 15.1. of this Policy,
- c) the application documentation is incomplete,
- d) the applicant with the obligation to pay an application fee did not pay the application fee.

19.8. Upon the decision to invalidate the application, the Supporter shall inform the relevant applicant in writing of the invalidity and its reasons. Invalid application can be collected at the Supporter's seat. If the applicant fails to collect their application within 30 days of receipt of the decision, the Supporter will dispose it.

19.9. The Supporter has the right to electronically archive submitted applications.

## **V. EVALUATION OF THE APPLICATIONS**

### *20. Decision Board*

The applications will be evaluated by the Decision Board operating within the Supporter's organization.

The Decision Board consists of five members. Its members include the Chief Executive Officer and four other Hungarian nationality professionals with at least 5 years of professional experience in the following motion picture areas, who are entrusted and relieved by the CEO:

- scriptwriter and developer professional
- professional dealing with film production,
- professional with international experience in cinematography or a television professional,
- professional carrying out higher education teaching activities in film history, film theory or other film professions.

The decisions of the Decision Board shall be made by a majority of the votes of all members, and the votes of the members shall be equal. Members of the Decision Board may not be instructed in their capacity.

If a member of the Decision Board is unable to act in the case of a conflict of interest, the Chief Executive may request a substitute member in accordance with the terms of this point.

### *21. Evaluating the applications*

21.1. In the case of a valid application, the synopsis / treatment / screenplay will be submitted without specifying the creators to a designated reader (pre-selector), who will prepare a written recommendation.

Based on the readers' written recommendations, the developers will evaluate the screenplays, already familiar with the applicants' datasheets and the submitted synopsis / treatment / screenplay, and will make recommendations on the directions and possibilities for development. Readers' opinions / recommendations supplemented with the developer proposals will be sent to applicants for both subsidized and unsubsidized applications after the decision.

The head of the unit responsible for development recommends that the application be rejected or supported, based on the recommendation of the screenplay reader, and forwards it to the Decision Board together with their recommendation, which will evaluate the application. The members of the Decision Board may deviate from the recommendation of the screenplay readers, the developers, and the head of the unit responsible for the development, after collecting information about the application and evaluating it.

21.2. The Supporter will bring a decision within 60 days from the date of the submission of the complete application documentation. If justified, the Supporter may extend the adjudication deadline by another 60 days, about which it will inform the applicant electronically. The deadline for decision will be extended by the length of time for the correction period.

21.3. If the Decision Board considers it necessary, they may request a personal consultation with the applicant prior to making a decision, indicating a date (deferred decision). If the date is not met, the Decision Board will make its decision on the basis of the information available. Depending on the outcome of the consultation, the Decision Board will decide on the support or provide a deadline for the applicant to revise the application. Until the date set for revision, the Supporter will postpone decision on the application (the revision period does not count towards the application period). If the applicant submits the revised application within the deadline set, it retains the serial number of the original application and is evaluated by the Decision Board. If the deadline is not met, the Decision Board will bring a decision based on the information available.

21.4. If the Decision Board decides that the production is not eligible for subsidy with the purpose indicated by the Applicant, it may indicate a different purpose for which the application is considered preliminarily eligible.

The Supporter may communicate its recommendations for modifications and supplementation in a personal consultation.

The Applicant may indicate within 5 days of the deadline for receipt of a notification (in the case of personal consultation from the date of consultation) if he or she approves the Supporter's recommendations for modification and supplementation, and does not intend to receive support for the new support purpose indicated by the Supporter.

The Supporter sets a deadline for the submission of amendments in consultation with the applicant. In this case, the original serial number of the application will be retained. The period up to the submission of amendments shall not be counted against the time limit for the evaluation.

If the applicant accepts the Supporter's proposals for modification and supplementation, and wishes to use the subsidy for the new support purpose indicated by the Supporter, the applicant may submit a new support application within six months, which the Supporter is entitled to evaluate with a priority. In this case, the application fee does not have to be paid.

In the case of a call for proposals for the same film production and film plan, if the new application has become necessary because of the change proposed by the Supporter, the application fee must be paid only once per support purpose.

21.5. If this is necessary to make a decision on the application, the Decision Board may call upon the applicant to present the plan personally (pitching). If the screenplay is rejected, a

justified written request may also be submitted by the applicant to the Supporter for the possibility of pitching, and the request is decided upon by the Decision Board on the basis of discretion.

21.6. In case of rejection, the Supporter returns the application material to the Applicant. If the Applicant fails to collect their application within 30 days of receipt of the decision, the Supporter will dispose it.

21.7. The Supporter reserves the right to deviate from the application request in deciding upon awarding the support, or to award a support of less than the amount indicated by the applicant.

If the Supporter wishes to award a support in the amount that is less than requested for a specific application purpose, the applicant must submit a modified budget and financing plan no later than the conclusion of the support contract.

The Supporter may define sub purposes within the given support purpose and may allocate a support amount within the requested amount of funding by deciding on additional supports within the scope of the sub-purpose.

21.8. Applications will be processed in the order of receipt, taking into account the available resources usable for supports. The order of treatment may differ from the order of receipt. The decision includes the support amount awarded. The Supporter justifies their decision to reject the application. The Supporter is not obliged to justify decisions on individual applications. There is no legal remedy against this decision. If, following the support decision, the realization of the purpose of the support becomes impossible, disproportionately difficult or costly due to changes in the circumstances affecting the realization of the purpose, or it becomes unjustified due to the facts arising within the beneficiary's interest, the Supporter may modify or revoke the decision before concluding the support agreement.

21.9. The Supporter will notify the applicant concerned in writing within 10 working days following the decision and will arrange for the Grantee's name and the amount and manner of subsidy to be published on the Supporter's website. The evaluation of the screenplay reader will be sent to the Applicant.

21.10. Any risk related to the application will be borne by the Applicant, in particular its rejection in case of an invalid application or if the Supporter is to provide a support in the amount less than the amount requested for the given application purpose. The applicant may not apply to the Supporter with any claim for reimbursement.

21.11. For the same application purpose (filmmaking), additional support over the support already awarded may be supported on the basis of a new application and a support decision. An additional support application including the detailed justification or a new application must include all the documents that have been modified or will be modified due to a change in the budget of the project (cinematographic work). Other documents must be submitted if there has been a change in them during the period between the original and the additional subsidy.

## 22. Evaluation criteria

22.1. The evaluation of applications for screenplay development, pre-production and film production is mainly based on the available materials of the synopsis / treatment / screenplay, and in the case of applications for film distribution (film marketing), on materials of the finished cinematographic work, based on the Supporter's system of criteria.

During the evaluation of the applications, the Supporter will especially evaluate the following, in accordance with the Mktv.:

- a) the basic idea, story, structure, characters, dialogues of the screenplay
- b) the cultural, innovative and entertaining value of the cinematographic work
- c) value-enhancing aspects: the social and/or historical significance of the cinematographic work, the presentation of Hungarian and European cultural values,
- d) realistic targeting of the targeted audience,
- e) the person of authors, creators and actors of the film
- f) contracts / pre-agreements / declarations of intent with a third party / parties providing adequate safeguards for the production,
- g) whether the planned expenditure directly serves the realization of the cinematographic work,
- h) the project budget; can the continuous financing and timely completion of the cinematographic work be ensured,
- i) the applicant has already concluded a contract / pre-contract for the distribution of the film in cinemas, or the film distributor has expressed their intention in writing to distribute the film in cinemas,
- j) it is certified that the production of the film is already supported by other Hungarian funders or foreign film funds, foundations, institutes or foreign co-production partners,
- k) whether the amount of the support awarded during the implementation of the cinematographic work exceeding the amount of money specified in the Mktv. as obligatory will be spent as a direct Hungarian film production cost in Hungary,
- l) applying a completion guarantee

22.2. Own investments may be: either a cash or money-backing asset that is permanently handed out for the purpose of the aid, tangible property, capacity, property value rights, sponsorship aid, private investor contribution or aid, service and deferred payment provided by other non-state funders (postponement of the payment in the budget approved by the Supporter if the beneficiary has the consent of the holder). Any form of aid or contribution provided by an aid organisation specified in the Mktv., or any other aid from state (local government) funding, including de minimis aids, may not be included in the own investments. In the case of the inclusion of own assets, capacity or cost cover, their market value must be stated. The Supporter will check and accept the validity, relevance, appropriateness and compliance with market conditions prior to the conclusion of the support agreement and continually during the process of implementation. In the case of the undertaking commitment of the own investments, its acceptance is a prerequisite for the conclusion of the support agreement.

## VI. THE SUPPORT AGREEMENT

### *23. Content of the support agreement and conditions for its conclusion*

23.1. The support agreement is concluded by the Supporter with the winning applicant or with the project company established according to this Policy, in accordance with Government decree 368/2011 (XII. 31.) on the Implementation of the Act on Public Finances.

23.2. In the case of pre-production and film production support, the winning applicant is required to establish a project company no later than the conclusion of the support agreement, unless the applicant is a project company to be declared at the time the application is submitted. The founders of the project company may be the following persons:

- the applicant film production company,
- the natural person(s) directly or indirectly holding a majority shareholding in the applicant film production company, or the business association they have established,
- the producer of the supported cinematographic work,

If other persons are also founders in the project company, the persons mentioned above must have at least majority ownership in the project company together.

In the absence of a project company – in the case of pre-production or film production aid – the support agreement may not be concluded and no support may be paid.

In the case of film distribution (film-marketing) supports required by a film production company for a cinematographic work for which the applicant has previously received a support from the Supporter for film pre-production and/or film production purposes, a support agreement will be concluded by the Supporter with the project company.

In the case of an international co-production film, if the Hungarian film production company's contribution to the total budget doesn't exceed 50% and the film production support does not exceed 200,000 euros, in the support agreement, the Supporter may exempt the applicant from the obligation to establish the project company.

In its decision on the support, the Supporter may exempt the applicant from the obligation to establish a project company if, given the amount of the support and the amount of the budget, the establishment of the project company would entail a disproportionate difficulty for the applicant.

### *24. Conditions for concluding a support agreement*

24.1. Conditions for concluding the support agreement between the Supporter and the Beneficiary / Project Company:

- the Supporter has brought a decision on the support,
- the details of the application documentation submitted by the Beneficiary have not changed, except where required, the obligation to establish the Project Company and, if the change has been approved in advance by the Supporter,
- the Beneficiary has adequately demonstrated that sources of funding for the film production are available,
- the documents required for the conclusion of the contract (the statutes of the support agreement) have been submitted by the Beneficiary to the Supporter.

24.1.1. In order to facilitate the acquisition of foreign resources necessary for international co-productions, the Supporter may, in the case of applications deemed worthy of aid, issue a letter of intent concerning the intention to support the application for 90 days, which can be extended 90-90 days twice in justified cases. In the declaration of intent, the Supporter communicates to the Applicant the conditions for awarding the support (decision on the declaration of intent).

24.1.2. A support agreement for screenplay and film development purposes may only be concluded with a legal person. If the applicant is a private individual, he / she must have a majority holding in the supported company, and the company must have the right for film adaptation. If the applicant is a legal person with a seat in an EEA State or a non-legal entity, it is obligated to certify at the latest until the conclusion of the support agreement that it has established a branch in its sole possession in Hungary. The support agreement may only be concluded with the branch office in Hungary or a subsidiary company based in Hungary.

24.2 The Sponsor shall inform the beneficiary in writing within a maximum of ten working days of the support decision about the support decision, setting a 30-day deadline for concluding the support agreement after the publication of the decision on the sponsor's website.

If the support agreement is not concluded due to the failure of the beneficiary and the default of the beneficiary is reasonably justified by and judged by the Supporter, the Supporter may extend the deadline for concluding the contract by 30 days.

If the support agreement is not concluded due to the fault of the beneficiary within the extended deadline, the support decision shall cease to be in force.

24.3. Mandatory elements of the support agreement:

- a) the name of the Supporter and the winning applicant (if a project company is mandatory to be created, the project company)
- b) the definition of the purpose of the support,
- c) stating the amount of the support, the conditions for disbursement,
- d) the provisions concerning the implementation of the contract,
- e) the rules of accounting settlement and supervision,
- f) the provisions concerning the breach of contract and its legal consequences, and the rules on withdrawal,
- g) the statement of the Grantee that they may not refuse to inform the public for reasons of business secrecy about the essential content of the contract with the Supporter (ie. the parties, the subject matter, the extent and the method of service),
- h) the provision for loss of rights as specified in point 7.1, and the rules for the Grantee's share of the revenue,
- i) in the case of film production aid, the date of the film's screening in movie theatres.

24.4. The contract must include, in addition to the aforementioned, the declaration of the Grantee that, when using the support, they will ensure that it is shown on the front page of the screenplay, in the front credits of the cinematographic work as well as in the media appearances, promotional media, events and other communication related to the implementation of the purpose of the support. The Grantee must undertake to show the Supporter's logo and name at least with the same size as the other sponsors' logo or name contributing to the realization of the purpose of the support.

24.4.1. To conclude the support agreement for film production purposes, the Grantee must prove that the complete budget resources for the cinematographic work are available. In the case of state, regional and institutional support, the already concluded support contracts are considered as such, and the Supporter accepts the statement of the support decision of the respective institution to the Supporter, directly addressed to and sent to the Supporter. In the case of an investor not qualifying as co-producer or a private investor, the Supporter may require the inclusion of the financing agreement in an authentic instrument or a bank guarantee.

24.5. During the support period, the person of the screenwriter, the film production company, the director and the producer may, except for the obligation to set up the project company, be modified only with the prior written consent of the Supporter, provided that the new contractor has assumed contractual obligations undertaken by the previous parties. The Grantee / project company and the purpose of the support may not be modified and entitlement to the support may not be transferred.

24.6. The Grantee is obliged to prepare accounts for the use of the support according to the provisions of the support agreement and the applicable laws and regulations.

24.7. A defaulting party is liable under the rules of Act V of 2013 on the Civil Code (hereinafter referred to as Ptk.).

24.8. The list of statutes required for the conclusion of the support agreement is set out in Annex 4.

## *25. Disbursement of the support*

25.1. The support amount may be paid if the Grantee has fully complied with the conditions for disbursement set out in the Supporter's regulations, in the support decision and in the support agreement.

25.1.1. The Grantee is required to issue an invoice including VAT to the Supporter with the amount that the Supporter is entitled to from the share of the revenue from the use and distribution of the cinematographic work, determined by the parties in the support agreement.

25.1.2. The Supporter will provide the support in accordance with the specific support goals according to the following schedule:

- In the case of supports for screenplays/film plan
  - per screenplay versions
    - 50% on the working day following the signing of the support agreement,
    - 40% when the screenplay-version is accepted,
    - 10% of the total support amount after accounting;
- In the case of supports for pre-production
  - 90% on the working day following the signing of the support agreement,
  - 10% after accounting;
- In the case of supports for film production purposes

- 25% on the working day following the signing of the support agreement,
  - 45% on the first day of the shooting,
  - 27.5% in the middle of the shooting period, ie. after half of the total shooting days, the part of the last instalment exceeding HUF 20.000.000
  - 2.5% after the accounting but at least HUF 20,000,000
- In the case of a support available for request by the film production company for the purposes of film distribution (film marketing)
    - 90% on the working day following the signing of the support agreement,
    - 10% after the accounting;
  - In the case of a support available for request by the film distributor for the purposes of film distribution (film marketing)
    - as defined in the support agreement, with post-financing;
  - In the case of individual supports
    - 90% on the working day following the signing of the support agreement,
    - 10% after the accounting.

25.1.3. The Supporter may specify in the support agreement, a schedule other than those specified in the Policy for the individual instalments of disbursement.

25.1.4. Payment of the support – except in the case of project companies – is carried out to a separate bank account.

25.2. If the claims or litigation claims of a third party endangers the achievement of the support objective, the Supporter may suspend or terminate the financing of the implementation of the application purpose or terminate or withdraw from the support agreement until the claim is resolved or until the final conclusion of the lawsuit procedure.

25.3. The support amount may only be used to carry out the implementation of the production covered by the application. The support received may not be assigned to a third party, without the prior written consent of the Supporter, may not be assured, may not be secured or otherwise charged.

## *26. Modification or termination of the support agreement*

26.1. In a justified request, the Grantee may initiate an amendment to the support agreement for the performance and accounting deadline for the contract as well as for the budget and the types of expenses specified in the budget, which is decided upon by the Supporter (Decision Board) on the basis of the opinion of the Development and Production Director. In the case of the modification of the deadline with a period not exceeding three months, modification of the support agreement is not mandatory (Government decree 368/2011 (XII. 31.) on the Implementation of the Act on Public Finances (Avr.), point a) of subsection (3) of paragraph 95).

The Grantee is entitled to one amendment to the deadlines specified in the support agreement free of charge, during the support agreement's term. In the case of any further request for deadline modification, imputable to the Grantee, the Grantee must pay an agreement modification fee of HUF 100.000 + VAT to the Supporter within 5 working days of the submission of the application.

In the case of a request for modification of the same deadline for the third time and subsequently every additional time, if the Supporter rejects the request, in the decision rejecting the request, the Supporter may exclude the Beneficiary as well as organizations whose executive officers or owners include a person who is a executive officer or owner of the Grantee, from the application scheme according to point 15.1. 1), for a specified period but for a maximum period of two years. The decision of the Decision board also covers whether the exclusion affects the applications already submitted or in the support phase.

In the case of failure, attributable to the Grantee, to meet the deadlines for presenting the first cut version of the film, screening its final cut version, and completing the "0" copy or DCP, the Supporter may use the following legal consequences:

- a) a reduction of the final instalment of the film production support (2.5% of the support, but not more than HUF 20.000.000), with a maximum of 100.000 HUF per day of the delay.
- b) for a specified period of time but up to two years, the Supporter may exclude the Grantee as well as organizations whose executive officers or owners include a person who is a executive officer or owner of the Grantee from its application scheme.

26.2. The support agreement may not be modified in respect of the person of the Grantee (winning applicant/project company) and the support purpose.

26.3. If the support purpose fails for reasons arising from the circle of interests of the Grantee, the Grantee shall without delay notify the Supporter, with an explanatory statement in writing, and the Grantee has the obligation to refund (transfer back) the amount of the support, together with its interests. If the Grantee, despite demands made by the Supporter, does not refund the amount of the support within 8 days of the receipt of the notification, the Supporter is entitled to demand its claims by means of a direct debit order to all of the Grantee's accounts kept at credit institutions. Together with the repayment of the amount of the support, the Supporter is entitled to obtain the property rights of the cinematographic work held by the film production company at the value specified in the support agreement and to count this amount against the Grantee's debt.

26.4. If the implementation of the support purpose is delayed for a period that exceeds 90 days regarding the deadline set in the support agreement for a reason not attributable to the Grantee or for a legitimate circumstance, and for this reason the termination of the agreement would be in place, the implementation deadline may be extended once for a definite period of time at the written request of the Grantee, and with the approval of the Decision board. The suspension decision shall specify the period of time which may not exceed six months.

## **VII. ACCOUNTING, AUDITING, REPORTING, CLOSURE OF THE APPLICATION**

27.1 The Supporter will supervise the performance of the agreement as described in the support agreement, this Policy and the Controlling Regulations. The Grantee is obliged to prepare

accounts for the use of the support according to the provisions of the support agreement and the laws and regulations applicable to management.

The amount of the support is calculated in Hungarian Forints in accordance with the respective tax and accounting laws. The costs eligible for accounting of the support are defined in the Supporter's Controlling Regulations and in the R.

27.2. The budget may only be modified with the prior approval of the Supporter (in the case of pre-production and film production, the approval of the Decision board).

27.3. The Grantee is required to keep accounts and financial records using the accounting software defined by the Supporter. The Grantee is obliged to submit a financial account within the deadline and in the manner specified in the support agreement, according to the timetable specified in the agreement. The financial account is verified by the Financial Controller on behalf of the Supporter.

The performance of the support agreement is supervised by the film professional supervisor from a film professional point of view. The task of the film professional supervisor is to verify the achievement of the supported goal.

The financial controller and the film professional supervisor are entitled to have access to the Grantee's accounts and other documents, at the Grantee's seat and at the venue of the activity, to ask the Grantee and the contributors questions that the Grantee must provide answers to.

In the case of a co-production film, as a condition for the awarding of the support, the Supporter may stipulate that the Supporter shall have the above supervisory right specified in the co-production agreement concluded by the Grantee in relation to the co-production partner, too. However, this control right may only apply to the items on the main page of the budget of the film.

The person or organization responsible for the supervision designated by the Supporter and a body or organization authorized by law for this shall have the right to check if the amount of the support was used according to the agreement and in accordance with the support purpose during the support period and for a period of 6 years after the support period, for a de minimis subsidy, for 10 years.

The Supporter will check the implementation of employing interns as specified in point f) of subsection (2a) if paragraph 31/B. of Mktv.

27.4. Upon acceptance of the financial report, the Supporter evaluates the application, including the achievement of the support objective, the substantiation of the utilization of the subsidy amount is verified and accepted by the Production Director, and if approved, the Decision board closes the application.

27.5. In the case of film production supports, the subsidized film production company shall submit 2 (two) DVDs containing the cinematographic work simultaneously with the final accounting report. The compulsory part of the final accounting report is the proof of the complete fulfilment of the obligation to archive regarding the obligatory copy.

*28. Terms and deadlines for the implementation of the support purpose*

28.1. The deadline for implementing the support purpose is defined in the support agreement.

28.2. In the case of screenplay / film plan development, the support purpose is deemed to have been implemented if all of the following conditions have been met:

- a)* the development of the screenplay has been completed and the screenplay has been approved by the Decision Board,
- b)* the Grantee has accounted for the full amount of the support and the total budget of the supported project and the accounting has been approved by the Decision Board, and the development activities have been audited by the Supporter.

28.2.1. After the decision to accept the screenplay, the Grantee may not change the screenplay without the approval of the Supporter.

28.3. The pre-production support purpose is considered to have been performed if all of the following conditions have been met:

- a)* the Grantee has accounted for the full amount of the support and the total budget of the supported project and the accounting has been approved by the Supporter (Decision Board), and the accounting has been accepted by the Supporter,
- b)* the screenplay is final, the financing structure has been realized, the plan is ready for production from creative and the producer aspects,
- c)* the production budget plan (movie magic format) and the financing plan have been completed and the supporting documents are available,
- d)* the Supporter has accepted the report submitted by the Grantee.

28.4. In the case of a film production support, the support purpose is deemed to have been performed if all of the following conditions have been met:

- a)* the cinematographic work has been completed and its final version has been accepted by all of the film production companies and the Supporter,
- b)* the Grantee has accounted for the full amount of the support and the total budget of the supported project and the accounting has been approved by the Supporter (Decision Board), and its auditing has been carried out by the Supporter,
- c)* the Grantee has fulfilled its obligation to provide an obligatory copy, and provides proof of this to the Supporter,
- d)* the obligatory copy (2 DVDs) of the produced cinematographic work has been submitted to the Supporter,
- e)* the delivery material required for the international sale, which is included in the list specified in the annex of the support agreement, has been submitted to the Supporter by the Grantee with a certified delivery receipt.

28.5. In the case of a film marketing support, the support purpose is deemed to have been implemented if all of the following conditions have been met:

- a)* the Grantee has accounted for the full amount of the support and the total budget of the supported project and the accounting has been approved by the Supporter (Decision Board), and its auditing has been carried out by the Supporter,
- b)* the Grantee has provided substantial proof, especially with the declaration issued by the distributor, that the film was screened in accordance with the distribution plan.

28.6. Until the support purpose is implemented, the support contract remains in force. The delaying or the non-fulfillment of any of the conditions of the support purpose is considered to be a breach of the support agreement and the negative consequences set out therein may be

applied (denial of the disbursement of the final instalment of the support, possibility of recouplement of amounts already paid etc.).

## **VIII. PROCEDURE FOR INDIVIDUAL SUPPORT REQUESTS**

29.1. The Supporter may provide supports in accordance with points a)-i) of subsection (3) of paragraph 12. of the Mktv. as well as R. and the provisions specified in this section.

29.2. The manner in which an individual support request may be submitted can be found in Annex IV. detailing the submission of the application.

29.3. The Grantee will bring its decision on the support within 60 days of the full submission of the support request. In order to make a decision on the support, the Supporter may require the submission of further data and documents in addition to those specified in point 29.4. (amendment). The deadline for the support decision is extended by the deadline set for the amendment.

29.4. The applicant shall attach the documents specified in Annex 5, point I. to the support application.

29.5. Supports awarded on an individual basis may be supported in the form specified in separate legislation on the rules on State aid for non-film production purpose cinematographic works or as a de minimis aid.

29.6. Among others, the provisions set out in points 12., 17., 24.1.-24.4., 24.6.-24.8., 25.1., 25.1.4.-26.4. 27.1.-27.2., 27.4., 28.1. and 28.6. must be applied to supports awarded on the basis of this section. The mandatory annexes to the support agreement are set out in point II of Annex II.

29.7 In the case of aid supported on an individual basis, the support purpose shall be deemed to have been implemented if the Grantee has accounted for the full amount of the support and the total budget of the supported project, has submitted its professional report, and the accounting and the report have been approved by the Production Director, and then by the Supporter (Decision Board).

## **IX. PUBLICITY**

30.1. The Supporter will publish its decisions on supports in all cases, and its other decisions according to the nature of the decision, on its website.

30.2. The Supporter will provide the public with information about how they operate, how they use their services and reports

- a) at the time and in the manner prescribed by law (eg. publication of reports, business register data, etc.),
- b) information on the activities and services of its statutes through its website,
- c) with ensuring the right of access to the files (according to the provisions of the CMO).

30.3. The Supporter maintains the custody of the winning applications as defined in the Archive

Regulations.

## **X. CONFLICT OF INTERESTS**

31.1. The conflict of interest regarding the Supporter's Chief Executive Officer is based on the provisions of Ptk, Act 175/2011 on the Right of Association, Non-profit Status, and the Operation and Funding of Civil Society Organisations (Civiltv), Mktv. and the Constitution of the Supporter.

31.2. The conflict of interests regarding the president and members of the Supervisory Committee of the Supporter is based on the provisions of Ptk., Civiltv., Mktv., and the Constitution of the Supporter.

31.3. The following provisions shall apply to the conflict of interests regarding the members of the Decision Board. The member:

- a)* may not acquire any share, other than the acquisition of shares in a public limited company, in another business organization that declares the same activity as the Supporter as a principal activity [Ptk. 8:1. paragraph (1) point 4.], and may not be a executive officer in any other business association or co-operative with the same principal activity as the Supporter, unless the Supporter gives approval,
- b)* they and their close relatives [Ptk. 8:1. paragraph (1) point 1.] may not enter into activities relating to the Supporter's principal activity on their behalf or for their benefit, in particular, may not receive aid
- c)* they and their close relatives [Ptk. 8:1. paragraph (1) point 1.] may not be elected as members of the supervisory board of an association, may not be elected as auditors,
- d)* they may not participate in the evaluation of the application or the support application if they or their close relative specified in point 1. of subsection 1 of subsection 8:1 of the Ptk. is the author as defined in Szjt., or if they or a close relative as defined in Ptk. 8:1. paragraph (1) point 1. is in employment or in other legal relationship involving employment with, or provide services to, the applicant through a business organization of which he/she is a member or a shareholder,
- e)* no person who was convicted of a criminal offence, and was sentenced to a custodial sentence until the disadvantages of the criminal record have been exempted.

If a legal statute lays down a different conflict of interest rule, the stricter of the two rules must be applied.

## **XI. MISCELLANEOUS AND CLOSING PROVISIONS**

32. Issues not regulated by the Regulations are governed by the provisions of Mktv., the Controlling Regulation of the Supporter and the relevant applicable legislation, in particular with regard to Government decree 368/2011 (XII. 31.) on the Implementation of the Act on Public Finances.

33. The Supporter reserves the right to modify the Policy.

34. This Policy shall enter into force on 26 July 2017. The provisions of the Policy in force at the time of their submission shall apply to applications. If it is more favourable for the applicant,

the provisions of the Policy in force at the time of evaluating the application will apply for the application, while the Policy in force at the time of conclusion of the contract shall apply to the support agreement.

This Policy was approved by the Founder by Founder's Decision 409/2017. (VII. 26.).

Ágnes Cs. Havas  
Chief Executive Officer

## Annex 1

### **Eligible costs with regard to the support**

When accounting for the costs that serve as the basis of the support, only the costs shown in the budget of the given cinematographic work may be accounted as evidenced by an accounting document by the Grantee, which satisfies the conditions for direct film production costs set out in Act II of 2004 on Motion Picture (Mktv.).

Costs incurred after the day the Film Fund made a decision on the earliest support concerning the project are eligible (except for copyright costs that can be credited back to the year after the submission of the application in accounting). In the case of a project company, the costs incurred after the founding of the company are eligible. If the support is not intended for film plan development, pre-production or film production, the Supporter may determine the start date of the eligible costs at an earlier date.

Besides what is specified in Mktv., for all support purposes, the following shall also be qualified as eligible costs:

- the cost of acquiring the copyright to produce the film, irrespective of the 4% limit specified in the Mktv.,
- the administration fee of the Supporter,
- transaction interest (for example, interest rates on borrowing fees and handling costs related to loans and credits from banks and financial institutions for the prefinancing of VAT and indirect state aid),
- the administrative service fees specified by the Motion Picture Authority (NMHH Film Office),
- the fee of the film professional supervisor and financial controller delegated by the Supporter,
- the film professional training contribution specified in subsection (7) of paragraph 14. of Mktv.,
- compensation, claim for damages up to HUF 50,000 per loss event, up to a maximum of HUF 250,000 per film.

The provisions of Mktv. related to direct costs for film production in Hungary and in paragraph 31 / E-31 / G. shall apply to eligible costs in film production with the provision that the operating costs of the film production company may not exceed 8% of the total budget.

The terms and conditions of the R shall be applicable to the costs eligible for screenplay / film plan development, pre-production and film distribution (film marketing), as well as the costs eligible for other motion picture activities.

The following costs are not eligible costs:

- public liability generated prior to the conclusion of the support agreement (taxes, duties, customs, contributions, etc.),
- investment, renovation and continuous maintenance of movable or immovable property owned or held by the Grantee,
- the increase of the registered capital and the share capital of the Grantee,
- default interest, penalty, forfeit, loss, damages (exceeding HUF 250,000 specified per film), VAT claimed for refund,
- costs and expenditures which did not arise exclusively and directly in order to achieve the support purpose,
- non-settled advance payments or payments that are not documented in accordance with applicable law.

## *Annex 2*

### *Film festivals and film events for references*

#### **In the case of feature films:**

Berlinale - Berlin International Film Festival  
Cannes - Cannes Film Festival  
Venice International Film Festival  
Toronto International Film Festival  
Sundance Festival  
Oscar (Academy Award)  
BAFTA (British Academy of Film and Television Arts)  
Golden Globe  
European Film Academy – Award  
Shanghai International Film Festival  
Moscow International Film Festival  
Karlovy Vary International Film Festival  
Locarno Film Festival  
Montreal World Film Festival  
San Sebastian Film Festival  
Warsaw Film Festival  
Tokyo International Film Festival  
Mar Del Plata International Film Festival  
Indian (Goa) International Film Festival  
Cairo International Film Festival

#### **For documentaries:**

Amsterdam IDFA  
Jackson Hole Wildlife Film Festival  
Berlinale - Berlin International Film Festival  
Cannes - Cannes Film Festival  
Venice International Film Festival  
European Film Academy – Award  
IDA Documentary Awards  
Hot Docs Festival  
DOK Leipzig  
**Sheffield International Documentary Film Festival**  
Sundance Festival  
[Chicago International Documentary Festival](#)  
**Yamagata International Documentary Film Festival**  
Doclisboa  
Tampere Film Festival  
Krakow International Film Festival  
Bilbao International Short and Documentary Film Festival

**For animation films:**

Berlinale - Berlin International Film Festival

Cannes - Cannes Film Festival

Venice International Film Festival

Oscar (Academy Award)

European Film Academy – Award

BAFTA ([British Academy of Film and Television Arts](#))

Cartoon d'Or

**Anney International Animated Film Festival**

[Hiroshima International Animation Festival](#)

Animafest

Cinanima

### *Annex 3*

#### *Annexes to the applications*

##### ***1. For all support purposes, the following documents must be submitted together with the application***

1. filled in online registration form (available from the Supporter's website), which must be signed by the applicant, including the co-applicant who has supported the reference;
2. if the applicant is a legal person or other organization, a copy of the specimen signature or a signature sample countersigned by a lawyer, of the chief executive officer(s) or of the representative of the applicant,
3. in case of a private individual, the copy of the personal identity card and address card,
4. in the case of a non-business organization, a copy of the certificate of judicial registration;
4. a comprehensive application declaration that contains the following (can be downloaded from the Supporter's website in full):
  - (1) none of the disqualifying reasons or reasons of conflict of interests specified in the Policy and in Mktv. are applicable against them and;
  - (2) declares to be bound by the terms of the Policy;
  - (3) declares that there is no bankruptcy or liquidation proceedings or other statutory procedures for termination being taken against them;
  - (4) there is no outstanding or overdue repayment obligation or a non-fulfilled accounting report obligation of the applicant towards to Supporter, related to a previous support;
  - (5) their executive officers or owners do not include a person, who during the three years preceding the submission date of the application for the support, was an executive officer of an organisation, which during the mandate period of the executive officer did not complete accounting for direct aid towards the Supporter, or the accounting was not accepted by the Supporter;
  - (6) the owners do not include an organisation, which during the three years preceding the submission date of the application, did not complete accounting towards the Supporter, or the accounting was not accepted by the Supporter;
  - (7) the amount of any other film-related subsidy that has been used or claimed from any other organization, and the name of the aid provider,
  - (8) the applicant has no overdue obligation based on Decree [60/1998. \(III. 27.\)](#) of the Government on the Provision and Use of the Legal Deposit of Press Products;
  - (9) the applicant gives their consent for the publication of the reader's evaluation (21.9) by the Supporter, in a justified case, in particular in the case of a public debate on the professional evaluation of the application;
  - (10) declaration of transparency (can be downloaded from the Supporter's website);
  - (11) the applicant acknowledges its obligation to ensure that, in the case of being awarded the support, the Supporter will be listed in the closing credits of the cinematographic work and in all advertising media when using the cinematographic work;
  - (12) in the case of a support for film production purposes, commitment that in case the Supporter provides subsidy for production, the Grantee will spend at least 60% of the support amount on direct Hungarian film production costs, or an application and its reasons as specified in [subsection \(7\) of paragraph 13. of Mktv.](#) ;
  - (13) a declaration of film-related debts;

- (14) in the case of an option contract specified in point 8.1 of the Policy, a statement that the option contract as specified in point 8.1 will be attached as a document and submitted at the conclusion of the support agreement;
- (15) a statement that the applicant complies with the provisions of the law on proper labour relations;
5. statement of the references (can be downloaded from the Supporter's website), professional curriculum vitae, and if required, an agreement between the producer and the applicant, sufficient evidence for the producer's references;
  6. a copy of the final decision of the Motion Picture Authority on the registration (Film Office registration) of the applicant organization or person;
  7. if required, a copy of the document certifying the payment of the application fee.

In the case of international co-productions where the international co-producer does not receive aid from a foreign organisation, the applicant is required to certify with documents, or copies thereof signed by the applicant (e.g.: copy of certificate of incorporation not older than 120 days, or other official document issued by a foreign authority as evidence of the existence of the company, with at least a simple Hungarian-language translation, in which the person entitled for representation and the foreign company tax number can be ascertained) that the co-production partners are registered companies of the given country and are not under liquidation procedures.

## ***II. Further documents to be submitted with the application for each support purpose:***

### ***1. In the case of supports for screenplays/film plan purposes:***

1. screenplay and synopsis or treatment and synopsis or synopsis; in the case of animated films, together with a visual plan
2. screenplay/film plan development budget and financing plan;
3. if the development of the script / film project is realized in cooperation with other Hungarian or foreign film production company, the related documents, contracts or pre-contracts;
4. if the applicant has the right to use the screenplay and the synopsis, the original documents justifying it; if the applicant does not have the right to use the screenplay and the synopsis, the option contract for obtaining them;
5. a certificate of the voluntary register of works at the Hungarian Intellectual Property Office or the Hungarian Society for the Protection of Audiovisual Authors' and Producers' Rights (Filmjus).

### ***2. In the case of supports for film pre-production:***

1. screenplay and synopsis (in the case of new applications); together with a visual plan in the case of animated films,
2. pre-production budget plan and financing plan;
3. implementation roadmap;
4. if the applicant has the right to use the screenplay and the synopsis, the original documents justifying it; if the applicant does not have the right to use the screenplay and the synopsis, the option contract for obtaining them (if they are not submitted in a complete form in the screenplay development phase);

5. documents (in the case of copies identical to the original, signed by the applicant), which provide relevant proof that all other sources except the amount requested / tendered are available;
6. the final decision of the Motion Picture Authority to establish compliance with the cultural criteria.

3. In the case of supports for film production:

1. screenplay and synopsis (in the case of new applications)
2. a final decision by the Motion Picture Authority on the eligibility of direct awards (classification according to Hungarian participation) and the statement certifying compliance with the cultural criteria (if this has not been submitted during the preparatory phase);
3. production budget plan (Movie Magic format) and financing plan and supporting documents (pre-contracts for subsidy or statement of support);
4. implementation roadmap;
5. a list of executive staff and actors in leading roles;
6. at least a pre-contract with a director and producer;
7. director's concept;
8. producer's concept;
9. if the applicant has the right to use the screenplay and the synopsis, the original documents justifying it; if the applicant does not have the right to use the screenplay and the synopsis, the option contract for obtaining them (if they were not submitted in the screenplay development or the pre-production phase);
10. pre-contract for distribution or letter of intent (for concluding the contract)

4. In the case of supports for film distribution (film marketing):

1. In the case of a proposal submitted by a film production company, the contracts for the acquisition of the rights of use of the film (a copy identical to the original certified by the signature of the applicant), which substantially prove that the applicant has the rights to use the film or the marketing rights of the film;
2. marketing and distribution plan;
3. contract or pre-contract concluded with the film distributor, declaration of intent by the film distributor;
4. budget plan and financing plan;
5. if did not apply for production support from the Supporter, the final decision of the motion picture authority on the eligibility (classification) for the support, and on the compliance with the cultural requirement system.

## *Annex 4*

### *Basic documents for the support agreement*

#### ***I. Documents to be attached to the support agreement for each support purpose (NOT IDENTICAL WITH THE DOCUMENTS TO BE SUBMITTED WITH THE APPLICATION)***

1. The Supporter's decision (available at the Supporter);
2. in the case of changes in details, if the applicant organization is not a business association, the document certifying court registration;
3. the original specimen signature or a signature sample countersigned by a lawyer, of the chief executive officer(s) or representative of the applicant (and, in the case of changes in the data, that of the organisation applying)
4. if the Grantee is not listed in the Public Debt Collection Database of the National Tax and Customs Administration (NAV), the so-called "negative certificates" issued by the NAV and the municipality of the place of residence/seat no older than 30 days (in Budapest, for the business tax the Municipality of Budapest is the competent authority);
5. the account number of the Grantee's separated bank account that can be used for separately recording the use of the support amount (in case of a project company, also details of the account)
6. an authorization letter for immediate debit authorization for all bank accounts of the Grantee, provided that the Supporter directly disburses the support;
7. a complex contract declaration for the project company (downloadable from the Supporter's website);
8. certification of own resources/own investments;
9. certification of reference, if by the request of the Grantee, the Supporter gave its approval for fulfilling the reference requirements until the conclusion of the support agreement, based on point 14.2 of the Policy;

#### ***II. Supplementary documents to be attached to the support agreement for each support purpose:***

##### *1. In the case of supports for the purposes of screenplay/film plan development:*

1. a final contract with all the authors involved in the development, for which the application documentation only contained a letter of intent or pre-contract,
2. a finalised development plan signed by the Grantee and the Supporter's representative,
3. finalized budget and financing plan (in case of own resources).

##### *2. In the case of supports for film pre-production:*

1. a contract between the project company and the applicant, which provides the rights to film adaptation for the project company;
2. the contract for film pre-production signed by the film production company and the producer (in the case of co-production, the Hungarian and the foreign producers) in Movie Magic format, and the financing plan;
3. the roadmap signed by the producer;
4. a copy of the final decision of the Motion Picture Authority to register the project company;

3. In the case of supports for film production:

1. in the case of film production supports, the insurance contract signed by the contracting parties or the insurance contract concluded by the Supporter with respect to the subsidized production, the co-insured party of which is the Supporter up to the amount of the subsidy;
2. the film production budget of the cinematographic work signed by the film production company and the producer (in the case of co-production, the Hungarian and the foreign producers) in Movie Magic format, and the financing plan;
3. the screenplay signed by the producer (in the case of co-production, the Hungarian and the foreign producers) and the director on the first page of the screenplay, which in the case of foreign producers or directors may be replaced by a written declaration;
4. a finalised contract signed by all parties for which the application documentation contained only a letter of intent or pre-contract:
  - contracts concluded with the authors of the film (writer, director, composer) and the contract concluded with the producer
  - in the case of co-production, the co-production contract, signed by all co-production partners
  - final contracts concluded with sponsors and funders of the cinematographic work;
5. in the case of a commitment of own resources, the Grantee must provide the following evidence that the complete budget resources are available:
  - (a) in the case of state, regional or institutional support, the original or the officially certified copies of the support agreements or the unilateral commitments,
  - (b) in the case of private investors, an authenticated public contract or bank guarantee;
6. finalized production plan signed by the film production company, the producer (in the case of co-production, Hungarian and foreign producers) and the director;

4. In the case of supports for film distribution (film marketing):

1. the documentation submitted during the application for film distribution (the documents modified in the meantime in their final form)

## *Annex 5*

### *I. Annexes to individual applications*

1. filling in the online registration form in advance, which is available on the Supporter's website,
2. the description of the individual application;
3. if the applicant is a legal entity or other organization, a copy of the signature sample of the person entitled for representation;
4. a comprehensive application declaration that contains the following (can be downloaded from the Supporter's website in full:
  - (1) none of the disqualifying reasons or reasons of conflict of interests specified in the Policy and in Mktv. are applicable against them and;
  - (2) declares to be bound by the terms of the Policy;
  - (3) declares that there is no bankruptcy or liquidation proceedings or other statutory procedures for termination or debt settlement procedures being taken against them;
  - (4) there is no outstanding or overdue repayment obligation or a non-fulfilled accounting report obligation of the applicant towards the Supporter, related to a previous support;
  - (5) their executive officers or owners do not include a person, who during the three years preceding the submission date of the application for the support, was an executive officer of an organisation, which during the mandate period of the executive officer did not complete accounting for direct aid towards the Supporter, or the accounting was not accepted by the Supporter;
  - (6) the owners do not include an organisation, which during the three years preceding the submission date of the application, did not complete accounting towards the Supporter, or the accounting was not accepted by the Supporter;
  - (7) the amount of any other film-related subsidy that has been used or claimed from any other organization, and the name of the aid provider,
  - (8) Transparency Statement (to be downloaded from the Supporter's website)
  - (9) the applicant acknowledges its obligation to ensure that, in the case of being awarded the support, the Supporter will be listed as a support provider;
  - (10) a declaration of film-related debts;
  - (11) a statement that the applicant complies with the provisions of the law on sound labour relations;
5. budget and financing plan;
6. a copy of the final decision on the registration of the applicant organization or person by the Motion Picture Authority, where required by law;
7. if the support is a de minimis aid, a statement that the support requested does not exceed the sum equal in Hungarian Forints to EUR 200,000 together with all de minimis aids received by the applicant during the previous three financial years from any source with any legal title (included in the complex application declaration).

### *II. Documents for the support agreement for individual applications*

1. The Supporter's decision (available at the Supporter);
2. the application and its annexes (available at the Supporter);
3. in the case of an applicant organization, the document certifying the registration and, if required, a certified extract from the company registration not older than 30 days and the document certifying registration (available at the Supporter) and the original signature sample of the person entitled for representation;

4. if the Grantee is not listed in the relevant Public Debt Collection Database of the National Tax and Customs Administration (NAV), which must be declared by the Grantee, the so-called "negative certificates" issued by the NAV and the municipality of the place of residence/seat no older than 30 days (in Budapest, for the business tax the Municipality of Budapest is the competent authority)
5. a copy of the final decision on the registration of the applicant organization or person by the Motion Picture Authority, (available at the Supporter),
6. in the case of commitment to own investments, documents certifying the availability of the own investments;
7. the account number of the Grantee's separated bank account that can be used for separately recording the use of the support amount;
8. an authorization letter for immediate debit authorization for all bank accounts of the Grantee;
9. the Declaration of the Grantee that the reasons for exclusion or the reasons of conflict of interests specified in the Mktv., in this Policy and in subsection (1) of paragraph 6. of Act CLXXXI of 2007 on the transparency of supports given from public funds are not applicable to him/her (included in the complex declaration of contract);

The Supporter may require the inclusion of additional documents and data from applicants if it is necessary to evaluate the application.

*Annex 6 De minimis statement*

**STATEMENT**

**in the case of de minimis aids as specified in the Commission Regulation 1407/2013 of 18 December 2013 on the application of articles 107 and 108 of the Treaty on the Functioning of the European Union (HL L 352., 2013.12.24., p.1)**

<b>1. Beneficiary's details</b>	
Name:	
Tax number:	
Contact details:	
Authorized representative:	
Email address:	
<i>(please mark with an X)</i>	
<input type="checkbox"/> Merger during the current and the previous two tax years	
<input type="checkbox"/> Demerger during the current and the previous two tax years	
Time of merger/demerger:	_____
	(day) (month) (year)

I hereby declare that, for the current financial year and the previous two financial years, the beneficiary and the enterprises with which the beneficiary is considered to be one and the same enterprise based on subsection 2 of article 2 of Commission Regulation No 1407/2013/EU, received the following de minimis aid(s) in Hungary.

My statement also covers the list of applications submitted for de minimis aids by the beneficiary and enterprises with which the beneficiary is considered to be one and the same enterprise (rejected applications need not be included, only the ones which are currently being evaluated).

My statement also includes the information required to comply with the provisions of subsections (8) to (9) of Article 3 of Commission Regulation No 1407/2013/EU.<sup>2</sup>

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<sup>2</sup> Any previous de minimis aid supported to any of the enterprises related to the merger must be added to the de minimis aids of the enterprise resulting from the merger or the enterprise which is the legal successor which is submitting the application. The de minimis aid supported before the merger will continue to be legitimate after the merger.

If an enterprise is demerged into two or more enterprises, the de minimis aid awarded before the demerger must be classified as awarded to the enterprise that originally received it, which overtook the activities supported by the de minimis aid. If it is not possible to determine this, the de minimis aid must be divided between the enterprises affected by the demerger in proportion of the book value applicable at the actual time of the demerger.

<b>2. De minimis aids<sup>3</sup></b>										
<b>Number</b>	<b>Legal basis for the aid (number of Commission Regulation)</b>	<b>Organisation providing the aid</b>	<b>Beneficiary and purpose of the aid</b>	<b>Has the aid been used for commercial carriage of goods by road in return for consideration?</b>	<b>Date of submission of the application<sup>4</sup></b>	<b>Date of awarding</b>	<b>Amount of aid</b>		<b>Gross aid component of the aid<sup>5</sup></b>	
							<b>HUF</b>	<b>EUR</b>	<b>HUF</b>	<b>EUR</b>

<sup>3</sup> Must be filled in based on the regulations on merger and demerger as well as with regard to the enterprises concerned by the concept of one and the same enterprises.

<sup>4</sup> If no decision has been made about the aid.

<sup>5</sup> Based on Annex 2 of Government Decree No 37/2011 of 22 March 2011 on the procedure for state aid for the purposes of EU competition law and on the regional aid map [hereinafter referred to as Government Decree 37/2011. (III. 22.)].

**3. Data on one and the same enterprises**

I declare that, under subsection 2 of section 2 of EU Commission Regulation 1407/1013, the beneficiary is considered to be one and the same enterprise with the following enterprises.

Name of enterprise	Tax number

Under Commission Regulation No 1407/2013/EU, de minimis aid may not be accumulated with state aid for the same eligible costs or with a measure of risk financing for which the de minimis aid is supported under Commission Regulation No 1407/2013/EU if the amount so accumulated would exceed the maximum aid intensity or amount specified in the decision of the European Commission. Accordingly, I hereby declare the following regarding the beneficiary.<sup>6</sup>

My statement also covers what applications the beneficiary submitted for support, that include eligible costs of de minimis aid equal to eligible costs involved in the present declaration or what type of risk-financing measures it has requested de minimis aid for, for which it is requesting de minimis aid in the present application too (the rejected applications are not required to be declared, only those that are currently being evaluated).

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<sup>6</sup> Here, the statement must only be based on the beneficiary, but not on enterprises affected by the regulations on merger and demerger and with regard to the enterprises concerned by the concept of one and the same enterprises.

4. Data on same eligible costs or state aid supported for the same purpose as the de minimis aid for the purposes of risk finance measures										
Number	legal basis for the aid (EU state aid regulation)	Organisation providing the aid	Aid category (e.g. regional investment aid)	Date of submission of the application <sup>7</sup>	Date of awarding the aid	The total amount of the same eligible costs in current value		Gross aid component of state aid supported in respect of the same risk-financing measure / gross aid component of state aid supported in respect of the same eligible costs <sup>8</sup>		Maximum aid intensity (%) or maximum aid amount
						HUF	EUR	HUF	EUR <sup>9</sup>	

<sup>7</sup> If no decision has been made about the aid.

<sup>8</sup> Based on annex 2 of Government Decree 37/2011 (III. 22.).

<sup>9</sup> Must be calculated on the basis of paragraph 35 of Government Decree 37/2011 (III. 22):

*Except if otherwise provided in an existing aid scheme, when converting amounts specified in Euros to HUF, the foreign exchange rate quoted by the Hungarian Central Bank on the last day of the month preceding the date of the support decision shall apply with two decimal places.*

I declare that I am the authorized representative of the beneficiary and the above information is correct.

I give my approval to the above data being passed on by the data controller to the bodies competent in the case.

I understand that if during the period between the date of the declaration and the awarding of the support<sup>10</sup> the beneficiary is supported an aid that may be taken into account with regard to support accumulation, the beneficiary has the obligation to notify the aid provider about this without delay, prior to the supporting of the subsidy under this declaration, and must re-issue the present declaration with a duly modified content.

Date:

.....  
Beneficiary  
(signature, stamp)

### Instructions

The gross aid component of de minimis aids supported in Hungary on the basis of Commission Regulation no 1407/2013/EU<sup>11</sup>, for one and the same enterprise for the current financial year and the previous two fiscal years based on Commission Regulation 1407/1013/EU may not exceed the HUF equivalent of **EUR 200,000**, or in the case of enterprises carrying out commercial carriage of goods by road for consideration, the HUF equivalent of **EUR 100,000**<sup>12</sup>, also taking into account the regulations for merger demerger<sup>13</sup>.

- *What is the gross aid component?*
  - Supports payable in several instalments over a year must be discounted at the value valid at the date of the support, using the reference rate at the time of the award.
- *In what cases should an enterprise applying for support be regarded as one and the same as another enterprise?*
  - One holds a majority of the voting rights of the shareholders or of the members in the other, or
  - One is entitled to appoint or to dismiss the majority of the members of the management or supervisory body of the other, or
  - One may exercise decisive influence over the other based on a memorandum of association or under a company contract, or
  - One is the shareholder or member of the other, based on an agreement with other shareholders or members, and owns the majority of the voting rights alone
  - If the applicant has any of the above relationships with one or more other businesses, it shall also be regarded to be one and the same enterprise in respect thereof.
- *In what cases should the rules on merger or demerger be applied to the applicant?*

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<sup>10</sup> The de minimis aid shall be deemed supported at the moment the legal right to use the aid is conferred on the beneficiary enterprise under the applicable national legal system irrespective of the date of payment of the de minimis aid to the enterprise. For example, in a contract that includes a de minimis aid, this date is usually the date of the contract.

<sup>11</sup> EU Commission Regulation 1407/1013/EU subsection 2 of article 2.

<sup>12</sup> The exchange must be based on Government Decree No 37/2011 of 22 March 2011 on the procedure for state aid for the purposes of EU competition law and on the regional aid map.

<sup>13</sup> subsection (8) and (9) of article 3 of EU Commission Regulation 1407/2013/EU

- If the merger or demerger took place during the current financial year or during the previous two financial years.
- Any previous de minimis aid supported to any of the enterprises related to the **merger** must be added to the de minimis aids of the enterprise resulting from the merger or the enterprise which is the legal successor which is submitting the application. The de minimis aid supported before the merger will continue to be legitimate after the merger.
- If an enterprise is demerged into two or more enterprises, the de minimis aid awarded before the **demerger** must be classified as awarded to the enterprise that originally received it, which overtook the activities supported by the de minimis aid. If it is not possible to determine this, the de minimis aid must be divided between the enterprises affected by the demerger in proportion of the book value applicable at the actual time of the demerger.
- In order to determine whether the new de minimis aid exceeds the applicable ceiling, the de minimis aids supported for enterprises that are considered one and the same with the beneficiary must also be taken into account.

### **Accumulation**

- De minimis aid as specified in EU Commission Regulation 1407/1013/EU may be accumulated with other de minimis aid awarded on the basis of other regulations on de minimis aids [e.g. with agricultural de minimis aids supported on the basis of the provisions of Commission Regulation No 1408/2013/EU of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aids in the agricultural sector (HL L 352, 2013. 12.24. p.9.)] up to the HUF amount equivalent to EUR 200.000 specified in Commission Regulation 1407/1013, and up to the HUF amount equivalent to EUR 100.000 in the case of enterprises carrying out commercial carriage of goods by road for consideration.
  - *For example:*  
If an enterprise carrying out *exclusively* agricultural and road carriage received a support of EUR 15 000 which is considered as de minimis aid for agriculture, it may be supported an aid of EUR 85,000 for road freight transport subject to a lower EUR 100,000 limit. If this enterprise carries out *other* activities too (eg auditing), then the limit of EUR 200.000 specified in Commission Regulation 1407/1013/EU will be applicable, and a de minimis aid of EUR 185 000 may be awarded to it.
- The de minimis aid awarded on the basis of European Union Regulation 1407/1013 may be accumulated with de minimis aids awarded on the basis of Commission Regulation No 360/2012/EU of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid supported to enterprises providing services of general economic interest (HL L 114., 26.4.2012, p.8-13) (hereinafter referred to as Commission Regulation 360/2012/EU) up to the limit of the HUF equivalent of EUR 500.000 specified in EU Commission Regulation 360/2012/EU.
- If an enterprise operating in the fisheries and aquaculture sector also carries out activities in one or more other sectors subject to Regulation No 1407/2013/EU, the de minimis aid provided in accordance

with the Commission Regulation No 714/2014/EU (HL L 190., 2014.06.28., p.45) on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aids in the fisheries and aquaculture sectors may be accumulated with other de minimis aid in accordance with Commission Regulation 1407/1013/EU up to the limit of the HUF amount equivalent to EUR 200.000 specified in Commission Regulation 1407/1013, and up to the limit of EUR 100.000 in the case of enterprises carrying out commercial carriage of goods by road for consideration.

Except if otherwise provided in an existing aid scheme, when converting amounts denominated in Euros to HUF, the foreign exchange rate quoted by the Hungarian Central Bank on the last day of the month preceding the date of the support decision with two decimal places shall apply.<sup>14</sup>

The parties must keep the documents related to the support available for ten years after the awarding of the support, and they must present these documents on the request of the support awarding party. On the request of the European Commission, information must be provided about de minimis aids within 20 working days.

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<sup>14</sup> Based on section 35 of Government Decree No 37/2011 of 22 March 2011 on the procedure for state aid for the purposes of EU competition law and on the regional aid map.