



Bhutan Film Trust – regulations

I. Principles, objectives and practices

The objective of the Bhutan Film Trust is to improve the artistic and economic framework conditions for the film industry in Bhutan, to preserve and promote the international competitiveness of enterprises in the film industry with the object of achieving long-term effects for Bhutan as a production location in conjunction with further effects on the macro-economy.

The particular objective of the Bhutan Film Trust is to facilitate financial and technical support to the Bhutan Film Industry to further develop the artistic scope, the quality, attractiveness and the international dissemination of films (co) produced in Bhutan.

The Bhutan Film Trust is based on business principles: together with talented and ambitious filmmakers the Trust invests to develop high quality films and the Bhutan film industry at large.

Although the Bhutan Film Trust is a non-profit organisation it does not apply charity rules: only talented filmmakers will be able to grow in the international film market that is demanding and competitive. Support from the Trust is just a small contribution towards the Bhutan professional's next step.

The fund will facilitate productions, postproductions and distribution of high quality Bhutanese films and documentaries as follows:

- 1) *Financial support and investment* for talented upcoming professionals to develop new scripts/films and for films to reach the technical and artistic standards for international festivals and markets.
- 2) *Master classes (workshops) and festivals* – Master classes and production of short films and documentaries for a festival and film award competition.
- 3) *Exposure and distribution of Bhutan films at major international film festivals* (categories: feature, short/long, documentaries, animation) and distribution of selected Bhutanese films at film houses, TV stations, home entertainment and others.
- 4) *Advice from international experienced professionals*



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II. Organisation

The Bhutan Film Trust will register and reside in the Netherlands. After three years the complete administration and organisation of the Trust will be shifted to Bhutan.

The Bhutan Film Trust consists of

- a board of trustees with three members
- a strategic advisory committee consisting of three members from Bhutan
- a technical advisory committee with Bhutanese and international members
- an operation office in the Netherlands
- a liaison office in Bhutan

1. The Board of Trustees, see articles of incorporation for its mandate

2. The Strategic Advisory Committee

The Strategic Advisory Committee advises the board on all strategic and programmatic issues of the Bhutan Film Trust.

The Strategic Advisory Committee will be composed of three renowned members in the Bhutan society representing e.g. the Bhutanese culture, religion, and media or business community.

The Strategic Advisory Committee meets twice a year and discusses matters regarding the strategic, programmatic and operational developments of the Bhutan Film Trust. The Committee also advises the Board on future transfer of the Trust to Bhutan.

The members of the Strategic Advisory Committee serve in an honorary capacity. The members of the Strategy Advisory Committee serve in a honorary capacity. However, a lump sum of Nu.10000/- per person per year will be reimbursed to cover travel cost within Bhutan, sitting fee and Internet cost for Bhutan Film Trust work.

3. The Technical Advisory Committee

The Technical Advisory Committee of the Bhutan Film Trust assesses and evaluates the applications under the application guidelines and inform the Bhutan Film Trust Board of Trustees on the quality of the application and the film proposal. In all matters the Board of Trustees remain responsible for the final decision regarding the allocation of support. The board appoints the members of the Technical Advisory Committee.



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Composition and Procedure

- (1) The Bhutan Film Trust's Technical Advisory Committee is composed of a minimum of three (two Bhutanese, one foreigner) and maximum number of 5 members (3 Bhutanese 2 foreigners).
- (2) The Technical Advisory Committee will be composed of filmmakers and senior artists, with an affinity for film and culture. They have been exposed to international art and filmmaking and are able to judge the international capability of Bhutan Film Trust proposals.
- (3) The committee appoints a person who reports to the Board of Trustees
- (4) The Technical Advisory Committee meets three times per year or additional at the request of the chairperson of the Board of Trustees or any advisory committee member. They meet in person or through telecommunication.
- (5) The Technical Advisory Committee has a quorum when the majority of members are present be it through skype or teleconference and may adopt its own rules of procedure.
- (6) Resolutions of the Technical Advisory Committee will be adopted by a majority of the voting members present. In case of a tie, the chairperson's vote shall decide.
- (7) The members of the Technical Advisory Committee serve in an honorary capacity. However, a lump sum of Nu.15000/- per person per year will be reimbursed to cover travel cost within Bhutan, sitting fee and Internet cost for Bhutan Film Trust work. The international member will receive the equivalent in Euro.

Decisions of the Technical Advisory Committee

- (1) The Technical Advisory Committee shall decide by way of a resolution.
- (2) The Technical Advisory Committee may make proposals for amendment of these regulations and advise The Bhutan Film Trust Board of Trustees in implementing the amendment.

4. Secretariat and operational Office, the Netherland

The secretariat will be run by the bhutan+partners office and will serve the Board, its committees and the applicants/participants regarding all Bhutan Film Trust activities. The secretariat may decide on issues delegated to the office by the Board on the base of a delegation agreement signed between the Board and the secretariat. The secretariat will be responsible for a set of activities stipulated in the annual activity plan, endorsed by the Board. The secretariat will be responsible for timely reporting on finance, progress and programmatic developments.



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The secretariat may advise the board on programmatic and strategic issues regarding the Bhutan Film Trust

5. Liaison Office, Bhutan

The Board will appoint and contract a liaison officer in Bhutan who will handle applications to the Bhutan Trust Fund, serves as a point of reference and information, assists the committee members in Bhutan and sets up and maintains a national network of film makers, film organisations, publishers, news agencies and relevant government institutions.

The Liaison officer maintains an operational budget for day-to-day activities.

The Liaison officer is in regular contact with the secretariat by mail, skype, phone and other means. He/She informs the secretariat on new developments regarding the film industry and policies in Bhutan.



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III. Support Requirements

The Bhutan Film Trust supports young, talented filmmakers producing films (shorts, feature, animations), documentaries and TV series for the international market. Annually a limited budget will be made available for this purpose.

Support may be given as a (seed money), equity, and participation fee for master classes or participation at a film festival.

The following articles describe the procedure for application.

- (1) The producer, director or scriptwriter of a film with the potential of entering the international market is entitled to file an application. The organiser of a film festival in Bhutan can file an application. Applicant has to be a Bhutanese national.
- (2) The producer is the person responsible for production of the film up to delivery of the first release print or – in case of a co-production – the person who is co-responsible and actively involved in production of the film.
- (3) The applicant is a Bhutanese director or producer, residing in Bhutan.
- (4) The producer or – in case of production of the film underlying the application by a single-purpose company founded solely for that purpose – an affiliated company of the producer has to have produced, as an enterprise or a person, at least one film during the last three years (reference film) before filing of the application, in Bhutan. The reference film must have been released Bhutan.
- (5) If, in case of a co-production, the application may only be filed by one of the producers. The producers participating in the co-production have to reach agreement on this point

Definitions of Terms

- (1) Bhutan production costs in the sense of these Guidelines are production costs that are attributable to film-related goods and services provided in Bhutan by companies or their employees as well as by freelancers and self-employed persons.

Film-Related Requirements

- (1) A support based on a tailor made contract, equity or participation fee is awarded for short and feature-length films, documentaries, animations and TV Series. A film is a feature-length film if it has a screen length of at least 60 minutes, for children's films: 45 minutes.
- (2) The final version of the film must be produced with either English language or with English subtitles.
- (3) The contents of the film may not violate the Bhutan Constitution or the laws in force in the Kingdom of Bhutan, or moral or religious feelings, and they may not show sexual matters or brutalities in a garishly coarse, speculative manner.



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(4) The shooting or animation work may not commence until after a notification of support has been issued. The applicant may file a request for premature commencement of the shooting or animation work.

Holdback Periods and Television Broadcasting Rights

(1) The producer has to demonstrate that in any release agreement with a public broadcasting corporation or a commercial television broadcaster, the complete television broadcasting rights are transferred to the producer within no more than five years.

Applicant's Contribution

(1) A support will only be awarded if the applicant makes a contribution of at least 60% of the total production costs.

Archiving

The applicant has to provide two technically flawless prints of the film in an archival format to the Bhutan Film Trust free of charge within 12 months after the first public showing of the film.



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IV. Nature, Scope and Amount of Support

Nature of a Support, equity or participation fee

- (1) The support, equity or participation fee will be approved in the form of co-financial aid for the film project. The support, etc. will be awarded as partial financing.
- (2) The financial aid is awarded as a non-repayable support; however the Bhutan Film Trust will partake in the venture as co-producer and will be involved in marketing and distribution of the film, according to a tailor made contract.
- (3) The Bhutan Film Trust will share in the revenues of the completed film, the amount of the support, etc., allowing the Trust to serve as a revolving fund to other Bhutan film makers and to finance its other (non rewarding) activities.

Amount of a Support; Total Production Costs eligible for a Support

- (1) The basis for calculating the amount of a production support is a maximum of 40% of the total production costs, maximum 5000/- Euro
- (2) The production support shall amount to 20% of the Bhutan production in case of international co-productions, maximum 3000/- Euro
- (3) The following costs do not qualify as Bhutan production costs eligible for a support when calculating the amount of the support:
 - Costs for the rights to underlying material and rights to other pre-existing works (including pre-existing music), except royalties for the script on which the film is based,
 - Costs for legal advice
 - Insurance costs
 - Financing costs
 - Travel and transport costs for actors
 - Overhead costs
 - Actors' fees
 - Reserves and additional funding
- (4) If compelling dramaturgical requirements in the script call for shooting on location which cannot take place in Bhutan or only at an unreasonably high cost, then the on-location shooting costs incurred abroad for these reasons will qualify as Bhutan production costs.



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V. Procedure

Authority

(1) The authority for the implementation of the procedures of this guideline is the board of the Bhutan Film Trust. The Bhutan Film Trust Board is subject to the legal and content supervision of the Bhutan constitution and laws in Bhutan and the Netherlands as registered seat of the Trust.

Filing of Applications and Application Procedure

(1) The online application has to be addressed to the secretariat of the Bhutan Film Trust, mail: info@bhutanfilmtrust.org. The application may only be filed by E-mail,.

(2) The application must be filed latest six weeks before the start of shooting. The notification of a support, etc. cannot be issued until the applicant demonstrates that 60% of the total production costs of the film project are financed.

(3) The application has to contain the information and documents stipulated in the implementation provisions to these Guidelines. In particular, fulfilment of the support, etc. requirements has to be proven in the application. If an invoice is required as proof, this has to be issued in the applicant's name. Insofar as documents do not exist in an English-language original version, the Bhutan Film Trust may require the applicant to obtain a translation of the documents.

(4) Applications will be processed through the Bhutan Trust Fund Secretariat.

(5) If the application is incomplete or does not satisfy the requirements as to sufficient probability or proof of the support requirements, or if other information or documents are missing, the Bhutan Film Trust refuse to accept the application.

(6) All application documents become the property of the Bhutan Trust Fund.

Approval

(1) The support, etc. will be awarded or refused by way of a written notification.

(2) The notification of support, etc. will also expire unless shooting or animation work commences within 2 months of receipt of the notification. The notification of support will also expire if the film is not completed within the project term mentioned in the application. The Bhutan Film Trust may support a request for postponement of the start of shooting or animation work or a request for an extension of the project term.

(3) If adequate budget funds are no longer available for an application, which fulfils the support requirements, a partial amount may be awarded or delayed till next budget year.

Disbursement

(1) Upon request support, etc. may be disbursed in instalments depending on the progress of production; in this case 33% of the support will be disbursed at the start



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of shooting, 33% upon completion of the rough cut, and the remainder following an audit of the final costs. Such a request has to be supported by reasons.

- (2) No disbursement will be made
- if proper financing of the film project is not ensured;
 - if the applicant has breached the principles of economical business management within the context of the financing, production, rental, distribution or video distribution.

Repayment

In case of non performance the applicant needs to repay the support received. As regards co-productions, the co-producers are jointly liable for repayment of the support if required in case of non-performance

Compliance with the Law Governing a Support,

A support, etc., disbursement and accounting of a support, etc. as well as proof and auditing of application thereof as well as the possible revocation of the notification of support and a possible claim for repayment of the support awarded are governed by the relevant Bhutan General Administrative Provisions. A registered Accounts Firm in Bhutan is authorized to conduct audits.

VI. Evaluation

Evaluation of the effect of the Bhutan Film Trust Program

- (1) A committee to be selected by the board of the Bhutan Film Trust shall evaluate the Bhutan Film Trust system and its work according to these regulations in October 2016. Other experts may be consulted. The evaluation shall be conducted on basis of an agreed evaluation concept.
- (2) The evaluation committee, technical or strategic committee members may recommend modifications of the regulations at any time.



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Annexe 1

1. Total Production Costs

The total production costs of a film include the kinds of costs listed below. Production costs are calculated exclusive of VAT (deductible input VAT) (net principle).

Production Costs

1. Pre-production costs
2. Rights and manuscripts
3. Equipment and technology
4. Film material and editing
5. Post Production
6. Distribution costs
7. Participation costs at international Film Festivals