

ANNEX 1 - LIST OF ELIGIBLE EXPENDITURE

Expenditure related to personnel and the acquisition of goods and services in the State of São Paulo are regarded as eligible, as follows:

1) Fixed and permanent expenses, as well as remuneration for the **BRAZILIAN PRODUCTION COMPANY's personnel.**

2) Fees or payments of any kind attributed to service providers, individuals or legal entities, domiciled or headquartered in the State of São Paulo.

3) In the case of goods and services provided by legal entities, to be eligible the expenditure must:

a) The legal entity must have a fiscal establishment (headquarters or branch) in the state of São Paulo and must be duly registered with the Board of Trade of the State of São Paulo (*Junta Comercial do Estado de São Paulo – JUCESP*)

a)1. At least twenty percent (20%) of the eligible expenditure must be made with legal entities whose headquarters are in municipalities in the State of São Paulo, but not in the capital city of São Paulo. Eligible expenditure must be made with legal entities from at least two municipalities in São Paulo other than the capital city of São Paulo.

a)2. At least sixty percent (60%) of the eligible expenditure must be made with legal entities with fiscal establishment (headquarters or branch) in the capital city of São Paulo.

b) An Invoice must be issued by the legal entity hired containing all the accessory tax obligations and other legal formalities.

c) All services billed must be rendered in the State of São Paulo.

d) All the technical equipment required to provide the services must be used in the State of São Paulo.

e) In the case of equipment, namely cameras, lighting, sound equipment, among others, it has to be bought or rented in the state of São Paulo.

f) For the cases of rental of goods or remuneration of copyrights in any capacity, evidence will be admitted through receipts, preferably accompanied by the relevant rental agreement or assignment, acquisition, licensing, or remuneration of rights.

g) In duly justified exceptional cases and at the sole discretion of the EVALUATION

COMMITTEE, expenses made outside the State of São Paulo may be allowed, as long as it is evidenced that there are no suppliers or providers in this State.

4) The expenses to develop a **PROPOSAL** that may be a beneficiary of the **THE CITY AND THE STATE GOVERNMENT OF SAO PAULO FILM ATTRACTION PROGRAM** incurred in the State of São Paulo prior to hiring, as per item 14.3 of the Public Notice, may be eligible as long as they are duly incorporated into the budget and rendering of accounts, and the other rules of this Annex are observed.

4.1) Expenses referred to in this number include those related to copyright, as long as they are indispensable to the production of the **WORK** and respect the other conditions of this Annex, as well as the expense with the registration fee of the **PROPOSAL**.

5) Expenses related to the following remunerations are eligible, up to the limit of thirty-five percent (35%) of the total expenditure in the State of São Paulo, observing a sub-limit of ten percent (10%) per item:

- a) producers and the production companies, including executive producers.
- b) directors.
- c) screenwriters.
- d) other authors, such as authors of pre-existing works and musical composers
- e) actors.

6) for Modules 1, and 2 they are considered as eligible expenditure, observing the requirements mentioned before:

- a) Production teams in charge of:
 - a.1) art direction, development and script
 - a.2) managing, technical, financial and legal direction and coordination.
 - a.3) direction.
 - a.4) preparation and assistance (including location)
 - a.5) performing artistic and technical shooting services.
 - a.6) performing artistic and technical services for soundtrack recordings.
 - a.7) stage design and set preparation.

a.8) accessories for the set.

a.9) costume, hair, makeup and clothing accessories.

a.10) special effects, including stunt professionals.

b) production teams in charge of:

b.1) machinery.

b.2) lighting:

b.3) set preparation.

c) Production teams in charge of:

c.1) animation editing.

c.2) storyboards.

c.3) character design and modeling.

c.4) set design and modeling

c.5) exposure films.

c.6) preview.

c.7) rotoscoping.

c.8) tracking.

c.9) motion capture.

c.10) layout.

c.11) animation.

c.12) set construction.

c.13) tracing opaquing.

c.14) colorization.

c.15) lighting and rendering.

c.16) composition.

c.17) visual effects.

c.18) sound and image editing and mixing.

d) Expenses incurred with specialized individuals or legal entities for technical products and services of:

d.1) studio rental.

d.2) production base rental.

d.3) payment for locations specifically when rented for shooting.

d.4) set preparation at shooting locations.

d.5) set and prop rental.

d.6) special effects, including stunt professionals.

d.7) costume, hair, makeup and clothing accessories.

d.8) equipment needed for shooting, machinery, lighting and audio recording.

d.9) animation (preparation and creation), as well as equipment, supplies, computer hardware and software used directly for the animation process. The software shall be paid during the production of the work for which it was designed.

d.10) post-production: image lab, image editing, voice recording, sound effects and sound design, mixing, sound editing, credits and trailers.

d.11) digital visual effects.

d.12) negative image film, magnetic sound film and, in general, all digital or non-digital image and sound media.

d.13) shooting, finishing, video and subtitling studios.

e) Transportation, travel, and catering expenses:

e.1) local transportation (restricted to the state of São Paulo) of materials, personnel and artistic and technical supplies (if strictly required for the production).

e.2) Local transportation (restricted to the state of São Paulo) and local lodging for the artistic and technical teams (only if strictly required for the production, limited

to four hundred and fifty reais [BRL450.00] per day).

6.1) In the case of expenses and remuneration of personnel and technical and artistic staff, the minimum prices for the provision of services issued by the Union of Workers in the Film and Audiovisual Industry (SINDCINE) must be considered.

6.2) The payments and union contributions of the **BRAZILIAN PRODUCTION COMPANY's** employees may be considered, proportionally to the period during which they are working for the execution of the **PROPOSAL**.

6.3) Exceptionally, if duly justified and at the sole discretion of the **EVALUATION COMMITTEE**, expenses that do not fit into the exhaustive list of this item may be allowed.