

2009 Pre-Budget Report



PBRN07

9 December 2009

FILM TAX RELIEF

Who is likely to be affected?

1. Film production companies making films with production spends spread over two or more accounting periods, and which have some overseas expenditure.

General description of the measure

2. Legislation will be introduced in Finance Bill 2010 to correct an unintended anomaly affecting the amount of tax credit claimable where films are produced over more than one accounting period.

Operative date

3. The measure has effect for accounting periods ending on or after 9 December 2009 and will be treated for those periods as always having had effect.

Current law and proposed revisions

4. In any accounting period after the first period, the loss surrenderable for tax credit is currently the lesser of:
 - the available qualifying expenditure (cumulative qualifying expenditure to date, less any previously surrendered amount); and
 - the loss incurred in that period.
5. HM Revenue & Customs (HMRC) has become aware that where there is an increased UK spend in the second or later periods, a quirk in the legislation restricts the available tax credit in an unintended way.
6. The proposed revision will adjust the way the amount surrenderable for tax credit is calculated. The calculation will become the lesser of:
 - the available qualifying expenditure; and
 - the loss for the period, plus any unsurrendered loss brought forward.

Further advice

7. Draft legislation and an explanatory note have been published today on the HMRC website.
8. If you have any questions about this change, please contact Dominic Murphy on 0161 288 6340 or Adrian Maloney on 0161 288 6463 (email: randd.manchester@hmrc.gsi.gov.uk). Information about Pre-Budget Report measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk