

**Bill 5: Film production and sound recordings**

*Summary*

1. This paper presents draft clauses dealing with the corporation tax treatment of a film production company and expenditure on sound recordings.
2. The draft clauses are in two Parts. The first provides the corporation tax treatment of film production and exploitation by a film production company and is based on sections 31 to 47 of, and Schedules 4 and 5 to, FA 2006. The second deals with the corporation tax treatment of traders who incur expenditure on the production or acquisition of the original master version of a sound recording and is based on sections 48 to 50 of FA 2006.
3. The draft clauses closely follow the source legislation which was already in rewrite style, but the structure has been changed so that the legislation within the Schedules is incorporated within the main body of the legislation.

*Context of the publication of these draft clauses*

4. The presentation of these clauses this autumn arises from the discussion in February this year of paper CC/SC (07) 08 (Proposals to improve and streamline the consultation process). In that paper the project suggested that draft clauses such as these which closely follow the source legislation could be presented only in the draft Bill to reduce the pressure on consultees.
5. In response, the Consultative Committee suggested that the clauses could be published in an informal way before the publication of the draft Bill so that consultees could decide whether to comment on both the earlier and draft Bill presentations of clauses, or just on the latter.
6. The project accepted this suggestion and these draft clauses are therefore being published now to allow greater flexibility for consultees.

*Issues for the committee*

7. We would welcome any early responses you or others may wish to make about these draft clauses so that we can make appropriate amendments prior to publication of the draft Bill.
8. The draft Bill is to be published for formal consultation in February 2008.

*Address for comments*

9. If possible, any comments should be sent by e-mail to:

[jackie.bartlett@hmrc.gsi.gov.uk](mailto:jackie.bartlett@hmrc.gsi.gov.uk)

Written comments should be sent to:

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10. The names of respondents may be published unless they ask for their comments to be treated in confidence.