



HM Revenue  
& Customs

## Corporation tax: high-end television tax relief

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### Who is likely to be affected?

Companies within the charge to corporation tax that are directly involved in the production of high-end television or animation.

### General description of the measure

The measure will reduce the minimum UK expenditure requirement for television tax relief from 25% to 10% and will modernise the cultural test, subject to state aid clearance. The reduction in the minimum UK expenditure requirement will also apply to the animation tax relief.

### Policy objective

The measure aims to promote the sustainable production of culturally relevant high-end television productions in the UK.

### Background to the measure

High-end television and animation tax relief were announced at Budget 2012 and introduced on 1 April 2013.

This measure was announced at Budget 2015.

## Detailed proposal

### Operative date

The measure will have effect for qualifying expenditure incurred on and after 1 April 2015, subject to state aid clearance.

### Current law

The television tax relief sets out at Part 15A of the Corporation Tax Act 2009 (CTA) the taxation of television production companies (TPCs) and television tax relief (TTR): spending at least 25 per cent of the total production costs that relate to activities in the UK.

Section 1216CE of CTA sets out one of the qualifications of the expenditure for TTR. UK qualifying production expenditure is defined as expenditure incurred on filming activities (pre-production, principal photography and post production) which take place within the UK, irrespective of the nationality of the persons carrying out the activity.

### Proposed revisions

Subject to state aid clearance, section 1216CE of CTA will be amended so that the minimum UK spending requirement reduces from 25% to 10%.

## Summary of impacts

<b>Exchequer impact (£m)</b>	2015-16	2016-17	2017-18	2018-19	2019-20
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	<p>These figures are set out in Table 2.1 of Budget 2015 as ‘Creative industries: extend support’, and have been certified by the Office for Budget Responsibility. They represent the combined Exchequer impact of ‘Extend film tax relief to 25% for all expenditure’, ‘Extend high-end tv relief’ and ‘Orchestras relief’. More details can be found in the policy costings document published alongside Budget 2015.</p>				
<b>Economic impact</b>	<p>This measure is expected to have a positive impact on the television industry, but is not expected to have significant wider economic impacts.</p>				
<b>Impact on individuals, households and families</b>	<p>The relief will only be available to television production companies making high-end television and animation programmes, and so is not expected to impact on individuals, households, family formation, stability or breakdown.</p>				
<b>Equalities impacts</b>	<p>The government has carefully considered whether this measure impacts on groups of people sharing protected characteristics differently to other groups, and has not identified any equalities impacts.</p>				
<b>Impact on business including civil society organisations</b>	<p>The tax relief for television production allows qualifying companies to claim a payable tax credit, supporting the production of culturally high-end TV programmes and animation programmes. This measure is expected to have a negligible compliance cost impact on around 50 businesses in the UK that can benefit from the relief.</p> <p>Because this relief is an extension of the existing television relief, it is unlikely that many eligible companies will face one-off and ongoing administrative costs in order to qualify for this relief, as they will already have some knowledge of the existing relief. For companies with no knowledge of any of the creative industry tax reliefs there may be one-off costs associated with familiarisation with new legislation, processes and requirements. The ongoing costs include the costs of calculating and claiming the relief. It is expected that very few companies would fall in this category. On average, it is expected that companies will make one claim per year.</p> <p>This measure is expected to have no impact on civil society organisations.</p>				
<b>Operational impact (£m) (HMRC or other)</b>	<p>The additional costs or savings for HM Revenue &amp; Customs and other government departments (Department for Culture, Media &amp; Sport) in implementing this change are anticipated to be negligible.</p>				

<b>Other impacts</b>	<p><u>Small and micro business assessment</u>: this measure is expected to have no impact on small and micro businesses. This tax relief is of particular benefit to larger television production companies with the necessary resources to reach the minimum spending level for high-end TV programmes.</p> <p>Other impacts have been considered and none have been identified.</p>
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### **Monitoring and evaluation**

The measure will be kept under review through communication with affected taxpayer groups.

### **Further advice**

If you have any questions about this change, please contact Kerry Pope on 03000 585740 (email: [kerry.pope@hmrc.gsi.gov.uk](mailto:kerry.pope@hmrc.gsi.gov.uk)).