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Creative Industries Statistics

December 2015

Official Statistics on Film, High-End
Television, and Animation Tax Relief

This release supersedes the version published at 9.30am on 17 December 2015. It provides an additional table and related commentary on the number of claims and amounts paid for Film Tax Relief on a receipts basis. This is to aid comparability with previously published statistics on this topic.

Official Statistics

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Section 1: Introduction

About these statistics

This is an Official Statistics publication produced by HM Revenue & Customs (HMRC). It provides information on the number of productions claiming tax relief, the number of claims and the amount claimed for Film, High-End Television (HETV) and Animation tax relief for years up to 2014-15. The statistics are based on data available at the end of August 2015 and are produced on an annual basis. Throughout this release, numbers are rounded to the nearest 5 and financial amounts to the nearest £0.1m.

HMRC has previously published summary statistics on Film tax relief; this is the first publication as Official Statistics. HMRC has not previously published statistics on HETV and Animation tax relief. HMRC will publish additional tables for each of these areas on 22 December including statistics on the number of qualifying productions, certification types, overall production expenditure and UK production expenditure.

The three areas covered within this release are:

Film tax relief

Film tax relief aims to promote the sustainable production of culturally British films. The relief is available for British qualifying films: films must either pass a cultural test or be a qualifying co-production. Films must have a minimum UK core spend of 10% and relief is available up to the lower of 80% of total core expenditure or the actual UK core expenditure. Companies not making a profit may be able to surrender the tax relief for a payable tax credit. Film tax relief was introduced in January 2007 and replaced a previous tax relief for film costs, which allowed losses incurred to be offset against other income over a three year period.

High-end Television tax relief

High-end television tax relief aims to promote the sustainable production of culturally relevant high-end television productions in the UK. The relief was announced at Budget 2012 and introduced on 1 April 2013. The relief allows qualifying companies to claim a deduction in their taxable profits or, where that deduction results in a loss, to surrender those losses for a payable tax credit.

Animation tax relief

The relief aims to promote the sustainable production of culturally relevant animation productions in the UK. The relief was announced at Budget 2012 and introduced on 1 April 2013. The relief allows qualifying companies to claim a deduction in their taxable profits or, where that deduction results in a loss, to surrender those losses for a payable tax credit.

These Official Statistics are produced to the professional standards set out in the *Code of Practice for Official Statistics* (2009)¹. For more information on Official and National Statistics and the governance of statistics produced by public bodies, please see the UK Statistics Authority website: www.statisticsauthority.gov.uk

HMRC Official and National Statistics can be found on the gov.uk website:

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics>

Who might be interested in these statistics?

This publication is likely to be of interest to policy makers in government, academics, research organisations, the media, film and television production companies, and companies raising funds to support film and television production.

We would welcome feedback on this release and the range of statistics presented. We will provide a response to any comments received within subsequent releases. Contact details are included within Section 4.

¹ <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/>

Section 2: Key points and summary

Film tax relief was introduced in January 2007, High-end television and Animation tax relief were available from April 2013. The reliefs aim to promote the sustainable production of culturally British films and television programmes. The figures for 2014-15 are provisional and will be subject to revision, for example, due to changes in the certification statuses of productions or applications that have not yet been received for tax relief.

2.1 Key points

Film Tax Relief

- Almost £1.5 billion have been paid out to meet claims since the current film tax relief was introduced in January 2007, of which £1 billion were tax credit claims paid to large-budget films and £450 million to limited-budget films.
- In 2014-15, over £250 million was paid in response to 485 claims.

High-end Television Tax Relief

- £92 million have been paid out in response to claims since the High-end television tax relief was introduced.
- In 2013-14, £52 million was claimed and £51 million paid out.

Animation Tax Relief

- £10 million have been paid out in response to claims since the high-end television tax relief was introduced.
- In 2013-14, almost £4 million was claimed and £3 million paid out.

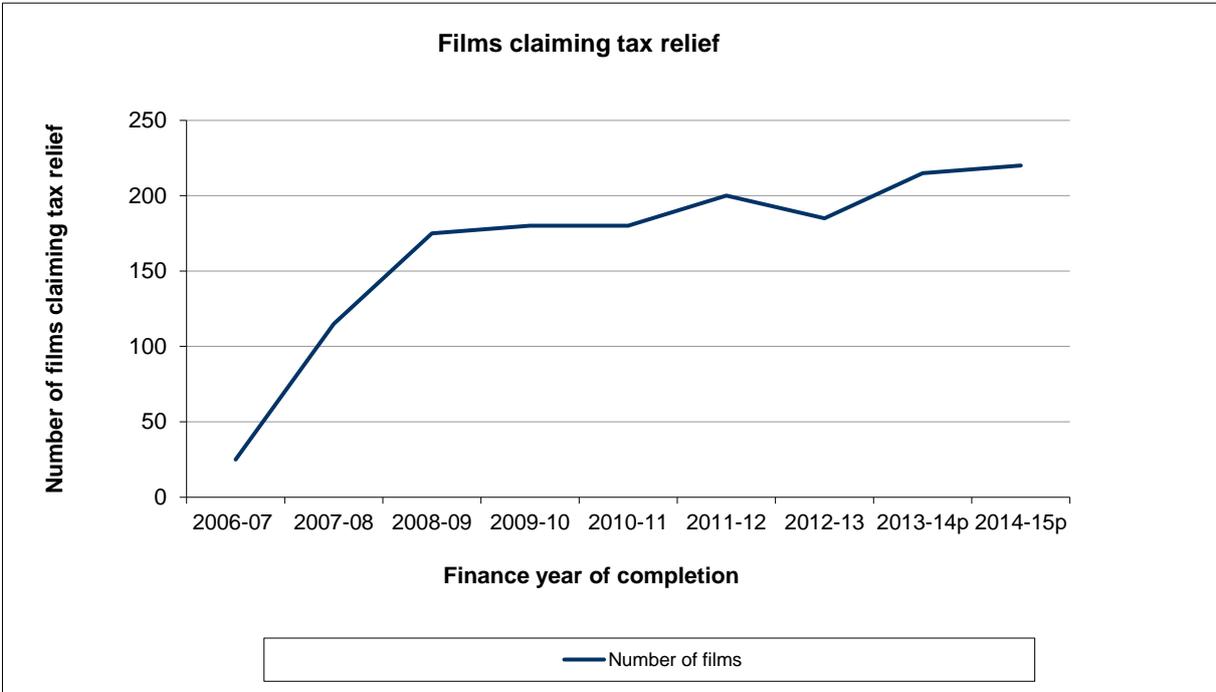
2.2 Film Tax Relief

Film tax relief (FTR) aims to promote the sustainable production of culturally British films. The relief is available for British qualifying films: films must either pass a cultural test or be a qualifying co-production. Films must have a minimum UK core spend of 10% and relief is available up to the lower of 80% of total core expenditure or the actual UK core expenditure. Companies not making a profit may be able to surrender the tax relief for a payable tax credit.

Number productions claiming FTR

1,575 films had made claims up to the end of August 2015². Figure 1.1, below, shows the number of films which claimed tax relief between 2006-07 and 2014-15.

Figure 1.1: Number of films which claimed tax relief by finance year, 2006-07 to 2014-15



Source: HMRC Management Information Systems (MIS) and BFI
Years marked 'p' are provisional

The number of companies claiming film tax relief increased gradually from 115 in 2007-08 to 220 in 2014-15. There were 5 films with an unknown completion date and 70 films with a completion date after 31st March 2015.

² See Table 1.1 within Annex A.

Claims and payments – Receipts basis

Since the introduction of film tax relief in January 2007, amount £1.5 billion has been paid out in response to 2615 claims for film tax relief.

The following table shows the breakdown of the number of claims paid and amount paid by financial year.

Number of claims and amount of relief paid, receipts basis

	Finance year								Total
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 ^P	2014-15 ^P	
No of Claims Paid	115	225	310	315	395	360	415	485	2,615
Amount Paid (£m)	103.8	143.7	128.8	199.3	217.3	205.6	231.8	251.3	1,481.5

*Source: HMRC Management Information Systems (MIS) and BFI
 Years marked 'p' are provisional
 Figures on receipts basis
 Components may not sum to totals due to rounding*

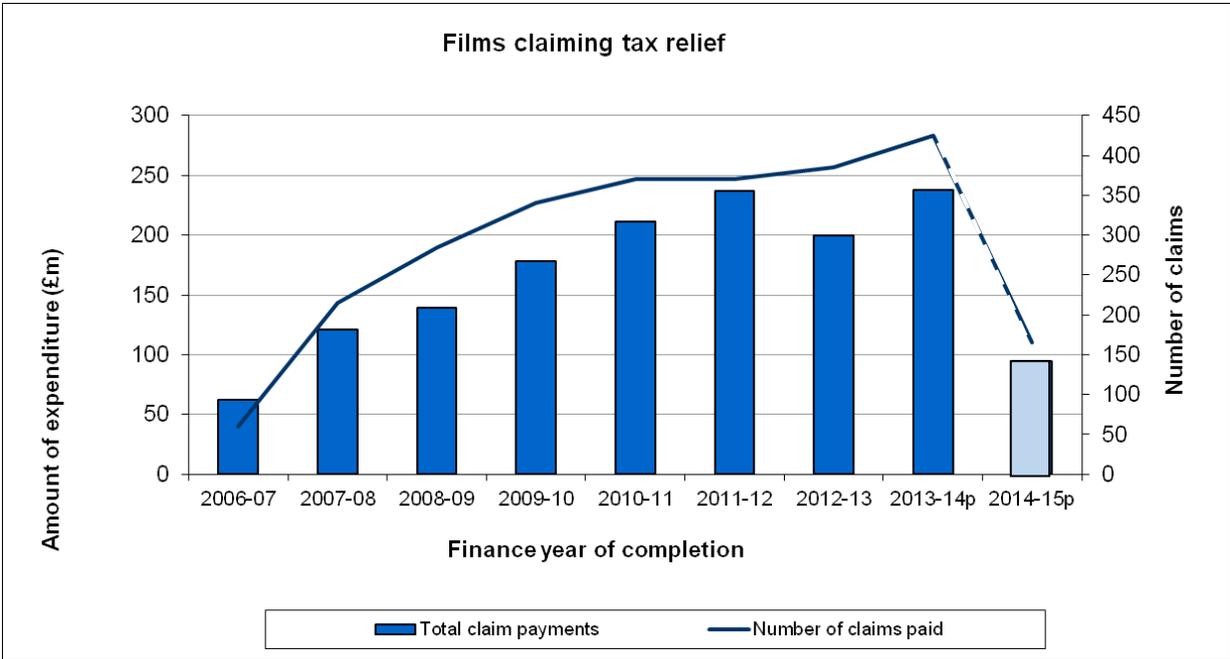
This table is presented on a receipts basis with costs allocated to the year the payment was actually made.

The number of claims paid out in 2014-15 increased to 485 from 415 in 2013-14. The amount of relief paid increased from £231.8 million in 2012-13 to £251.3 million in 2014-15.

Claims and payments – Accounting period basis

Of the £1.5 billion paid in response to claims, £1.0 billion of this was paid out to large-budget films and £450 million by limited-budget films. Tables 1.2 and 1.3 within Annex A show the number and amount of tax credits claimed and paid out by film size on an accounting period basis. This allocates the costs to the year the accounting period ended, to match the way claims are allocated to finance years. There is a lag in the data this creates as companies may make, withdraw or amend a claim for FTR up to one year after their filing date. Figure 1.2 shows the number of claims and amount paid by the year the accounting period (AP) ended. The drop into 2014-15 is highlighted as this will increase significantly as further claims and payments are made for this period and so does not reflect the final level of activity in this period.

Figure 1.2: Tax credits claimed and payments made (£ million) by film size and finance year (AP), 2006-07 to 2014-15



*Source: HMRC Management Information Systems (MIS) and BFI
Years marked 'p' are provisional*

Payments to large-budget films averaged £3.5 million per claim, while payments to limited-budget films averaged £0.2 million per claim.

In 2013-14, almost 60 large-budget films claimed a total of £192 million, of which almost £173 million (90%) has been paid out. The amount paid out will increase as further claim payments are made for these films.

2.2 High-End Television Tax Relief

High-end television tax relief (HTR) aims to promote the sustainable production of culturally relevant high-end television productions in the UK. The relief was announced at Budget 2012 and introduced on 1 April 2013. The relief allows qualifying companies to claim a deduction in their taxable profits or, where that deduction results in a loss, to surrender those losses for a payable tax credit.

Number of productions claiming tax relief

A total of 90 HETV programmes have claimed tax relief since HETV tax relief was introduced in April 2013, as shown in Table 2.1 below. There were 15 HETV programmes with a completion date after 31st March 2015.

Table 2.1: Number of HETVs which claimed tax relief by finance year, 2013-14 and 2014-15

Finance year of HETV completion	Number of HETV programmes
	actual
2013-14 ^P	25
2014-15 ^P	50
Incomplete	15
Total	90

Source: HMRC Management Information Systems (MIS) and BFI
Years marked 'p' are provisional

Number of claims and amount claimed

In 2013-14, 25 HETV programmes made a total of 45 claims amounting to £52.4 million in claims, of which £51.2 million was paid out, as shown in Table 2.2 below. In 2014-15 this increased to 50 HETV programmes making 80 claims, amounting to £63.2 million of which £40.4 million has been paid out to date. Figures for 2013-14 and 2014-15 are preliminary as the data will continue to be updated throughout the year as further claims are received.

Table 2.2: Summary of claims made and paid for HETV tax relief by finance year, 2013-14 and 2014-15

	Finance year		Total
	2013-14 ^P	2014-15 ^P	
Number of claims	45	80	125
No of claims paid	45	50	95
Amount claimed (£m)	52.4	63.2	115.6
Amount paid (£m)	51.2	40.4	91.6

Source: HMRC Management Information Systems (MIS) and BFI
Years marked 'p' are provisional

2.3 Animation Tax Relief

Animation tax relief (ATR) was introduced in April 2013.

Number of productions claiming tax relief

A total of 35 animation programmes have claimed tax relief since animation tax relief was introduced in April 2013, as shown in Table 3.1 below. There were 5 animation programmes with a completion date after 31st March 2015.

Table 3.1: Number of animations which claimed tax relief by finance year, 2013-14 and 2014-15

Finance year of Animation completion	Number of Animation programmes
	actual
2013-14 ^P	10
2014-15 ^P	15
Incomplete	5
Total	35

Source: HMRC Management Information Systems (MIS) and BFI
Years marked 'p' are provisional

Number of claims and amount claimed

In 2013-14, there were 20 claims for ATR amounting to £3.6 million, as shown in Table 3.2 below. In 2014-15 this increased to 35 claims amounting to £6.6 million. Figures for 2013-14 and 2014-15 are preliminary as the data will continue to be updated throughout the year as further claims are received.

Table 3.2: Summary of claims made and paid for animation tax relief by finance year, 2013-14 and 2014-15

		Finance year ² of Animation completion		
		2013-14 ^P	2014-15 ^P	Total
Number of claims	actual	20	35	50
No of claims paid	actual	20	10	30
Amount claimed	£m	3.6	6.6	10.2
Amount paid	£m	3.4	2.0	5.4

Source: HMRC Management Information Systems (MIS) and BFI
Years marked 'p' are provisional

Section 3: Background information

Policy background

Film, High-End Television and Animation are part of a range of tax reliefs available to the creative industries.

Film tax relief (FTR) aims to promote the sustainable production of culturally British films. It is aimed directly at film production companies for the expenses they incur on the production of a film intended for theatrical release in commercial cinemas. For a film to be eligible for relief, it must be certified as British, either by passing the cultural test or through an agreed co-production treaty, and must incur at least 25% of the total production expenditure in the UK³.

Relief can be claimed on production expenditure in the UK not exceeding 80% of the total budget, and a higher rate of relief is available for limited-budget films (with total production expenditure of £20m or less). Companies not making a profit may be able to surrender the tax relief for a payable tax credit worth up to 20% of the total budget for a limited-budget film and up to 16% for other films. A higher value of support may be achieved if the relief is used to reduce company tax liabilities.

From 1 April 2014, the rate of relief for larger budget films (those with a qualifying budget of £20 million or over) was increased from 20% to 25% of the first £20 million of qualifying UK expenditure, with any excess qualifying UK expenditure still receiving a 20% tax credit. The minimum UK spend threshold was reduced to 10% from the previous 25%.

High-end Television Tax Relief (HTR) aims to promote the sustainable production of culturally British television programmes that are defined as 'High-end'. It is aimed directly at television production companies for the expenses they incur on the production of television programmes. 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. It was announced at Budget 2012 and introduced on 1 April 2013. Companies are able to claim HTR if:

- the programme passes the cultural test - a similar test to that for FTR but within the European Economic Area;
- the programme is intended for broadcast;
- the programme is a drama, comedy or documentary;
- at least 25% of the total production costs relate to activities in the UK;
- the average qualifying production costs per hour of production length is not less than £1 million per hour;
- the slot length in relation to the programme must be greater than 30 minutes.

³ For fuller details of the relief see <http://www.hmrc.gov.uk/films/>

Programmes commissioned together are treated as one programme.

However, companies can't claim HTR if the programme:

- is an advertisement or promotional programme;
- is a news, current affairs or discussion programme;
- is a quiz or game show, panel show, variety show, or similar programme;
- consists of or includes an element of competition or contest;
- broadcasts live events, including theatrical and artistic performance; or
- is produced for training purposes.

Measures announced at Budget 2015 reduced the minimum UK expenditure requirement for television tax relief from 25% to 10% and updated the cultural test in line with the changes previously made to FTR. The reduction in the minimum UK expenditure requirement also applied to animation tax relief.

Animation Tax Relief (ATR) aims to promote the sustainable production of culturally relevant animation productions in the UK. It is aimed directly at companies producing animation programmes and was introduced on 1 April 2015. Companies are able to claim ATR on an animation programme if:

- the programme passes the cultural test - a similar test to that for FTR but within the European Economic Area
- the programme is intended for broadcast
- at least 51% of the total core expenditure is on animation
- at least 25% of the total production costs relate to activities in the UK

Animations commissioned together are treated as one programme. The same exclusions apply as for HTR, for example, if a programme is an advertisement or promotional programme, then a company cannot claim ATR.

Further information on the policy background and key policy changes in Film, High End Television and Animation Tax Relief is available here:

<https://www.gov.uk/guidance/corporation-tax-creative-industry-tax-reliefs>

Statistics on Film tax relief have not previously been published as Official Statistics. The previous summary of tax credit claims for 2006 to 2014 can be found here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/405783/FTR_Monitoring_Summary_July_2014.pdf

Statistics on High-end Television and Animation have not previously been produced.

Data sources

The statistics presented in this release are based on data from the Management Information System (MIS) compiled by the specialist films unit in HMRC, and certification data supplied on behalf of the Department for Culture, Media and Sport (DCMS) by the British Film Institute (BFI). The release reflects information extracted in August 2015.

The certification data from BFI provides information on the number of films, programmes and animations that were granted certification by DCMS. For the statistics in this release, this allows the data to be reconciled, confirming the claims that have been made.

As the tax reliefs allow claims to be made during production, subject to the production securing at least an interim certificate, this means that productions may make two or more claims for tax relief, comprising one or more interim claims during production then a final claim once the production is completed.

A number of checks are carried out on the data. These include the reconciliation of MIS and BFI records to identify duplicate and missing cases, and checking for inconsistencies, for example where a film title has been changed.

Methodology and reliability of the estimates

The tables include every case captured by BFI and HMRC and, as no sampling is necessary, sampling error is not an issue.

Data from BFI and HMRC is reconciled to confirm the details of each record. Data capture errors can occur and this process allows us to mitigate this risk by confirming the correct values for any mismatching records (for example, where a film may have changed title during production, it may initially appear that they are two separate records). Outlier figures (for example, where a claim figure looks abnormally high or low) are checked individually against their source.

Throughout this release, numbers are rounded to the nearest 5 and financial amounts to the nearest £0.1m. Statistics are consistent with HMRC's policies on dominance and disclosure.

Revisions to previously published tables

The figures presented in this release will be subject to revision, mostly due to ongoing corrections and amendments in the BFI data set: for example, an update of film completion date changing the financial year of completion recorded.

HMRC MIS figures on the number of claims and amount of relief claimed are also subject to revision, particularly for the most recent two years as some late claims will still be received and registered by HMRC.

Planned developments and further statistics

HMRC has not previously published statistics on High-end television and Animation Tax Relief. We will continue to add information on the other creative industry tax reliefs as data becomes available. We would welcome comments from users on the range of statistics presented for these reliefs.

HMRC will publish additional tables for Film, High-end television and Animation tax relief on 22 December including statistics on the number of qualifying productions, certification types, overall production expenditure and UK production expenditure.

User engagement

HMRC is committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our National and Official Statistics and identify gaps in the statistics that we produce. Please see the following link for HMRC Statistics "Continuous User Engagement Strategy":

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/278751/HMRC_statistics_continuous_user_engagement.pdf

If you would like to comment on these statistics or have any enquiries on the statistics please use the statistical contacts named at the end of this section and on the cover page. Alternatively, we would welcome any views or comments you have via the HMRC statistics blog:

<https://hmrstatistics.blog.gov.uk/>

To be involved in future consultations about Corporation Tax statistics, please go to the survey at the following link, where you will be able to enter your contact details:

<https://www.surveymonkey.com/s/dbtsurvey1>

UKSA Assessment

These statistics have been produced in accordance with the Code of Practice for Official Statistics by the UK Statistics Authority (UKSA). Further information on the Code of Practice is available on the UKSA website:

<http://www.statisticsauthority.gov.uk>

UKSA is an independent body directly accountable to Parliament with the overall objective to promote and safeguard the production and publication of official statistics. It is also required to promote and safeguard the quality and comprehensiveness of official statistics and good practice in relation to official statistics.

Contact points

Enquiries about these statistics should be directed to the statisticians responsible for these statistics:

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100 Parliament Street

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Telephone: 03000 589 093/03000 574 402

E-mail: vivienne.opoku@hmrc.gsi.gov.uk or neil.wilson@hmrc.gsi.gov.uk

Media enquiries should be directed to the HMRC Press Office contacts listed on the front page of this release.

Annex A:

Film Tax Relief

Table 1.1: Number of films which claimed by financial year of completion, 2006-07 to 2014-15

Claims data received by August 2015¹

Finance year ² of film completion	Number of films
	actual
2006-07	25
2007-08	115
2008-09	175
2009-10	180
2010-11	180
2011-12	200
2012-13	185
2013-14 ^p	215
2014-15 ^p	220
Unknown	5
Incomplete	70
Total	1,575

Source: HMRC Management Information Systems (MIS) and BFI

Statistics in this table are consistent with HMRC's policies on dominance and disclosure.

Numbers are rounded to the nearest 5. Totals may not sum due to rounding.

1. Companies have a period of one year to submit returns after the end of the accounting period and another year to amend or withdraw a claim. Therefore the data for 2013-14 and 2014-15 remain provisional and subject to change due to claims not yet received.

2. Finance year ending 31 March.

3. Films without completion date recorded are defined as 'Unknown' and films with an estimated completion date after 31 March 2015 are defined as 'Incomplete'.

p. Provisional

Enquiries

Statistical enquiries should be addressed to: Vivienne Opoku Creatives Industry Statistics, KAI Direct Business Taxes, HM Revenue & Customs, Room 2/43, 100 Parliament Street, London, SW1A 2BQ. Tel: 03000 589 093, E-mail: Vivienne.Opoku@hmrc.gsi.gov.uk

For more general enquiries please refer to the HMRC website:

www.hmrc.gov.uk/films

or contact the Creative Industry Unit on 0161 288 6310, creative.industries@hmrc.gsi.gov.uk for general enquiries.

The next update of these tables will be published in Summer 2016.

Film Tax Relief

Table 1.2: Number of claims made and paid by film size and finance year, from 2006-07 to 2014-15

Claims data received by August 2015¹

Finance year ² of film completion	Numbers: actual					
	Large		Limited		Total	
	Claimed	Paid	Claimed	Paid	Claimed	Paid
2006-07	10	10	55	50	60	60
2007-08	25	25	195	190	215	215
2008-09	25	25	265	260	290	285
2009-10	30	30	320	305	350	340
2010-11	40	40	340	330	380	370
2011-12	45	45	355	330	400	370
2012-13	50	45	355	340	405	385
2013-14 ^p	60	55	410	370	470	425
2014-15 ^p	35	10	325	155	360	165
Total	325	290	2,615	2,325	2,940	2,615

Source: HMRC Management Information Systems (MIS) and BFI

Statistics in this table are consistent with HMRC's policies on dominance and disclosure.

Numbers are rounded to the nearest 5. Totals may not sum due to rounding.

1. Companies have a period of one year to submit returns after the end of the accounting period and another year to amend or withdraw a claim. Therefore the data for 2013-14 and 2014-15 remain provisional and subject to change due to claims not yet received.

2. Finance year ending 31 March.

p. Provisional

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The next update of these tables will be published in Summer 2016.

Film Tax Relief

Table 1.3: Tax credits claimed and paid out by film size and finance year, from 2006-07 to 2014-15

Claims data received by August 2015¹

Finance year ² of film completion	Amount: £m					
	Large		Limited		Total	
	Claimed	Paid	Claimed	Paid	Claimed	Paid
2006-07	43.0	43.0	21.7	19.0	64.7	62.0
2007-08	64.7	64.7	58.7	56.6	123.4	121.3
2008-09	90.2	90.1	52.1	48.9	142.3	139.0
2009-10	120.7	120.3	60.6	57.8	181.3	178.1
2010-11	149.8	149.7	64.4	61.8	214.2	211.5
2011-12	211.5	193.4	47.0	43.4	258.6	236.8
2012-13	146.6	136.1	66.4	63.9	212.9	200.0
2013-14 ^p	192.4	172.8	67.8	65.4	260.3	238.2
2014-15 ^p	118.3	58.9	69.8	35.8	188.0	94.7
Total	1,137.2	1,028.9	508.5	452.6	1,645.6	1,481.5

Source: HMRC Management Information Systems (MIS) and BFI

Statistics in this table are consistent with HMRC's policies on dominance and disclosure.

Numbers are rounded to the nearest 5 and amounts are rounded to the nearest £0.1m. Totals may not sum due to rounding.

1. Companies have a period of one year to submit returns after the end of the accounting period and another year to amend or withdraw a claim. Therefore the data for 2013-14 and 2014-15 remain provisional and subject to change due to claims not yet received.

2. Finance year ending 31 March.

p. Provisional

* Value suppressed as cell count less than 5

Enquiries

Statistical enquiries should be addressed to: Vivienne Opoku Creatives Industry Statistics, KAI Direct Business Taxes, HM Revenue & Customs, Room 2/43,100 Parliament Street, London, SW1A 2BQ. Tel: 03000 589 093, E-mail: Vivienne.Opoku@hmrc.gsi.gov.uk

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or contact the Creative Industry Unit on 0161 288 6310, creative.industries@hmrc.gsi.gov.uk for general enquiries.

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