Animation tax relief working group meeting

The working group met for the first time on Friday 27 July 2012 with officials from HM Treasury, HM Revenue and Customs and the Department for Culture, Media and Sport (DCMS) in attendance. Following introductions and the circulating of draft terms of reference for agreement after the meeting, the group raised some initial views on the proposed design of the tax relief. The working group members supported using the film tax relief model as the basis for the new animation tax relief, keeping the relief as simple as possible, and much of the discussion focused on definitional issues: definition of animation; where to set the threshold for mixed content production; what proportion of development/pre-productions costs will qualify; whether costs relating to pilots will qualify; setting an appropriate rate of relief to be internationally competitive; how flexible the cultural test is likely to be; whether 'intended for broadcast' is a usable condition.

The group also discussed the evidence needed to support policy design and State aid application (as set out in Annex B of the consultation document). They agreed to provide evidence via PACT (who kindly agreed to collate this information), including production case studies, before the next meeting of the working group. The group also raised the issue of the cultural test and its proposed design. DCMS confirmed that they plan to share a draft cultural test with the group in advance of the next meeting to begin testing these proposals.

The next meeting of the working group is likely to be end August, before the closing date for responses to the consultation on 10 September 2012.