[GB] Government to Continue to Provide Film Tax Relief

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The Prime Minister has announced that the Government will continue to provide film tax relief, the targeted tax break for the British film industry, until the end of December 2015.

The scheme provides relief for film production companies in relation to 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 a cultural test or under an agreed co-production treaty. The certification process is administered by the British Film Institute on behalf of the UK Government's Department for Culture, Media and Sport. The film must also incur at least 25% of its total production expenditure in the UK. Relief can only be claimed on production expenditure in the UK, up to a maximum of 80% of the total budget; a higher rate of relief is available for limited-budget films (these are films with total production expenditure of £20 million or less). Companies not making a profit may be able to surrender the 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. The extension of support was granted State aid approval by the European Commission.

In 2009/10 the scheme provided around GBP 95 million of support to the British Film Industry, supporting over GBP 1 billion of investment in 208 films. Recent films certified as British include Brighton Rock, Clash of the Titans, Gnomeo and Juliet and Harry Potter and the Deathly Hallows (Parts 1 and 2).

HM Treasury, 'Government announces extension of film tax relief', Press Release 124/11, 10 November 2011

http://www.hm-treasury.gov.uk/press_124_11.htm

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