[GB] UK Film Culture Test to Change and Also Improvements in Tax Relief for Film Makers

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On 5 December 2013, the UK Finance Minister (Chancellor of the Exchequer) George Osborne, announced changes to the value of the tax relief which are again aimed at encouraging investment in the UK. The tax relief that will be available will be at 25% (up from 20%) on the first 20% of qualifying production expenditure subject to acquiring state aid clearance.

The tax relief changes were announced in the Chancellor's 2013 autumn statement and will be subject to State Aid approval and legislation approval within the Finance Bill in April 2014 after which the new terms will be implemented.

Moreover, the United Kingdom's current cultural test introduced in 2007 and used as a criteria to determine whether film production companies are eligible for UK Film tax relief, is to be revised to encourage greater film production. The cultural test is administered by the British Film Institute (BFI) on behalf of the responsible government department, the Department of Culture, Media and Sport (DCMS).

The maximum points to be scored will increase from 31 to 35, and the minimum score to be eligible for tax relief will increase from 16 points to 18. Although the overall score has increased, the rules have been relaxed so that it is easier to score the requisite points.

Particularly, extra points will be awarded if, for instance, principal photography is completed in the UK and using British visual and special effects companies.

Further, the extent of the expenditure in the UK has fallen so only 10% of budget need be expended in the UK as opposed to 25%; this change is to encourage greater co production and more independent production.

In order to fulfill the language criteria it would not be necessary to have an English speaking actor so long as the actor speaks their lines in English, otherwise the actor can be from any country.

According to the BFI, the proposed changes to the cultural test are being considered by the European Commission and as yet there is no firm date for the their approval and implementation.

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Chancellor George Osborne's Autumn Statement 2013 speech

https://www.gov.uk/government/speeches/chancellor-george-osbornes-autumn-statement-2013-speech

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