

SCHEDULES

SCHEDULE 5

FILM TAX RELIEF: FURTHER PROVISIONS

PART 4

PROVISIONAL ENTITLEMENT TO RELIEF

Introduction

- 30 (1) In this Part of this Schedule—
- “the company” means the film production company;
 - “the final accounting period” means the accounting period of the company in which—
 - (a) the film is completed, or
 - (b) where the company does not complete the film, it abandons film-making activities in relation to it;
 - “interim accounting period” means any earlier accounting period of the company during which film-making activities are carried on in relation to the film;
 - “interim certificate” and “final certificate” refer to certificates under Schedule 1 to the Films Act 1985 (c. 21) (certification of films as British films for purposes of film tax relief);
 - “relief” means—
 - (a) film tax relief, or
 - (b) relief under section 45 (transfer of terminal losses from one qualifying film to another).
- (2) The company tax return of the company for the final accounting period must state that the film has been completed or, as the case may be, that the company has abandoned film-making activities in relation to it.

Certification as a British film

- 31 (1) The company is not entitled to relief for an interim accounting period unless its company tax return for the period is accompanied by an interim certificate.
- (2) If an interim certificate ceases to be in force (otherwise than on being superseded by a final certificate) or is revoked, the company—
- (a) is not entitled to relief for any period for which its entitlement depended on the certificate, and
 - (b) must amend accordingly its company tax return for any such period.
- (3) If the film is completed by the company—

Status: This is the original version (as it was originally enacted).

- (a) its company tax return for the final accounting period must be accompanied by a final certificate;
 - (b) if that requirement is met, the final certificate has effect for the final accounting period and for any interim accounting period;
 - (c) if that requirement is not met, the company—
 - (i) is not entitled to relief for any period, and
 - (ii) must amend accordingly its company tax return for any period for which relief was claimed.
- (4) If the company abandons film-making activities in relation to the film—
- (a) its company tax return for the final accounting period may be accompanied by an interim certificate; and
 - (b) the abandonment of film-making activities does not affect any entitlement to relief in that or any previous accounting period.
- (5) If a final certificate is revoked, the company—
- (a) is not entitled to relief for any period, and
 - (b) must amend accordingly its company tax return for any period for which relief was claimed.

The UK expenditure condition

- 32 (1) The company is not entitled to relief for an interim accounting period unless—
- (a) its company tax return for the period states the amount of planned core expenditure on the film that is UK expenditure, and
 - (b) that amount is such as to indicate that the condition in section 41 (the UK expenditure condition) will be met on completion of the film.
- If those requirements are met, the company is provisionally treated in relation to that period as if that condition was met.
- (2) If such a statement is made but it subsequently appears that condition will not be met on completion of the film, the company—
- (a) is not entitled to relief for any period for which its entitlement depended on such a statement, and
 - (b) must amend accordingly its company tax return for any such period.
- (3) When the film is completed or, as the case may be, the company abandons film-making activities in relation to it—
- (a) the company tax return for the final accounting period must—
 - (i) state that the film has been completed or, as the case may be, the company has abandoned film-making activities in relation to it, and
 - (ii) be accompanied by a final statement of the amount of core expenditure on the film that is UK expenditure; and
 - (b) if the return shows that the condition in section 41 is not met, the company—
 - (i) is not entitled to relief for any period, and
 - (ii) must amend accordingly its company tax return for any period for which relief was claimed.

Whether film a limited-budget film

- 33 (1) The company is not entitled to film tax relief for an interim accounting period on the basis that the film is a limited-budget film unless—
- (a) its company tax return for the period states the amount of planned core expenditure on the film, and
 - (b) that amount is such as to indicate that the condition in section 34(2) (definition of “limited-budget film”) will be met on completion of the film.

In that case, the film is provisionally treated in relation to that period as if that condition was met.

- (2) If it subsequently appears that the condition will not be met on completion of the film, the company—
- (a) is not entitled to film tax relief for any period on the basis that the film is a limited-budget film, and
 - (b) must amend accordingly its company tax return for any such period for which relief has been claimed on that basis.
- (3) When the film is completed or, as the case may be, the company abandons film-making activities in relation to it—
- (a) its company tax return for the final accounting period must—
 - (i) state that the film has been completed or, as the case may be, the company has abandoned film-making activities in relation to it, and
 - (ii) be accompanied by a final statement of the core expenditure on the film; and
 - (b) if the return shows that the film is not a limited-budget film, or (as the case may be) that having regard to the proportion of work on the film that was completed, it would not have been a limited-budget film if it had been completed, the company—
 - (i) is not entitled to film tax relief for any period on the basis that the film is a limited-budget film, and
 - (ii) must amend accordingly its company tax return for any period for which such relief was claimed on that basis.

Time limit for amendments and assessments

- 34 Any amendment or assessment necessary to give effect to the provisions of this Part of this Schedule may be made notwithstanding any limitation on the time within which an amendment or assessment may normally be made.