



Corporation Tax Act 2009

2009 CHAPTER 4

[^{F1}PART 15E

MUSEUMS AND GALLERIES EXHIBITION TAX RELIEF

[^{F1}CHAPTER 3

MUSEUMS AND GALLERIES EXHIBITION TAX RELIEF

Textual Amendments

- F1** Pt. 15E inserted (for specified purposes and with effect in accordance with Sch. 6 paras. 20, 21(1)(a) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 6 para. 1](#) (with [Sch. 6 para. 21\(3\)](#))

Introduction

1218ZC Overview of museums and galleries exhibition tax relief

- (1) Relief under this Chapter (“museums and galleries exhibition tax relief”) is given by way of—
 - (a) additional deductions (see sections 1218ZCE to 1218ZCG), and
 - (b) museums and galleries exhibition tax credits (see sections 1218ZCH to 1218ZCK).
- (2) See Schedule 18 to FA 1998 (in particular, Part 9D) for provision about the procedure for making claims for museums and galleries exhibition tax relief.

Status: Point in time view as at 16/11/2017.

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Companies qualifying for museums and galleries exhibition tax relief

1218ZCA Companies qualifying for museums and galleries exhibition tax relief

- (1) A company qualifies for museums and galleries exhibition tax relief in relation to the production of an exhibition if conditions A to D are met.
- (2) Condition A is that the company is—
 - (a) the primary production company for the exhibition, or
 - (b) a secondary production company for the exhibition.
- (3) Condition B is that the company is—
 - (a) a charitable company which maintains a museum or gallery,
 - (b) wholly owned by a charity which maintains a museum or gallery, or
 - (c) wholly owned by a local authority which maintains a museum or gallery.

See section 1218ZCB for the interpretation of paragraphs (b) and (c).
- (4) Condition C is that at the beginning of the planning stage, the company intends that the exhibition should be public (within the meaning given by section 1218ZAA).
- (5) Condition D is that the EEA expenditure condition is met (see section 1218ZCC).
- (6) For the purposes of subsection (3) “museum or gallery” includes—
 - (a) a library or archive, and
 - (b) a site where a collection of objects or works (or a single object or work) considered to be of scientific, historic, artistic or cultural interest is exhibited outdoors (or partly outdoors).
- (7) There is further related provision in section 1218ZCM (tax avoidance arrangements).

1218ZCB Interpretation of section 1218ZCA(3)(b) and (c)

- (1) For the purposes of section 1218ZCA(3)(b) a company is “wholly owned by a charity which maintains a museum or gallery” if condition A or B is met.
- (2) Condition A is that—
 - (a) the company has an ordinary share capital, and
 - (b) every part of that share capital is owned by—
 - (i) a charity which maintains a museum or gallery, or
 - (ii) two charities, each of which maintains a museum or gallery.
- (3) Condition B is that—
 - (a) the company is limited by guarantee,
 - (b) there are no more than two beneficiaries of the company, and
 - (c) the beneficiary, or each beneficiary, is—
 - (i) a charity which maintains a museum or gallery, or
 - (ii) a company wholly owned by a charity which maintains a museum or gallery.
- (4) For the purposes of section 1218ZCA(3)(c) a company is “wholly owned by a local authority” if—

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- (a) where the company has an ordinary share capital, every part of that share capital is owned by the local authority, or
 - (b) where the company is limited by guarantee, the local authority is the sole beneficiary of the company.
- (5) Ordinary share capital of a company is treated as owned by a charity or a local authority if the charity or local authority (as the case may be)—
- (a) directly or indirectly owns that share capital within the meaning of Chapter 3 of Part 24 of CTA 2010, or
 - (b) would be taken so to own it if references in that Chapter to a body corporate included references to a charity or local authority which is not a body corporate.
- (6) A beneficiary of a company is a person who—
- (a) is beneficially entitled to participate in the company's divisible profits, or
 - (b) will be beneficially entitled to share in any of the company's net assets available for distribution on its winding up.
- (7) In this section “museum or gallery” has the same meaning it has for the purposes of section 1218ZCA.

1218ZCB The EEA expenditure condition

- (1) The “EEA expenditure condition” is that at least 25% of the core expenditure on the production of the exhibition incurred by the company is EEA expenditure.
- (2) In this Part “EEA expenditure” means expenditure on goods or services that are provided from within the European Economic Area.
- (3) Any apportionment of expenditure as between EEA and non-EEA expenditure for the purposes of this Part is to be made on a just and reasonable basis.
- (4) The Treasury may by regulations—
 - (a) amend the percentage specified in subsection (1);
 - (b) amend subsection (2).
- (5) See also sections 1218ZE and 1218ZEA (which are about the giving of relief provisionally on the basis that the EEA expenditure condition will be met).

1218ZCD Core expenditure”

- (1) Subject to the following provisions of this section, in this Part “core expenditure”, in relation to a company's production of an exhibition, means expenditure on the activities involved in producing, deinstalling and closing the exhibition at every relevant venue.
- (2) For the purposes of subsection (1) a venue is a “relevant venue” in relation to a company if the company's activities in relation to the exhibition at the venue form part of the company's separate exhibition trade.
- (3) Expenditure on the activities involved in deinstalling and closing the exhibition at a venue is core expenditure only if the period between the opening and closing of the exhibition at the venue is 12 months or less.

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- (4) Expenditure on the storage of exhibits for an exhibition which is held at just one venue is not core expenditure.
- (5) Where a company incurs expenditure on the storage of exhibits for an exhibition which is held at two or more venues, the amount of such expenditure which is core expenditure is limited to the amount of relevant storage expenditure (if any) incurred by the company in respect of a period of 4 months or less.
- (6) For the purposes of subsection (5) expenditure in relation to the exhibition is “relevant storage expenditure” if—
 - (a) the expenditure is incurred in respect of the storage of exhibits between the deinstallation of the exhibition at one venue and the opening of the exhibition at the next venue, and
 - (b) the exhibits are not stored at a venue at which the exhibition has been held or is to be held.
- (7) Expenditure of the following kinds is not core expenditure—
 - (a) expenditure on any matters not directly involved with putting on the exhibition (for instance, financing, marketing, legal services and promotional events),
 - (b) speculative development expenditure on initial exhibition concepts and feasibility,
 - (c) expenditure on the ordinary running of the exhibition (for instance, invigilation and the maintenance of exhibits),
 - (d) expenditure in relation to any live performance,
 - (e) expenditure on further development of the exhibition during the running stage,
 - (f) expenditure on purchasing the exhibits, and
 - (g) expenditure on infrastructure, unless that expenditure is incurred solely for the purposes of the exhibition.

Additional deduction

1218ZCF Claim for additional deduction

- (1) A company which qualifies for museums and galleries exhibition tax relief in relation to the production of an exhibition may claim an additional deduction in relation to the production.
- (2) A claim under subsection (1) is made with respect to an accounting period.
- (3) Where a company has made a claim, the company is entitled to make an additional deduction, in accordance with section 1218ZCF, in calculating the profit or loss of the separate exhibition trade for the accounting period concerned.
- (4) Where the company tax return in which a claim is made is for an accounting period later than that in which the company begins to carry on the separate exhibition trade, the company must make any amendments of company tax returns for earlier periods that may be necessary.
- (5) Any amendment or assessment necessary to give effect to subsection (4) may be made despite any limitation on the time within which an amendment or assessment may normally be made.

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1218ZCA Amount of additional deduction

- (1) The amount of an additional deduction to which a company is entitled as a result of a claim under section 1218ZCE is calculated as follows.
- (2) For the first period of account during which the separate exhibition trade is carried on, the amount of the additional deduction is E, where E is—
 - (a) so much of the qualifying expenditure incurred to date as is EEA expenditure, or
 - (b) if less, 80% of the total amount of qualifying expenditure incurred to date.
- (3) For any period of account after the first, the amount of the additional deduction is—
E–P
where E is—
 - (a) so much of the qualifying expenditure incurred to date as is EEA expenditure, or
 - (b) if less, 80% of the total amount of qualifying expenditure incurred to date, and
P is the total amount of the additional deductions given for previous periods.
- (4) The Treasury may by regulations amend the percentage specified in subsection (2) or (3).
- (5) If a period of account of the separate exhibition trade does not coincide with an accounting period, any necessary apportionments are to be made by reference to the number of days in the periods concerned.

1218ZCB “Qualifying expenditure”

- (1) In this Chapter “qualifying expenditure”, in relation to the production of an exhibition, means core expenditure (see section 1218ZCD) on the production that—
 - (a) falls to be taken into account under sections 1218ZBA to 1218ZBF in calculating the profit or loss of the separate exhibition trade for tax purposes,
 - (b) is not expenditure which is otherwise relievable, and
 - (c) is incurred on or before 31 March 2022.
- (2) For the purposes of this section expenditure is “otherwise relievable” if it is expenditure in respect of which (assuming a claim were made) the company would be entitled to—
 - (a) an R&D expenditure credit under Chapter 6A of Part 3,
 - (b) relief under Part 13 (additional relief for expenditure on research and development),
 - (c) film tax relief under Chapter 3 of Part 15,
 - (d) television tax relief under Chapter 3 of Part 15A,
 - (e) video games tax relief under Chapter 3 of Part 15B,
 - (f) an additional deduction under Part 15C (theatrical productions),
 - (g) a theatre tax credit under Part 15C, or
 - (h) orchestra tax relief under Chapter 3 of Part 15D.
- (3) The Treasury may by regulations amend paragraph (c) of subsection (1) so as to substitute a later date for the date for the time being specified in that paragraph.

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Museums and galleries exhibition tax credits

1218ZCMuseums and galleries exhibition tax credit claimable if company has surrenderable loss

- (1) A company which qualifies for museums and galleries exhibition tax relief in relation to the production of an exhibition may claim a museums and galleries exhibition tax credit in relation to the production for an accounting period in which the company has a surrenderable loss.
- (2) Section 1218ZCI sets out how to calculate the amount of any surrenderable loss that the company has in the accounting period.
- (3) A company making a claim may surrender the whole or part of its surrenderable loss in the accounting period.
- (4) Subject to section 1218ZCK, the amount of the museums and galleries exhibition tax credit to which a company making a claim is entitled for the accounting period is—
 - (a) 25% of the amount of the loss surrendered if the exhibition is a touring exhibition (see section 1218ZAB), or
 - (b) 20% of the amount of the loss surrendered if the exhibition is not a touring exhibition.
- (5) The company’s available loss for the accounting period (see section 1218ZCI(2)) is reduced by the amount surrendered.

1218ZCIAmount of surrenderable loss

- (1) The company’s surrenderable loss in the accounting period is—
 - (a) the company’s available loss for the period in the separate exhibition trade (see subsections (2) and (3)), or
 - (b) if less, the available qualifying expenditure for the period (see subsections (4) and (5)).
- (2) The company’s available loss for an accounting period is—

$$L + RUL$$
 where—

L is the amount of the company’s loss for the period in the separate exhibition trade, and

RUL is the amount of any relevant unused loss of the company (see subsection (3)).
- (3) The “relevant unused loss” of a company is so much of any available loss of the company for the previous accounting period as has not been—
 - (a) surrendered under section 1218ZCH, or
 - (b) carried forward under section 45 or 45B of CTA 2010 and set against profits of the separate exhibition trade.
- (4) For the first period of account during which the separate exhibition trade is carried on, the available qualifying expenditure is the amount that is E for that period for the purposes of section 1218ZCF(2).
- (5) For any period of account after the first, the available qualifying expenditure is—

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E–S

where—

E is the amount that is E for that period for the purposes of section 1218ZCF(3), and

S is the total amount previously surrendered under section 1218ZCH.

- (6) If a period of account of the separate exhibition trade does not coincide with an accounting period, any necessary apportionments are to be made by reference to the number of days in the periods concerned.

1218ZC Payment in respect of museums and galleries exhibition tax credit

- (1) If a company—
- (a) is entitled to a museums and galleries exhibition tax credit for an accounting period, and
 - (b) makes a claim,
- the Commissioners for Her Majesty’s Revenue and Customs (“the Commissioners”) must pay the amount of the credit to the company.
- (2) An amount payable in respect of—
- (a) a museums and galleries exhibition tax credit, or
 - (b) interest on a museums and galleries exhibition tax credit under section 826 of ICTA,
- may be applied in discharging any liability of the company to pay corporation tax.
- To the extent that it is so applied the Commissioners’ liability under subsection (1) is discharged.
- (3) If the company’s company tax return for the accounting period is enquired into by the Commissioners, no payment in respect of a museums and galleries exhibition tax credit for that period need be made before the Commissioners’ enquiries are completed (see paragraph 32 of Schedule 18 to FA 1998).
- In those circumstances the Commissioners may make a payment on a provisional basis of such amount as they consider appropriate.
- (4) No payment need be made in respect of a museums and galleries exhibition tax credit for an accounting period before the company has paid to the Commissioners any amount that it is required to pay for payment periods ending in that accounting period—
- (a) under PAYE regulations, or
 - (b) in respect of Class 1 national insurance contributions under Part 1 of the Social Security Contributions and Benefits Act 1992 or Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992.
- (5) A payment in respect of a museums and galleries exhibition tax credit is not income of the company for any tax purpose.

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1218ZC Maximum museums and galleries exhibition tax credits payable

- (1) Subsections (2) and (3) prescribe the maximum amount of museums and galleries exhibition tax credits which may be paid to a company under section 1218ZCJ in respect of the company's separate exhibition trade.
- (2) Where the separate exhibition trade relates to the production of a touring exhibition, the maximum amount which may be paid to the company is £100,000.
- (3) Where the separate exhibition trade relates to the production of an exhibition which is not a touring exhibition, the maximum amount which may be paid to the company is £80,000.
- (4) In accordance with Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market, the total amount of museums and galleries exhibition tax credits payable under section 1218ZCJ in the case of any undertaking is not to exceed 75 million euros per year.

1218ZC No account to be taken of amount if unpaid

- (1) In determining for the purposes of this Chapter the amount of costs incurred on a production of an exhibition at the end of a period of account, ignore any amount that has not been paid 4 months after the end of that period.
- (2) This is without prejudice to the operation of section 1218ZBD (when costs are taken to be incurred).

Anti-avoidance etc

1218ZC Tax avoidance arrangements

- (1) A company does not qualify for museums and galleries exhibition tax relief in relation to the production of an exhibition if there are any tax avoidance arrangements relating to the production.
- (2) Arrangements are "tax avoidance arrangements" if their main purpose, or one of their main purposes, is the obtaining of a tax advantage.
- (3) In this section—
 - "arrangements" includes any scheme, agreement or understanding, whether or not legally enforceable;
 - "tax advantage" has the meaning given by section 1139 of CTA 2010.

1218ZC Transactions not entered into for genuine commercial reasons

- (1) A transaction is to be ignored for the purpose of determining museums and galleries exhibition tax relief so far as the transaction is attributable to arrangements (other than tax avoidance arrangements) entered into otherwise than for genuine commercial reasons.
- (2) In this section "arrangements" and "tax avoidance arrangements" have the same meaning as in section 1218ZCM.]

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