



# Finance Act 2022

## 2022 CHAPTER 3

### PART 1

#### INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

##### *Creative reliefs*

#### **16 Film tax relief: films produced to be television programmes**

- (1) Part 15 of CTA 2009 (film production) is amended as follows.
- (2) In section 1195 (availability and overview of film tax relief)—
  - (a) in subsection (2)—
    - (i) omit paragraph (a), and
    - (ii) after that paragraph insert—

“(aa) section 1196A (intended release or broadcast),” and
  - (b) in subsection (3A)—
    - (i) omit “or” at the end of paragraph (a), and
    - (ii) at the end insert “, or
    - (c) relief is available to the company under Chapter 3 of Part 15A (television tax relief) in respect of the expenditure.”
- (3) Omit section 1196 (intended theatrical release).
- (4) After that section insert—

#### **“1196A Intended release or broadcast**

- (1) The film must—
  - (a) be intended for theatrical release, or

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(b) be a television programme intended for broadcast to the general public that meets conditions A to D in section 1216AB (meaning of “relevant programme”).

(2) For this purpose—

(a) “theatrical release” means exhibition to the paying public at the commercial cinema,

(b) a film is not regarded as intended for theatrical release unless it is intended that a significant proportion of the earnings from the film should be obtained by such exhibition, and

(c) “television programme” has the same meaning as in Part 15A (see section 1216AA).

(3) Whether the condition in subsection (1) is met is determined for each accounting period of the company during which film-making activities are carried on in relation to the film, in accordance with the following rules.

(4) If the condition in subsection (1) is met at the end of an accounting period, it is treated as having been met throughout that period (subject to subsection (5) (b)).

(5) If the condition in subsection (1) is not met at the end of an accounting period—

(a) it is treated as having been not met throughout that period, and

(b) it cannot be met in any subsequent accounting period.

This does not affect any entitlement of the company to relief in an earlier accounting period for which the condition in subsection (1) was met.”

(5) The amendments made by this section have effect in relation to accounting periods ending on or after 1 April 2022, subject to subsection (6).

(6) The amendments made by this section do not have effect in relation to a film in relation to which film-making activities are carried on before 1 April 2022 if—

(a) the principal photography of the film is completed before that date, or

(b) film tax relief is not available in connection with the film for an accounting period ending before that date by virtue of section 1196(5) of CTA 2009 (films not intended for theatrical release at the end of an accounting period).

## 17 Temporary increase in theatre tax credit

(1) This section applies where—

(a) a company’s activities in relation to a theatrical production are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1217H of CTA 2009 (claim for additional deduction), and

(b) the production phase for the theatrical production begins on or after 27 October 2021.

(2) In relation to the separate theatrical trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March 2023, section 1217K(4) of CTA 2009 (amount of theatre tax credit) has effect as if—

(a) in paragraph (a), for “25%” there were substituted “50%”, and

- (b) in paragraph (b), for “20%” there were substituted “45%”.
- (3) In relation to the separate theatrical trade and an accounting period beginning on or after 1 April 2023 and ending on or before 31 March 2024, section 1217K(4) of CTA 2009 (amount of theatre tax credit) has effect as if—
  - (a) in paragraph (a), for “25%” there were substituted “35%”, and
  - (b) in paragraph (b), for “20%” there were substituted “30%”.
- (4) For the purposes of Part 15C of CTA 2009 (theatrical productions), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April 2023 or 1 April 2024 (a “straddling period”)—
  - (a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and
  - (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be apportioned to the two separate accounting periods on a just and reasonable basis.

## **18 Theatrical productions tax relief**

- (1) Part 15C of CTA 2009 (theatrical productions tax relief) is amended as follows.
- (2) In section 1217FA (meaning of “theatrical production”)—
  - (a) in subsection (2)—
    - (i) in the words before paragraph (a), for “other” substitute “relevant”,
    - (ii) after paragraph (b) (but before the “and” at the end) insert—
      - “(ba) each performance is intended to be given to an audience of not less than five individuals,”
  - (b) in subsection (3), omit “also”, and
  - (c) after subsection (3) insert—
    - “(3A) “Relevant dramatic piece” means a dramatic piece (other than a play, opera or musical) that tells a story or a number of related or unrelated stories.”
- (3) In section 1217FB(1) (productions not regarded as theatrical), before paragraph (a) insert—
  - “(za) it is produced for training purposes,”.
- (4) In section 1217GA (the commercial purpose condition), after subsection (2) insert—
  - “(2A) A performance to members of the general public is not regarded as being to paying members unless—
    - (a) it is separately ticketed, and
    - (b) it is intended that a significant proportion of the earnings from the performance should be obtained by such ticketing.
  - (2B) For the purposes of subsection (2A), the fact that a ticket covers things reasonably incidental to the performance (such as, for example, a programme or food to be consumed during the course of the performance) does not prevent the performance from being separately ticketed, provided that the

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price paid can reasonably be apportioned between the performance and those other things.

(2C) A performance is only regarded as provided for educational purposes if it is provided mainly for the purpose of educating the audience.”

(5) In section 1217GC (meaning of “core expenditure”), at the end insert—

“(3) For the purposes of subsection (2)(a), expenditure by an educational body on teaching or training participants in a production is expenditure on a matter not directly involved in producing the production, except to the extent that the teaching or training takes place as part of a rehearsal for the production.

(4) For the purposes of subsection (2)(b), a performance to the general public is not regarded as being to paying members unless it satisfies section 1217GA(2A).

(5) In this section, “educational body” includes a body mentioned in section 71.”

(6) The amendments made by this section have effect in relation to a theatrical production only where the production phase begins on or after 1 April 2022.

## **19 Temporary increase in orchestra tax credit**

(1) This section applies where—

- (a) a company’s activities in relation to a concert, or a series of concerts, are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1217Q of CTA 2009 (separate orchestral trade), and
- (b) the production process for the concert, or series of concerts, starts on or after 27 October 2021.

(2) In relation to the separate orchestral trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March 2023, section 1217RG(4) of CTA 2009 (amount of orchestra tax credit) has effect as if for “25%” there were substituted “50%”.

(3) In relation to the separate orchestral trade and an accounting period beginning on or after 1 April 2023 and ending on or before 31 March 2024, section 1217RG(4) of CTA 2009 (amount of orchestra tax credit) has effect as if for “25%” there were substituted “35%”.

(4) For the purposes of Part 15D of CTA 2009 (orchestra tax relief), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April 2023 or 1 April 2024 (a “straddling period”)—

- (a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and
- (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be apportioned to the two separate accounting periods on a just and reasonable basis.

## 20 Orchestra tax relief

- (1) Part 15D of CTA 2009 (orchestra tax relief) is amended as follows.
- (2) In section 1217PA(2) (meaning of “orchestral concert”), before paragraph (a) insert—
  - “(za) it is produced for training purposes,”.
- (3) In section 1217RA (companies qualifying for orchestra tax relief), after subsection (6) insert—
  - “(6A) A concert performed before the public is not regarded as being performed before the paying public unless—
    - (a) it is separately ticketed, and
    - (b) it is intended that a significant proportion of the earnings from the concert should be obtained by such ticketing.
  - (6B) For the purposes of subsection (6A), the fact that a ticket covers things reasonably incidental to the concert (such as, for example, a programme or food to be consumed during the course of the performance) does not prevent the concert from being separately ticketed, provided that the price paid can reasonably be apportioned between the concert and those other things.
  - (6C) A concert is only regarded as performed for educational purposes if it is performed entirely or mainly for the purpose of educating the audience.”
- (4) In section 1217RC (meaning of “core expenditure”), at the end insert—
  - “(4) For the purposes of subsection (3)(a), expenditure by an educational body on teaching or training participants in a concert or concerts is expenditure on a matter not directly involved with putting on the concert or concerts, except to the extent that the teaching or training takes place as part of a rehearsal for the concert or concerts.
  - (5) In this section, “educational body” includes a body mentioned in section 71.”
- (5) The amendments made by this section have effect in relation to a concert or series of concerts only where the production process starts on or after 1 April 2022.

## 21 Temporary increase in museums and galleries exhibition tax credit

- (1) This section applies where—
  - (a) a company’s activities in relation to the production of an exhibition are treated for corporation tax purposes as a trade separate from any other activities of the company by virtue of section 1218ZB of CTA 2009 (separate exhibition trade), and
  - (b) the production stage for the exhibition begins on or after 27 October 2021.
- (2) In relation to the separate exhibition trade and an accounting period beginning on or after 27 October 2021 and ending on or before 31 March 2023, section 1218ZCH(4) of CTA 2009 (amount of museums and galleries exhibition tax credit) has effect as if—
  - (a) in paragraph (a), for “25%” there were substituted “50%”, and
  - (b) in paragraph (b), for “20%” there were substituted “45%”.

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- (3) In relation to the separate exhibition trade and an accounting period beginning on or after 1 April 2023 and ending on or before 31 March 2024, section 1218ZCH(4) of CTA 2009 (amount of museums and galleries exhibition tax credit) has effect as if—
  - (a) in paragraph (a), for “25%” there were substituted “35%”, and
  - (b) in paragraph (b), for “20%” there were substituted “30%”.
- (4) For the purposes of Part 15E of CTA 2009 (museums and galleries exhibition tax relief), where the company has an accounting period which begins before, but ends on or after, 27 October 2021, 1 April 2023 or 1 April 2024 (a “straddling period”)—
  - (a) so much of the straddling period as falls before the date in question, and so much of that period as falls on or after that date, are to be treated as separate accounting periods, and
  - (b) any amounts brought into account for the purposes of calculating for corporation tax purposes the profits of a trade for a straddling period are to be apportioned to the two separate accounting periods on a just and reasonable basis.

## **22 Museums and galleries exhibition tax relief**

- (1) Part 15E of CTA 2009 (museums and galleries exhibition tax relief) is amended as follows.
- (2) In section 1218ZAA (meaning of “exhibition”)—
  - (a) at the end of subsection (1) insert “(but see subsections (2) to (3A))”,
  - (b) in subsection (2), omit “But”, and
  - (c) after subsection (3) insert—
    - “(3A) A display of an object or work is not an exhibition to the extent that the public display of the object or work is subordinate to the use of the object or work (or of anything of which it forms part) for another purpose.”
- (3) In section 1218ZAC(3)(b) (primary production company: responsibility for production of the exhibition at a venue), for “(at least) the first” substitute “one or more”.
- (4) In section 1218ZCA (companies qualifying for museums and galleries exhibition tax relief), after subsection (6) insert—
  - “(6A) For the purposes of subsection (3), the fact that a person is responsible for an exhibition at a venue does not, by itself, mean that the person maintains a museum or gallery.”
- (5) In section 1218ZCG(1)(c) of CTA 2009 (date before which qualifying expenditure must be incurred), for “2022” substitute “2024”.
- (6) The amendments made by subsections (2) to (4) have effect in relation to an exhibition only where the production stage begins on or after 1 April 2022.