



Finance (No. 2) Act 2024

2024 CHAPTER 12

Creative reliefs

14 Additional relief for low-budget films with specified UK connection

- (1) Chapter 4 of Part 14A of CTA 2009 (application of expenditure credit etc to films and television programmes) is amended as follows.
- (2) After section 1179DJ insert—

“1179DJA Films: certification as low-budget film

- (1) Where a certificate is granted in relation to a film under Schedule 1 to the Films Act 1985, if—
 - (a) the application for the certificate specifies that it is an application for a low-budget certificate, and
 - (b) the Secretary of State is satisfied that the budget condition and the creative connection condition are met,the certificate must (in addition to certifying that the film is or will be a British film) certify the film as a low-budget film.
- (2) The budget condition is a condition, to be set out in regulations, requiring specified expenditure incurred, or currently or previously anticipated to be incurred, in relation to the film not to exceed a specified amount.
- (3) The creative connection condition is—
 - (a) in the case of an interim certificate, that the film, if completed in accordance with the proposals set out in the application, will satisfy subsection (4);
 - (b) in the case of a final certificate, that the film satisfies subsection (4).
- (4) A film satisfies this subsection if—
 - (a) the director or scriptwriter of the film, or any other person working on the film in a specified role, is a British citizen or is ordinarily resident in the United Kingdom, or

- (b) the film is a qualifying co-production.
- (5) Regulations may—
- (a) provide for the budget condition to be different in relation to interim certification and final certification;
 - (b) modify the test in subsection (4)(a) in relation to films that have more than one director or scriptwriter or person working in a role specified under that provision;
 - (c) prescribe the particulars and evidence necessary for satisfying the Secretary of State that the budget condition or the creative connection condition is met.
- (6) The reference in paragraph 9(1) of Schedule 1 to the Films Act 1985 (right to apply to court) to a decision under paragraph 3 of that Schedule includes a decision under subsection (1).
- (7) A low-budget certificate may not be granted in relation to a film if another certificate under Schedule 1 to the Films Act 1985 or a certificate under section 1179DM has effect in relation to the film; and vice versa.
- (8) A low-budget certificate may be surrendered by the production company; and a surrendered certificate ceases to have effect in respect of all accounting periods.
- (9) A film is a “certified low-budget film” in relation to an accounting period if a low-budget certificate has effect in relation to it at the end of the period.
- (10) In this section—
- “low-budget certificate” means a certificate granted in accordance with subsection (1);
 - “regulations” means regulations made by the Secretary of State with the approval of the Treasury;
 - “specified” means specified in regulations.”
- (3) In section 1179DN (disclosure of information for certification purposes), in subsection (1)(b), for “1179DK” substitute “1179DJA”.
- (4) In section 1179DR (qualifying expenditure)—
- (a) the existing text becomes subsection (1);
 - (b) after that subsection insert—
 - “(2) But for the purposes of step 1 in section 1179CA(1) as it applies in relation to a certified low-budget film (see section 1179DJA(9))—
 - (a) no more than £15 million can count towards the total of the production company’s relevant global expenditure, and
 - (b) UK expenditure counts towards that total before other expenditure.”
- (5) In section 1179DV (rate of credit)—
- (a) in subsection (2)(a), after “animation” insert “or a certified low-budget film”;
 - (b) in subsection (3)(a), after “animation” insert “but is not a certified low-budget film”;
 - (c) after subsection (5) insert—

- “(5A) In the case of a qualifying film that is a certified low-budget film (see section 1179DJA(9)), the relevant percentage is 53%.”;
- (d) in subsection (6), for “or (5)” substitute “, (5) or (5A)”.

15 Section 14: commencement and transition

- (1) The amendments made by section 14 have effect only in relation to films whose principal photography begins on or after 1 April 2024.
- (2) A claim for audiovisual expenditure credit may not be made in reliance on those amendments before 1 April 2025.
- (3) The amendments made by section 14(5) have effect only in relation to expenditure incurred on or after 1 April 2024.
- (4) An application for a low-budget certificate may not be made before the appointed day.
- (5) The appointed day is a day before 1 April 2025 to be appointed by the Secretary of State by regulations made by statutory instrument with the approval of the Treasury.
- (6) Section 1179DJA(7) of CTA 2009 does not prevent the grant of a low-budget certificate if—
 - (a) the existing certificate was granted further to an application made before the day appointed for the purposes of subsection (4), and
 - (b) the low-budget certificate is granted further to an application made within the period of 6 months beginning with that day.
- (7) If a low-budget certificate is granted in reliance on subsection (6), the existing certificate ceases to have effect, but not (despite section 1179DJ(8) of CTA 2009) in respect of any completed accounting period.
- (8) If a low-budget certificate is granted to a company—
 - (a) after an accounting period of the company ends on or after 1 April 2024, and
 - (b) further to an application made within the period of 6 months beginning with the day appointed for the purposes of subsection (4),the company may, for the purposes of its company tax return for the accounting period, treat the certificate as having had effect at the end of that period.
- (9) In this section, “a low-budget certificate” means a certificate granted in accordance with section 1179DJA(1) of CTA 2009.

16 Increase in theatre tax credit

- (1) In section 1217K(4) of CTA 2009 (amount of theatre tax credit)—
 - (a) in paragraph (a), for “25%” substitute “45%”, and
 - (b) in paragraph (b), for “20%” substitute “40%”.
- (2) In section 17 of FA 2022 (which provided for a temporary increase in the amount of theatre tax credit)—
 - (a) omit subsection (3), and
 - (b) in subsection (4), for “, 1 April 2025 or 1 April 2026” substitute “or 1 April 2025”.

- (3) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 April 2025 (but see section 17(4) of FA 2022 for accounting periods which straddle that date).

17 Increase in orchestra tax credit

- (1) In section 1217RG(4) of CTA 2009 (amount of orchestra tax credit), for “25%” substitute “45%”.
- (2) In section 19 of FA 2022 (which provided for a temporary increase in the amount of orchestra tax credit)—
- (a) omit subsection (3), and
 - (b) in subsection (4), for “, 1 April 2025 or 1 April 2026” substitute “or 1 April 2025”.
- (3) The amendments made by this section have effect in relation to accounting periods beginning on or after 1 April 2025 (but see section 19(4) of FA 2022 for accounting periods which straddle that date).

18 Increase in museums and galleries exhibition tax credit and removal of sunset

- (1) In section 1218ZCG(1) of CTA 2009—
- (a) omit paragraph (c) (date before which qualifying expenditure must be incurred), and
 - (b) accordingly, omit the “and” before that paragraph, and, at the end of paragraph (a), insert “and”.
- (2) In section 1218ZCH(4) of that Act (amount of museums and galleries exhibition tax credit)—
- (a) in paragraph (a), for “25%” substitute “45%”, and
 - (b) in paragraph (b), for “20%” substitute “40%”.
- (3) In section 21 of FA 2022 (which provided for a temporary increase in the amount of museums and galleries exhibition tax credit)—
- (a) omit subsection (3), and
 - (b) in subsection (4), for “, 1 April 2025 or 1 April 2026” substitute “or 1 April 2025”.
- (4) The amendments made by subsections (2) and (3) have effect in relation to accounting periods beginning on or after 1 April 2025 (but see section 21(4) of FA 2022 for accounting periods which straddle that date).