



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

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- (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—

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- “(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 [\(5A\)](#)”.

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