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STATUTORY INSTRUMENTS

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**1999 No. 2386**

**The Films (Modification of the  
Definition of British Film) Order 1999**

**Modification of paragraph 4 of Schedule 1**

6. For paragraph 4 of Schedule 1 there shall be substituted—

“4.—(1) Subject to paragraph 5, a film is a British film for the purposes of this Schedule if all the requirements specified in sub-paragraphs (2) to (4) are satisfied with respect to it.

(2) The first requirement is that throughout the period during which the film is being made the maker of the film is—

- (a) a person ordinarily resident in a member State; or
- (b) a company which is registered in a member State and in the case of which the central management and control of business is exercised in a member State.

(3) The second requirement is that at least 70 per cent of the total expenditure incurred in the production of the film was incurred on film production activity carried out in the United Kingdom.

(4) The third requirement is that not less than the requisite amount of labour costs (as determined under paragraph 7) represents payments paid or payable in respect of the labour or services of—

- (a) Commonwealth citizens,
- (b) citizens of a member State, or
- (c) persons ordinarily resident in a Commonwealth country or a member State.

(5) For the purpose of calculating the total expenditure incurred in the production of a film pursuant to sub-paragraph (3), the following shall be disregarded—

- (a) any amount deducted under paragraph 7(2)(a) or, as the case may be, paragraph 7(2)(b) in calculating the amount which is the lesser amount for the purposes of paragraph 7(1);
- (b) any expenditure incurred on the acquisition or licensing of copyright, trademarks or rights of a similar nature, other than copyright in works created for the purpose of their use in the film;
- (c) any expenditure, including the payment of interest, incurred for the purposes of raising or servicing finance for making the film; and
- (d) any business overheads attributable to the film.

(6) A state shall be treated for the purposes of this paragraph as if it were a member State if—

- (a) it is party to an agreement under Article 310 of the Treaty establishing the European Community; and

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- (b) the agreement requires a maker of a film who is ordinarily resident or registered in that state to be treated for the purposes of this Schedule in the same way as a maker of a film who is ordinarily resident or registered in a member State.
- (7) Her Majesty may by Order in Council provide for films to be treated as British films for the purposes of this Schedule if they are made in accordance with the terms of any agreement between Her Majesty's Government in the United Kingdom and any other government, international organisation or authority."