



Creative Tax Reliefs

“Creativity takes Courage” Henri Matisse

Introduction

Is your company involved in the creative industry sector? If it is, you could be missing out on some generous corporation tax reliefs.

If your company qualifies for the relief, you can claim an additional deduction for qualifying costs, either reducing your tax bill or creating a loss which can then be surrendered to HMRC for a tax credit payment. In light of Coronavirus pandemic, these reliefs could be vital in reducing your corporation tax bill and, in some cases, providing a welcome cash injection to the business.

Do you qualify?

In order to qualify, there are a number of general criteria that your company must meet:

1. The company must be liable to corporation tax
2. The company must be directly involved in the production and development of one of the following:
 - films
 - high-end television
 - children’s television
 - animation television
 - video games
 - theatrical productions
 - orchestral concerts
 - museum or gallery exhibitions
3. The company must be involved with the decision-making, directly negotiate contracts and pay for rights, goods and services.
4. The company may need to pass the cultural test

For film, television and video game companies, to claim relief a cultural test must be passed, i.e. the company must be certified by the British Film Institute (BFI) that it is British, or qualify through an internationally agreed co-production treaty. This is a separate application that is made directly to the BFI who will provide a certificate on approval confirming the company qualifies.

The other sectors are not required to pass the cultural test.

Each individual sector has its own specific criteria that must also be met in order to qualify for relief, and these will need to be reviewed on an individual basis.

How relief is given?

Relief is offered by an enhanced deduction, giving qualifying companies a further deduction when calculating their taxable profits. If the company is profit making, the enhanced deduction is offset against the company's taxable profit, reducing its tax bill. If loss making, the company can surrender the loss to HMRC for a tax credit up to 25%.

How Can Beavis Morgan help?

If you think your company may qualify for the relief and would like to explore the matter further, please don't hesitate to get in touch with Fiona Cross, Tax Partner, fiona.cross@beavismorgan.com

For a no obligation discussion, please contact:

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