



Finance Act 2006

2006 CHAPTER 25

PART 3

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 3

FILMS AND SOUND RECORDINGS

VALID FROM 01/01/2007

Supplementary provisions

51 Corporation tax: films and sound recordings as intangible fixed assets

- (1) In Schedule 29 to FA 2002 (corporation tax: gains and losses from intangible fixed assets), for paragraph 80 (exclusion of films and sound recordings) substitute—

“Assets excluded: certain films

- 80A (1) This Schedule does not apply to an intangible fixed asset held by a film production company to the extent that it represents production expenditure on a film to which Schedule 4 of the Finance Act 2006 applies.

Expressions used in this sub-paragraph have the same meaning as in Chapter 3 of Part 3 of the Finance Act 2006.

- (2) Except as regards royalties, this Schedule does not apply to an intangible fixed asset held by a company to the extent that it represents expenditure by the company—

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- (a) on the production of the original master version of a film that commenced principal photography before 1st April 2006;
- (b) on the acquisition before 1st October 2007 of the original master version of a film that commenced principal photography before 1st April 2006.

(3) In sub-paragraph (2)—

- (a) “film” has the same meaning as in Chapter 3 Part 3 of the Finance Act 2006;
- (b) “original master version” means the original negative, tape or disc;
- (c) references to the original master version of a film include the original master version of the film soundtrack (if any);
- (d) references to the original master version include any rights in the original master version that are held or acquired with it.

Assets excluded except as regards royalties: sound recordings

80B (1) Except as regards royalties, this Schedule does not apply to an intangible fixed asset held by a company to the extent that it represents expenditure by the company on the production or acquisition of the master version of a sound recording.

(2) For this purpose—

- (a) “sound recording” does not include a film soundtrack;
- (b) “master version” means master tape or master audio disc of the recording;
- (c) references to the master version include any rights in the master version that are held or acquired with it.”.

(2) In determining for the purposes of that Schedule whether an asset representing production expenditure on a film was created before or after 1st April 2002, the asset shall be treated as created when the film was completed.

52 Films: application of provisions to certain films already in production

(1) The Treasury may make provision by regulations for the application of the provisions of this Chapter, and of any enactment amended by this Chapter, in relation to films that commenced principal photography before 1st April 2006 but are not completed before 1st January 2007.

(2) The regulations may provide for such adaptations and modifications of the provisions of this Chapter, of any enactment amended by this Chapter and of any other provision of the Corporation Tax Acts, as appear to the Treasury appropriate for that purpose.

(3) The regulations may—

- (a) provide that the provisions of this Chapter (or any specified provisions of this Chapter) shall have effect as if they had been in force at all material times;

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- (b) require or authorise the making or amendment of returns, or the making of assessments, in relation to past accounting periods or tax years (whether before or after the commencement of this Chapter);
 - (c) authorise the making of any such return, amendment or assessment notwithstanding any limitation on the time within which a return, amendment or assessment may normally be made.
- (4) No regulations shall be made under this section unless a draft of them has been laid before and approved by a resolution of the House of Commons.

53 Films and sound recordings: commencement and power to alter dates

- (1) The provisions of this Chapter come into force on such day as the Treasury may appoint by order.
- (2) The Treasury may by order amend any provision of this Chapter that refers to 1st April 2006, the date on which this Act is passed or 1st October 2007 so as to substitute a reference to a later date.

Subordinate Legislation Made

P1 S. 53(1) power fully exercised: 1.1.2007 appointed by {S.I. 2006/3399}, art. 2

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