



Finance Act 2006

2006 CHAPTER 25

PART 3 **U.K.**

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 3 **U.K.**

FILMS AND SOUND RECORDINGS

Modifications etc. (not altering text)

- C1** Pt. 3 Ch. 3 applied (with modifications) (29.3.2007) by [The Corporation Tax \(Taxation of Films\) \(Transitional Provisions\) Regulations 2007 \(S.I. 2007/1050\)](#), **reg. 3-12** (with effect reg. 1(2)) (as amended by Corporation Tax Act 2009 (c. 4), Sch. 2 para. 131)
- C2** Pt. 3 Ch. 3 power to apply (with modifications) conferred (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 2 para. 130** (with Sch. 2 Pts. 1, 2)

Introductory

^{F1}31 Meaning of “film” and related expressions **U.K.**

Textual Amendments

- F1** Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 676, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 3. (See end of Document for details)

F132 Meaning of “film production company” U.K.

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Textual Amendments
F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 676, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F133 Meaning of “film-making activities” etc U.K.

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Textual Amendments
F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 676, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F134 Meaning of “production expenditure” and related expressions U.K.

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Textual Amendments
F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 676, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F135 Meaning of “UK expenditure” U.K.

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Textual Amendments
F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 676, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F136 Meaning of “qualifying co-production” and “co-producer” U.K.

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Textual Amendments
F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 676, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 3. (See end of Document for details)

Taxation of activities of film production company

F137 Taxation of activities of film production company **U.K.**

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Textual Amendments

F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 676](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

Film tax relief

F138 Films qualifying for film tax relief **U.K.**

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Textual Amendments

F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 676](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F139 Conditions of relief: intended theatrical release **U.K.**

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Textual Amendments

F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 676](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F140 Conditions of relief: British film **U.K.**

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Textual Amendments

F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 676](#), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F141 Conditions of relief: UK expenditure **U.K.**

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 3. (See end of Document for details)

Textual Amendments

F1 Ss. 31-41 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 676, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

42 Film tax relief: further provisions U.K.

(1) Schedule 5 to this Act contains further provisions about film tax relief.

(2) In that Schedule—

^{F2}
Part 2 provides for the certification of British films for the purposes of the relief;
Part 3 makes provision for claims for the relief;
^{F2}

Textual Amendments

F2 Words in s. 42(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 677(a), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Film losses

^{F3}43 Films: restriction on use of losses while film in production U.K.

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Textual Amendments

F3 Ss. 43-45 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 678, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F3}44 Films: use of losses in later periods U.K.

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Textual Amendments

F3 Ss. 43-45 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 678, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F3}45 Films: terminal losses U.K.

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 3. (See end of Document for details)

Textual Amendments

- F3** Ss. 43-45 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 678, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Films: withdrawal of existing reliefs

46 Films: withdrawal of existing reliefs (corporation tax) U.K.

- (1) Sections 40A to 40D of F(No.2)A 1992 (treatment of expenditure on production or acquisition of film) do not apply—
 - (a) to production expenditure on a film that commences principal photography on or after [^{F4}1st January 2007];
 - (b) to acquisition expenditure—
 - (i) on a film that commences principal photography on or after [^{F4}1st January 2007], or
 - (ii) that is incurred on or after 1st October 2007 on a film (whenever made).
- (2) Section 41 of that Act (preliminary expenditure) does not apply to expenditure incurred after the date on which this Act is passed.
- (3) Section 42 of that Act and section 48 of F(No.2)A 1997 (special reliefs for British films) do not apply—
 - (a) to production expenditure on a film that commences principal photography on or after [^{F4}1st January 2007];
 - (b) to acquisition expenditure—
 - (i) on a film that commences principal photography on or after [^{F4}1st January 2007], or
 - (ii) that is incurred on or after 1st October 2007.
- (4) References in this section to expenditure on the acquisition of a film, or to sums received from the disposal of a film, are to expenditure on the acquisition of, or sums received from the disposal of, the original master version of the film.
- (5) For this purpose—
 - (a) “original master version” means the original negative, tape or disc;
 - (b) references to the original master version of a film include the original master version of the film soundtrack (if any);
 - (c) references to the original master version include any rights in the original master version that are held or acquired with it.

[^{F5}(6) The provisions of sections 1181 to 1187 of CTA 2009 apply for the purposes of this section as if this section were contained in Part 15 of that Act.]

Textual Amendments

- F4** Words in s. 46(1)(a)(b)(i),(3)(a)(b)(i) substituted (29.12.2006) by The Finance Act 2006, Section 53(2) (Films and Sound Recordings: Power to alter Dates) Order 2006 ([S.I. 2006/3265](#)), {art. 2}

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 3. (See end of Document for details)

F5 S. 46(6) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 679** (with **Sch. 2 Pts. 1, 2**)

47 Films: withdrawal of existing reliefs (income tax) U.K.

- (1) Sections 134 and 135 of ITTOIA 2005 (treatment of expenditure on production or acquisition of film) do not apply—
- (a) to production expenditure on a film that commences principal photography on or after [^{F6}1st January 2007] ;
 - (b) to acquisition expenditure—
 - (i) on a film that commences principal photography on or after [^{F6}1st January 2007], or
 - (ii) that is incurred on or after 1st October 2007 on a film (whenever made).
- (2) Section 137 of that Act (preliminary expenditure) does not apply to expenditure incurred after the date on which this Act is passed.
- (3) Sections 138 to 144 of that Act (special reliefs for British films) do not apply—
- (a) to production expenditure on a film that commences principal photography on or after [^{F6}1st January 2007];
 - (b) to acquisition expenditure—
 - (i) on a film that commences principal photography on or after [^{F6}1st January 2007], or
 - (ii) that is incurred on or after 1st October 2007.
- (4) References in this section to expenditure on the acquisition of a film, or to sums received from the disposal of a film, are to expenditure on the acquisition of, or sums received from the disposal of, the original master version of the film.
- (5) For this purpose—
- (a) “original master version” means the original negative, tape or disc;
 - (b) references to the original master version of a film include the original master version of the film soundtrack (if any);
 - (c) references to the original master version include any rights in the original master version that are held or acquired with it.

[^{F7}(6) The provisions of sections 1181 to 1187 of CTA 2009 apply for the purposes of this section as if this section were contained in Part 15 of that Act.]

Textual Amendments

- F6** Words in s. 47(1)(a)(b)(i)(3)(a)(b)(i) substituted (29.12.2006) by The Finance Act 2006, Section 53(2) (Films and Sound Recordings: Power to alter Dates) Order 2006 ([S.I. 2006/3265](#)), {art. 2}
- F7** S. 47(6) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 679** (with **Sch. 2 Pts. 1, 2**)

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 3. (See end of Document for details)

Corporation tax treatment of sound recordings

F848 Sound recordings: revenue nature of expenditure **U.K.**

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Textual Amendments

F8 Ss. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 680](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F849 Sound recordings: allocation of expenditure **U.K.**

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Textual Amendments

F8 Ss. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 680](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F850 Sound recordings: interpretation **U.K.**

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Textual Amendments

F8 Ss. 48-50 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 680](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

Supplementary provisions

F951 Corporation tax: films and sound recordings as intangible fixed assets **U.K.**

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Textual Amendments

F9 S. 51 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F1052 Films: application of provisions to certain films already in production **U.K.**

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Chapter 3. (See end of Document for details)

Textual Amendments

F10 S. 52 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 681, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

53 Films and sound recordings: commencement and power to alter dates U.K.

(1) The provisions of this Chapter come into force on such day as the Treasury may appoint by order.

^{F11}(2)

Subordinate Legislation Made

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

Textual Amendments

F11 S. 53(2) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 682, **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2006, Chapter 3.