

# **CORPORATION TAX ACT 2009**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS**

#### **Part 15: Film production**

##### **Overview**

#### **Chapter 5: Provisional entitlement to relief**

##### **Overview**

3065. It may not be established that a film qualifies for film tax relief, or transfer of terminal losses, until the accounting period in which the film is completed or abandoned (“the final accounting period”). This Chapter provides for film tax relief to be obtained, or terminal losses transferred, for earlier accounting periods (“interim accounting periods”) on the basis of provisional assumptions and for later adjustments where those assumptions are wrong.

#### **Section 1212: Introduction**

3066. This section defines terms used in the Chapter and requires the appropriate company tax return of the film production company to state that the film has been completed or abandoned. It is based on paragraph 30 of Schedule 5 to FA 2006.

3067. The term “special film relief” covers both film tax relief (which requires that the film in question satisfy the requirements listed in section 1195(2)) and the transfer of terminal losses (which requires that both of the films in question satisfy those requirements).

#### **Section 1213: Certification as a British film**

3068. This section relates to the requirement that a film must be certified as a British film in order for there to be entitlement to special film relief. It is based on paragraph 31 of Schedule 5 to FA 2006.

3069. Special film relief cannot be claimed for an interim accounting period unless the company tax return is accompanied by an interim certificate. For the final accounting period the company tax return must be accompanied by a final certificate or, if the film was abandoned rather than completed, an interim certificate. Special film relief previously obtained is withdrawn if the conditions in this section are not met.

#### **Section 1214: The UK expenditure condition**

3070. This section relates to the requirement that a film must meet the UK expenditure condition in order for there to be entitlement to special film relief. It is based on paragraph 32 of Schedule 5 to FA 2006.

3071. Special film relief cannot be claimed for an interim accounting period unless the company tax return indicates that the UK expenditure condition will be met. For the

*These notes refer to the Corporation Tax Act 2009  
(c.4) which received Royal Assent on 26 March 2009*

final accounting period the company tax return must show that the UK expenditure condition is met. Special film relief previously obtained is withdrawn if the conditions in this section are not met.

3072. *Subsection (3)* does not rewrite the requirement, in paragraph 32(3)(a)(i) of Schedule 5 to FA 2006, that the company's tax return for the final accounting period state that the film has been completed or abandoned. That is because it duplicates the requirement in paragraph 30(2) of Schedule 5 to FA 2006 (rewritten in section 1212(2)).

***Section 1215: Film tax relief on basis that film is limited-budget film***

3073. This section relates to the requirement that a film must be a limited-budget film in order for there to be entitlement to film tax relief at the enhanced rates in sections 1200(3)(a) and 1202(3)(a). It is based on paragraph 33 of Schedule 5 to FA 2006.

3074. Film tax relief at an enhanced rate cannot be claimed for an interim accounting period unless the company tax return indicates that the film will be a limited-budget film. For the final accounting period the company tax return must show that the film is, or if it had been completed would have been, a limited-budget film. Film tax relief previously obtained at an enhanced rate tax relief is reduced if the conditions in this section are not met.

3075. *Subsection (3)* does not rewrite the requirement, in paragraph 33(3)(a)(i) of Schedule 5 to FA 2006, that the company's tax return for the final accounting period state that the film has been completed or abandoned. That is because it duplicates the requirement in paragraph 30(2) of Schedule 5 to FA 2006 (rewritten in section 1212(2)).

***Section 1216: Time limit for amendments and assessments***

3076. This section allows an amendment or assessment, required by this Chapter, to be made even if it would otherwise be out of time to do so. It is based on paragraph 34 of Schedule 5 to FA 2006.