



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### [<sup>F1</sup>PART 8B

TRADING PROFITS TAXABLE AT THE NORTHERN IRELAND RATE

### [<sup>F1</sup>CHAPTER 11

FILM TAX RELIEF

#### Textual Amendments

- F1** Pt. 8B inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\), s. 1](#)

#### *Introductory*

#### **357R Introduction and interpretation**

- (1) This Chapter makes provision about the operation of Part 15 of CTA 2009 (film tax relief) in relation to expenditure incurred by a company in an accounting period in which it is a Northern Ireland company.
- (2) In this Chapter—
  - (a) “Northern Ireland expenditure” means expenditure incurred in a trade to the extent that the expenditure forms part of the Northern Ireland profits or Northern Ireland losses of the trade;
  - (b) “the separate film trade” has the same meaning as in Chapter 3 of Part 15 of CTA 2009 (see section 1195(5) of that Act);
  - (c) “qualifying expenditure” has the same meaning as in that Chapter (see section 1199(3) of that Act).
- (3) References in Part 15 of CTA 2009 to “film tax relief” include relief under this Chapter.

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 11. (See end of Document for details)*

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### *Film tax relief*

#### **357RA Northern Ireland additional deduction**

- (1) In this Chapter “a Northern Ireland additional deduction” means so much of a deduction under section 1199 of CTA 2009 (additional deduction for qualifying expenditure) as is calculated by reference to qualifying expenditure that is Northern Ireland expenditure.
- (2) A Northern Ireland additional deduction forms part of the Northern Ireland profits or Northern Ireland losses of the separate film trade.

#### **357RB Northern Ireland supplementary deduction**

- (1) This section applies where—
  - (a) a company is entitled under section 1199 of CTA 2009 to an additional deduction in calculating the profit or loss of the separate film trade in an accounting period,
  - (b) the company is a Northern Ireland company in the period,
  - (c) the additional deduction is wholly or partly a Northern Ireland additional deduction, and
  - (d) any of the following conditions is met—
    - (i) the company does not have a surrenderable loss in the accounting period;
    - (ii) the company has a surrenderable loss in the accounting period, but does not make a claim under section 1201 of CTA 2009 (film tax credit claimable if company has surrenderable loss) for the period;
    - (iii) the company has a surrenderable loss in the accounting period and makes a claim under that section for the period, but the amount of Northern Ireland losses surrendered on the claim is less than the Northern Ireland additional deduction.
- (2) The company is entitled to make another deduction (“a Northern Ireland supplementary deduction”) in respect of qualifying expenditure.
- (3) See section 357RC for provision about the amount of the Northern Ireland supplementary deduction.
- (4) The Northern Ireland supplementary deduction—
  - (a) is made in calculating the profit or loss of the separate film trade, and
  - (b) forms part of the Northern Ireland profits or Northern Ireland losses of the separate film trade.
- (5) In this section “surrenderable loss” has the meaning given by section 1201 of CTA 2009.

#### **357RC Northern Ireland supplementary deduction: amount**

- (1) This section contains provision for the purposes of section 357RB(2) about the amount of the Northern Ireland supplementary deduction.
- (2) If the accounting period falls within only one financial year, the amount of the Northern Ireland supplementary deduction is—

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$$(A - B) \times \frac{MR - NIR}{NIR}$$

where—

A is the amount of the Northern Ireland additional deduction brought into account in the accounting period;

B is the amount of Northern Ireland losses surrendered in any claim under section 1201 of CTA 2009 for the accounting period;

MR is the main rate for the financial year;

NIR is the Northern Ireland rate for the financial year.

- (3) If the accounting period falls within more than one financial year, the amount of the Northern Ireland supplementary deduction is determined by taking the following steps.

*Step 1* Calculate, for each financial year, the amount that would be the Northern Ireland supplementary deduction for the accounting period if it fell within only that financial year (see subsection (2)).

*Step 2* Multiply each amount calculated under step 1 by the proportion of the accounting period that falls within the financial year for which it is calculated.

*Step 3* Add together each amount found under step 2.

### **357RD Film tax credit: Northern Ireland supplementary deduction ignored**

For the purpose of determining the available loss of a company under section 1201 of CTA 2009 (film tax credit claimable if company has surrenderable loss) for any accounting period, any Northern Ireland supplementary deduction made by the company in the period (and any Northern Ireland supplementary deduction made in any previous accounting period) is to be ignored.

### **357RE Artificially inflated claims for additional deduction**

Section 1205(1)(a) and (2)(a) of CTA 2009 (artificially inflated claims for additional deduction or film tax credit) has effect as if references to an additional deduction under Chapter 3 of Part 15 of that Act included a Northern Ireland supplementary deduction under this Chapter.

#### *Film losses*

### **357RF Restriction on use of losses while film is in production**

- (1) Section 1209 of CTA 2009 (restriction on use of losses while film is in production) has effect subject as follows.

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- (2) The reference in subsection (1) of that section to a loss made in the separate film trade in a pre-completion period is, if the company is a Northern Ireland company in that period, a reference to—
- (a) any Northern Ireland losses of the trade of the period, or
  - (b) any mainstream losses of the trade of the period;
- and references to losses in [<sup>F2</sup>subsections (2) and (3)] of that section are to be read accordingly.
- (3) Subsection (4) applies if a Northern Ireland company has, in a pre-completion period—
- (a) both Northern Ireland losses of the trade and mainstream profits of the trade, or
  - (b) both mainstream losses of the trade and Northern Ireland profits of the trade.
- (4) The company may make a claim under section 37 (relief for trade losses against total profits) for relief for the losses mentioned in subsection (3)(a) or (b).
- (5) But relief on such a claim is available only—
- (a) in the case of a claim for relief for Northern Ireland losses, against mainstream profits of the trade of the same period;
  - (b) in the case of a claim for relief for mainstream losses, against Northern Ireland profits of the trade of the same period.
- (6) In this section “a pre-completion period” has the same meaning as in section 1209 of CTA 2009 (see section 1208(2) of that Act).

#### Textual Amendments

**F2** Words in s. 357RF(2) substituted (16.11.2017) by Finance (No. 2) Act 2017 (c. 32), Sch. 4 para. 98

### 357RG Use of losses in later periods

- (1) Section 1210 of CTA 2009 (restriction on use of losses in later periods) has effect subject as follows.
- (2) The reference in subsection (2) of that section to a loss made in the separate film trade is, in relation to a loss made in a period in which the company is a Northern Ireland company, a reference to—
- (a) any Northern Ireland losses of the trade of the period, or
  - (b) any mainstream losses of the trade of the period;
- and references to losses in subsections (3) and (6) of that section are to be read accordingly.
- (3) The reference in subsection (4) of that section to a loss made in the separate film trade in a relevant later period is, where the company is a Northern Ireland company in the period, a reference to—
- (a) any Northern Ireland losses of the trade of the period, or
  - (b) any mainstream losses of the trade of the period;
- and references to losses in subsections (5) [<sup>F3</sup>, (5A)] and (6) of that section are to be read accordingly.

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- (4) Subsection (6) of that section has effect, in relation to Northern Ireland losses, as if the reference to an additional deduction under Chapter 3 of Part 15 of that Act included a reference to a Northern Ireland supplementary deduction under this Chapter.

**Textual Amendments**

**F3** Words in s. 357RG(3) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 99](#)

**357RH Terminal losses**

- (1) Section 1211 of CTA 2009 (terminal losses) has effect subject as follows.
- (2) Where—
- (a) a company makes an election under subsection (3) of that section (election to treat terminal loss as loss brought forward of different trade) in relation to all or part of a terminal loss, and
  - (b) the terminal loss is a Northern Ireland loss,
- that subsection has effect as if the reference in it to a loss brought forward were to a Northern Ireland loss brought forward.
- (3) Where—
- (a) a company makes a claim under subsection (6) of that section (claim to treat terminal loss as loss brought forward by different company) in relation to part or all of a terminal loss, and
  - (b) the terminal loss is a Northern Ireland loss,
- that subsection has effect as if the reference in it to a loss brought forward were to a Northern Ireland loss brought forward.]

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, CHAPTER 11.