
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Cross Heading: CTA 2010. (See end of Document for details)

SCHEDULES

SCHEDULE 18

TELEVISION AND VIDEO GAMES TAX RELIEF: CONSEQUENTIAL AMENDMENTS

CTA 2010

- 17 Part 8A of CTA 2010 (profits arising from the exploitation of patents etc) is amended as follows.
- 18 (1) Section 357CG (adjustments in calculating profits of trade) is amended as follows.
- (2) In subsection (3), omit the “and” at the end of paragraph (a) and after paragraph (b) insert—
- “(c) the amount of any additional deduction for the accounting period obtained by the company under Part 15A of CTA 2009 in respect of qualifying expenditure on a television programme, and
 - (d) the amount of any additional deduction for the accounting period obtained by the company under Part 15B of CTA 2009 in respect of qualifying expenditure on a video game.”
- (3) After subsection (5) insert—
- “(5A) In a case where—
- (a) the company is—
 - (i) a television production company in relation to a television programme, or
 - (ii) a video games development company in relation to a video game, and
 - (b) there is a shortfall in qualifying expenditure in relation to the separate programme trade or (as the case may be) the separate video game trade for a relevant accounting period (see section 357CHA), the amount of qualifying expenditure brought into account in calculating the profits of the trade for that accounting period is to be increased by the amount mentioned in section 357CHA(2).”
- (4) In subsection (6)—
- (a) for “subsection (5)” substitute “ subsections (5) and (5A) ”;
 - (b) before the definition of “R&D expenditure” insert—
 - ““qualifying expenditure”—
 - (a) in relation to a company that is a television production company, has the same meaning as in Chapter 3 of Part 15A of CTA 2009, and
 - (b) in relation to a company that is a video games development company, has the same meaning as in Chapter 3 of Part 15B of that Act,”;

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- (c) omit the “and” before the definition of “research and development”;
- (d) after that definition insert—
 - ““the separate programme trade”, in relation to a television production company, has the same meaning as in Chapter 2 of Part 15A of CTA 2009 (see section 1216B),
 - “the separate video game trade”, in relation to a video games development company, has the same meaning as in Chapter 2 of Part 15B of CTA 2009 (see section 1217B),
 - “television production company” has the same meaning as in Part 15A of CTA 2009 (see section 1216AE), and
 - “video games development company” has the same meaning as in Part 15B of CTA 2009 (see section 1217AB).”

Commencement Information

- I1** Sch. 18 para. 18 in force at 19.7.2013 for the purposes of the amendments made by that paragraph, so far as relating to television tax relief by [S.I. 2013/1817](#), [art. 2\(2\)](#)
- I2** Sch. 18 para. 18 in force at 1.4.2014 for the purposes of the amendments made by that paragraph, so far as relating to video games development tax relief by [S.I. 2014/1962](#), [art. 2\(3\)](#)

19 After section 357CH insert—

“357CHA Shortfall in qualifying expenditure

- (1) There is a shortfall in qualifying expenditure in relation to the separate programme trade of a television production company or (as the case may be) the separate video game trade of a video games development company for a relevant accounting period if the actual qualifying expenditure of the trade for the accounting period (as adjusted under subsections (8) to (11)) is less than 75% of the average amount of qualifying expenditure.
- (2) The amount that is to be added to the actual qualifying expenditure for the purposes of section 357CG(5A) is an amount equal to the difference between—
 - (a) 75% of the average amount of qualifying expenditure, and
 - (b) the actual qualifying expenditure, as adjusted under subsections (8) to (11).
- (3) In this section—
 - (a) the “actual qualifying expenditure” of a trade of a company for an accounting period is the amount of qualifying expenditure that (ignoring section 357CG(5A)) is brought into account in calculating the profits of the trade for the accounting period, and
 - (b) the following terms have the meaning given by section 357CG(6)—
 - “qualifying expenditure”,
 - “relevant accounting period”,
 - “the separate programme trade”,
 - “the separate video game trade”,
 - “television production company”,
 - “video games development company”.

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(4) The average amount of qualifying expenditure is—

$$\frac{E}{N} \times 365$$

where—

E is the amount of qualifying expenditure that—

- (a) has been incurred by the company during the relevant period, and
- (b) has been brought into account in calculating the profits of the trade for any accounting period ending before the first relevant accounting period, and

N is the number of days in the relevant period.

(5) The relevant period is the shorter of—

- (a) the period of 4 years ending immediately before the first relevant accounting period, and
- (b) the period beginning with the day on which the company begins to carry on the trade and ending immediately before the first relevant accounting period.

(6) For a relevant accounting period of less than 12 months, the average amount of qualifying expenditure is proportionately reduced.

(7) Subsections (8) to (11) apply for the purposes of determining—

- (a) whether there is a shortfall in qualifying expenditure for a relevant accounting period, and
- (b) if there is such a shortfall, the amount to be added by virtue of subsection (2).

(8) If the amount of the actual qualifying expenditure for a relevant accounting period is greater than the average amount of qualifying expenditure, the difference between the two amounts is to be added to the actual qualifying expenditure for the next relevant accounting period.

(9) If—

- (a) there is not a shortfall in qualifying expenditure for a relevant accounting period, but
- (b) in the absence of any additional amount, there would be a shortfall in qualifying expenditure for that accounting period,

the remaining portion of the additional amount is to be added to the actual qualifying expenditure for the next relevant accounting period.

(10) For the purposes of this section—

“additional amount”, in relation to a relevant accounting period, means any amount added to the actual qualifying expenditure for that accounting period by virtue of subsection (8), (9) or (11), and

“the remaining portion” of an additional amount is so much of that amount as exceeds the difference between—

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- (a) the actual qualifying expenditure for the relevant accounting period in the absence of the additional amount, and
- (b) 75% of the average amount of qualifying expenditure.

(11) If—

- (a) there is not a shortfall in qualifying expenditure for a relevant accounting period, and
 - (b) there would not be a shortfall in qualifying expenditure for that accounting period in the absence of any additional amount,
- the additional amount is to be added to the actual qualifying expenditure for the next relevant accounting period (in addition to any additional amount so added by virtue of subsection (8)).”

Commencement Information

- I3** Sch. 18 para. 19 in force at 19.7.2013 for the purposes of the amendment made by that paragraph, so far as relating to television tax relief by [S.I. 2013/1817](#), [art. 2\(2\)](#)
- I4** Sch. 18 para. 19 in force at 1.4.2014 for the purposes of the amendment made by that paragraph, so far as relating to video games development tax relief by [S.I. 2014/1962](#), [art. 2\(3\)](#)

20 (1) Section 357CK (deductions that are not routine deductions) is amended as follows.

(2) In subsection (1), at the end insert—

- “(e) subsection (7A) (television production expenditure),
- (f) subsection (7B) (video games development expenditure).”

(3) After subsection (7) insert—

“(7A) Head 5 is—

- (a) the amount of any qualifying expenditure on a television programme for which an additional deduction for the accounting period is obtained by the company under Part 15A of CTA 2009, and
- (b) the amount of that additional deduction.

(7B) Head 6 is—

- (a) the amount of any qualifying expenditure on a video game for which an additional deduction for the accounting period is obtained by the company under Part 15B of CTA 2009, and
- (b) the amount of that additional deduction.”

Commencement Information

- I5** Sch. 18 para. 20 in force at 19.7.2013 for the purposes of the amendments made by that paragraph, so far as relating to television tax relief by [S.I. 2013/1817](#), [art. 2\(2\)](#)
- I6** Sch. 18 para. 20 in force at 1.4.2014 for the purposes of the amendments made by that paragraph, so far as relating to video games development tax relief by [S.I. 2014/1962](#), [art. 2\(3\)](#)

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