

SCHEDULES

SCHEDULE 3

FILMS: RESTRICTIONS ON RELIEF FOR PRODUCTION AND ACQUISITION EXPENDITURE

PART 3

MINOR AND CONSEQUENTIAL AMENDMENTS

Income and Corporation Taxes Act 1988 (c. 1)

- 17 Section 118ZM of ICTA (partnerships exploiting films: supplementary), as that section has effect for years of assessment before the year 2005-06, has effect as if for subsection (4) there were substituted—

“(4) The reference in section 118ZL(6) to the acquisition of a film is a reference to the acquisition of the original master version of the film; and this subsection is to be construed in accordance with section 43 of the Finance (No.2) Act 1992.”

Finance (No.2) Act 1992 (c. 48)

- 18 (1) Section 40A of F(No 2)A 1992 (revenue nature of expenditure on master versions of films) is amended as follows.
- (2) In subsection (1) for “a master” substitute “the original master”.
- (3) In subsection (2) for “the master” in both places substitute “the original master”.
- (4) In subsection (3)—
- (a) for “a master” substitute “the original master”, and
- (b) for “the master” in both places substitute “the original master”.
- (5) Omit subsection (5).
- 19 (1) Section 40B of F(No 2)A 1992 (allocation of expenditure to periods) is amended as follows.
- (2) In subsection (1)—
- (a) after “exploitation of” insert “original”, and
- (b) in paragraph (a) for “a master” substitute “the original master”.
- (3) In subsections (4) and (5) for “the master”, in each place, substitute “the original master”.
- 20 In section 40C of F(No 2)A 1992 (cases where section 40B does not apply), for “the master” in both places substitute “the original master”.

Status: This is the original version (as it was originally enacted).

- 21 (1) Section 40D of F(No 2)A 1992 (election for sections 40A and 40B not to apply) is amended as follows.
- (2) In subsection (2)—
- (a) in paragraph (a)—
- (i) in sub-paragraph (i) after “exploitation of” insert “original”, and
- (ii) in sub-paragraph (ii) for “a master” substitute “the original master”, and
- (b) in paragraphs (b) and (c) for “the master” substitute “the original master”.
- (3) In each of the following provisions for “the master”, in each place it occurs, substitute “the original master”—
- subsection (3)(a);
- subsection (4) as it has effect, after 5th April 2005, for corporation tax purposes for accounting periods ending after that date;
- subsection (4) as it has effect in any other case;
- subsection (6).
- (4) In subsection (7) for “a master” substitute “the original master”.
- 22 (1) Section 41 of F(No 2)A 1992 (relief for preliminary expenditure) is amended as follows.
- (2) In subsection (1) after “exploitation of” insert “original master versions of”.
- (3) In subsections (3) and (4) for “master negative of the film or any master tape or master disc” substitute “original master version”.
- (4) In subsection (5) after “expenditure on” insert “the original master version of”.
- 23 (1) Section 42 of F(No 2)A 1992 (relief for production or acquisition expenditure) is amended as follows.
- (2) In subsection (1) after “exploitation” insert “of original master versions”.
- (3) In subsection (2)—
- (a) for “of a film—” substitute “of the original master version of a film where —”,
- (b) in paragraph (a) for first “which” substitute “the film”, and
- (c) in paragraph (b) for “master negative of which or any master tape or master disc of which” substitute “original master version of the film”.
- (4) In subsection (3)—
- (a) for “master negative of a film or any master tape or master disc” substitute “original master version”, and
- (b) in paragraph (b) for “master negative, tape or disc” substitute “original master version of the film”.
- (5) In subsection (4)(a) for the words from “of the film” to the end substitute “or acquisition of the original master version of the film concerned”.
- (6) In subsection (7) after “acquisition” insert “of the original master version”.
- (7) In subsection (8) for “the film” substitute “the original master version of the film”.
- (8) In subsection (9)—

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- (a) in paragraph (a), after “production” insert “of the original master version”, and
 - (b) in paragraph (b), for “master negative, master tape or master disc” substitute “original master version”.
- 24 (1) Section 43 of F(No 2)A 1992 (interpretation of provisions relating to films) is amended as follows.
- (2) In subsection (1)—
- (a) insert the following definitions at the appropriate place—
 - ““film” is to be construed in accordance with paragraph 1 of Schedule 1 to the Films Act 1985;”
 - ““original master version”, in relation to a film, means the original master negative, tape or disc (but see subsections (2) and (2A));”,
 - (b) omit the following definitions—
 - “master disc”
 - “master negative”
 - “master tape”, and
 - (c) in the definition of “qualifying disc”, “qualifying film” and “qualifying tape” for “a master” substitute “the original master”.
- (3) For subsection (2) substitute—
- “(2) In sections 40A to 42 and this section, references to the original master version of a film include the original master version of the film soundtrack (if any).
 - (2A) In those provisions, references to the original master version also include any rights in the original master version that are held or acquired with it.”

Finance Act 1997 (c. 16)

- 25 In Schedule 12 to FA 1997 (leasing arrangements: finance leases and loans) (as amended by Schedule 1 to ITTOIA 2005), in paragraph 11(9) after “138,” insert “138A,”.

Finance (No. 2) Act 1997 (c. 58)

- 26 (1) Section 48 of F(No. 2)A 1997 (which modifies section 42 of F(No. 2)A 1992 as it applies in relation to certain expenditure) is amended as follows.
- (2) In subsection (1), in the inserted subsection (4), for the words from “on—” to the end of paragraph (b) substitute “on the production or acquisition of the original master version of the film concerned,”.
- (3) For subsection (6) substitute—
- “(6) In this section “total production expenditure” on a film, in relation to a claim for relief under section 42 of the Finance (No.2) Act 1992, means (subject to subsections (6A) and (7) below) the total of all expenditure incurred on the production of the original master version of the film, including expenditure incurred before 2nd July 1997 and whether or not incurred by the claimant.”

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- (4) In subsection (6A) for “the production expenditure on” substitute “the expenditure incurred on the production of the original master version of”.
- (5) In subsection (7), in paragraph (a) after “production of” insert “the original master version of”.
- (6) After subsection (7) insert—
 - “(7A) In this section—
 - “film” has the meaning given by section 43 of the Finance (No. 2) Act 1992;
 - “original master version” is to be construed in accordance with that section.”

Capital Allowances Act 2001 (c. 2)

- 27 (1) Paragraph 116 of Schedule 3 to CAA 2001 (transitional provision relating to sections 40A to 40D of F(No 2)A 1992 (films)) is amended as follows.
- (2) In sub-paragraph (2)(b), for “master” in both places substitute “original master”.
 - (3) In sub-paragraph (2)(c)—
 - (a) for ““film,” substitute ““a film,”,
 - (b) for first “master” substitute “the original master”, and
 - (c) for second “master” substitute “original master”.
 - (4) In sub-paragraph (2)(d) for “substitution for section 40A(5)” substitute “insertion after section 40A(4)”.
 - (5) In sub-paragraph (2)(e)—
 - (a) for first “master” substitute “original master”,
 - (b) for ““film,” substitute ““a film,”, and
 - (c) for second “master” substitute “the original master”.
 - (6) In sub-paragraph (2)(f) to (i) for “master” in each place substitute “original master”.
 - (7) In sub-paragraph (2)(j) for the words from first “for” to the end substitute “for “original master versions of films”, of “a film, tape or disc” for “the original master version of a film” and of “film, tape or disc” for “original master version” (in both places);”.
 - (8) In sub-paragraph (2)(k) to (m) for “master” in each place substitute “original master”.
 - (9) In sub-paragraph (2)(n)—
 - (a) for ““film,” substitute ““a film,”, and
 - (b) for “master” substitute “the original master”.

Finance Act 2002 (c. 23)

- 28 Section 99 of FA 2002 (restriction of relief to films genuinely intended for theatrical release) in subsection (3) for “master version of the film” substitute “original master version of the film (within the meaning given by section 43 of the Finance (No.2) Act 1992)”.

- 29 In Schedule 29 to that Act (gains and losses of a company from intangible fixed assets), in paragraph 80(2)(a) for “has the meaning” to “films)” substitute “means an original master version of the film (within the meaning given by section 43 of the Finance (No.2) Act 1992)”.

Income Tax (Trading and Other Income) Act 2005 (c. 5)

- 30 (1) ITTOIA 2005 is amended as follows.
- (2) In section 139 (certified master versions: production expenditure on limited-budget films), in subsection (1), after paragraph (a) insert—
“(aa) the film was completed in, or before, that period,”.
- (3) In section 140 (certified master version: acquisition expenditure on limited-budget films), in subsection (1), after paragraph (a) insert—
“(aa) the film was completed in, or before, that period,”.
- (4) In Schedule 2 (transitionals and savings etc), in paragraph 34 for “Section 138 does” substitute “Sections 138 and 138A do”.

Commencement of Part 3 amendments

- 31 (1) The amendment made by paragraph 21(3), so far as it relates to section 40D(4) of F(No 2)A 1992 as amended by Schedule 1 to ITTOIA 2005, has effect for accounting periods ending after 5th April 2005.
- (2) The amendments made by paragraphs 25 and 30 have effect for the year 2005-06 and subsequent years of assessment.
- (3) The amendments made by the remaining provisions of this Part of this Schedule are deemed to have come into force on 2nd December 2004.