



Corporation Tax Act 2009

2009 CHAPTER 4

PART 15

FILM PRODUCTION

CHAPTER 2

TAXATION OF ACTIVITIES OF FILM PRODUCTION COMPANY

Separate film trade

1188 Activities of film production company treated as a separate trade

- (1) This Chapter applies for corporation tax purposes to a company that is the film production company in relation to a film.
- (2) The company's activities in relation to the film are treated as a trade separate from any other activities of the company (including any activities in relation to any other film).
- (3) In this Chapter the separate trade is called "the separate film trade".
- (4) The company is treated as beginning to carry on the separate film trade—
 - (a) when pre-production begins, or
 - (b) if earlier, when any income from the film is received by the company.

1189 Calculation of profits or losses of separate film trade

- (1) This section applies for the purpose of calculating the profits or losses of the separate film trade.
- (2) For the first period of account the following are brought into account—
 - (a) as a debit, the costs of the film incurred (and represented in work done) to date, and

Status: This is the original version (as it was originally enacted).

- (b) as a credit, the proportion of the estimated total income from the film treated as earned at the end of that period.
- (3) For subsequent periods of account the following are brought into account—
- (a) as a debit, the difference between the amount of the costs of the film incurred (and represented in work done) to date and the corresponding amount for the previous period, and
 - (b) as a credit, the difference between the proportion of the estimated total income from the film treated as earned at the end of that period and the corresponding amount for the previous period.
- (4) The proportion of the estimated total income treated as earned at the end of a period of account is given by—

$$\frac{C}{T} \times I$$

where—

- C is the total to date of costs incurred (and represented in work done),
- T is the estimated total cost of the film, and
- I is the estimated total income from the film.