

SCHEDULES

SCHEDULE 3

THEATRICAL PRODUCTIONS

PART 1

AMENDMENTS OF PART 15C OF CTA 2009

Introduction

1 Part 15C of CTA 2009 (theatrical productions) is amended as follows.

Meaning of “theatrical production”

- 2 (1) Section 1217FA (meaning of “theatrical production”) is amended as follows.
- (2) In subsection (2)—
- (a) in the words before paragraph (a), for “relevant” substitute “other”;
 - (b) for paragraph (a) substitute—
 - “(a) the primary focus of the play, opera, musical or dramatic piece is the depiction of a story, or a number of related or unrelated stories, through the playing of roles by performers (whether actors, singers, dancers or others),”;
 - (c) after paragraph (ba) (but before the following “and”) insert—
 - “(bb) it is reasonable to expect that the main purpose of the audience members will be to observe the performance (rather than, for example, to undertake tasks facilitated or accompanied by the performance),”.
- (3) Omit subsection (3A).
- (4) Those amendments have effect in relation to a theatrical production the production phase of which begins on or after 1 April 2024.

Meaning of “core expenditure”

- 3 (1) In section 1217GC(2) (expenditure that is not “core expenditure” on theatrical production), in paragraph (a), for “or storage” substitute “, storage, or the provision of incidental goods or services to members of the audience”.
- (2) That amendment has effect in relation to expenditure incurred on or after 1 April 2024.

Status: This is the original version (as it was originally enacted).

Provision to emphasise that capital expenditure does not generally qualify for relief

- 4 In section 1217IC (costs of theatrical production), in subsection (3), at the end insert—

“(As to other capital expenditure, see section 53 and subsection (2).)”

UK expenditure threshold to replace EEA expenditure threshold

- 5 (1) In section 1217GB (European expenditure condition)—
- (a) in the heading, for “European” substitute “UK”;
 - (b) in subsection (1)—
 - (i) for “European” (in both places it occurs) substitute “UK”;
 - (ii) for “25%” substitute “10%”;
 - (c) for subsection (2) substitute—

“(2) In this Part “UK expenditure” means expenditure on goods or services that are used or consumed in the United Kingdom.”;
 - (d) in subsection (3), for “European and non-European expenditure” substitute “expenditure that is and is not UK expenditure”;
 - (e) in subsection (5), for “European” substitute “UK”.
- (2) In each of the following provisions, for “European” (in each place it occurs) substitute “UK”—
- (a) section 1217G(1)(b) (conditions for production to qualify for relief);
 - (b) section 1217N(2) (provisional satisfaction of European expenditure condition);
 - (c) section 1217NA(1), (2) and (3) (European expenditure condition provisionally satisfied not later satisfied).
- (3) In section 1217OB (defined terms)—
- (a) omit the definitions of “European expenditure” and “European expenditure condition”;
 - (b) at the end insert—

““UK expenditure” has the meaning given by section 1217GB;
“UK expenditure condition” has the meaning given by section 1217GB.”
- (4) In Schedule 4 (index of defined expressions)—
- (a) omit the entries for “European expenditure (in Part 15C)” and “European expenditure condition (in Part 15C)”;
 - (b) at the appropriate places insert—

“UK expenditure (in Part 15C) section 1217GB(2)”;

“UK expenditure condition (in section 1217GB(1)).
Part 15C)

- (5) For transitional provision in relation to this paragraph, see paragraph 11.

EEA expenditure not to qualify for relief

- 6 (1) In section 1217J(2) and (3) (amount of relief for theatrical production), for “European” substitute “UK”.
- (2) For transitional provision in relation to this paragraph, see paragraph 12.

Profit element of non-arm's-length payments to connected parties not to qualify for relief

- 7 (1) Section 1217JA (expenditure on theatrical productions that qualifies for relief) is amended as follows.
- (2) In subsection (1)(b), after “(2)” insert “or (3)”.
- (3) After subsection (2) insert—
- “(3) Expenditure is excluded to the extent that it represents connected party profit, unless subsection (5) applies.
- (4) For the purposes of subsection (3), expenditure represents connected party profit—
- (a) if it is a payment to a person (“C”) in exchange for something supplied by that person,
- (b) if the company is connected with C, and
- (c) if, and to the extent that, the amount of the payment exceeds the expenditure incurred by C in supplying that thing.
- (5) This subsection applies if the amount of the payment is no more than would have been the case had the transaction been entered into at arm’s length.
- (6) A transaction would have been entered into “at arm’s length” if it made “the arm’s length provision” within the meaning of Part 4 of TIOPA 2010 (and for this purpose any limitation on the application of that Part is to be disregarded).
- (7) Subsections (8) and (9) apply if—
- (a) the supply by C to the production company is one of a sequence of transactions in which the thing supplied has been supplied by one person to another, and
- (b) either—
- (i) each transacting party in the sequence is connected to at least one other transacting party in the sequence, or
- (ii) each transaction in the sequence is entered into in furtherance of a single scheme or arrangement (of whatever kind, and whether or not legally enforceable).
- (8) The reference to C in subsection (4)(c) is to be read as a reference to the supplier in the first transaction in the sequence.
- (9) The reference to the transaction in subsection (5) is to be read as including each transaction in the sequence.
- (10) In this section, “payment” includes any transfer of value.”
- (4) Those amendments have effect in relation to expenditure incurred on or after 1 April 2024.

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

Amendment of R&D exclusion

- 8 (1) In section 1217JA (expenditure qualifying for theatre relief), for subsection (2) substitute—
- (a) in paragraph (a), for “is entitled to” substitute “would be able to claim”;
 - (b) in paragraph (b), for “has obtained” substitute “would be able to claim”.
- (2) Those amendments have effect in relation to expenditure incurred on or after 1 April 2024.

Restriction where tax liabilities outstanding: meaning of “payment period”

- 9 In section 1217KB (payment in respect of theatre tax credit), after subsection (4) insert—
- “(4A) For the purposes of subsection (4), a “payment period” is—
- (a) in relation to PAYE regulations or Class 1 national insurance contributions, a period—
 - (i) which ends on the fifth day of a month, and
 - (ii) for which the company is liable to account for income tax and national insurance contributions to an officer of Revenue and Customs;
 - (b) in relation to section 966 of ITA 2007, a period for which the company is required to make a return as described in section 969(1)(b) of that Act.”

Relief not to be available for companies in insolvency

- 10 (1) After section 1217KC insert—

“Companies in insolvency

1217KD No claim if company in administration or liquidation

- (1) A company may not make a claim under section 1217H or section 1217K at a time when it is in administration or liquidation.
 - (2) For the purposes of this section, a company is in administration if—
 - (a) it is in administration under Part 2 of the Insolvency Act 1986 or Part 3 of the Insolvency (Northern Ireland) Order 1989 ([S.I. 1989/2405 \(N.I. 19\)](#)), or
 - (b) a corresponding situation under the law of a country or territory outside the United Kingdom exists in relation to the company.
 - (3) For the purposes of this section, a company is in liquidation if—
 - (a) it is in liquidation within the meaning of section 247 of that Act or Article 6 of that Order, or
 - (b) a corresponding situation under the law of a country or territory outside the United Kingdom exists in relation to the company.”
- (2) That amendment has effect in relation to claims made on or after 1 April 2024.