

2024 No. 1009

CINEMAS AND FILMS

CORPORATION TAX

**The Corporation Tax (Certification as Low-Budget Film)
Regulations 2024**

<i>Made - - - -</i>	<i>8th October 2024</i>
<i>Laid before Parliament</i>	<i>9th October 2024</i>
<i>Coming into force - -</i>	<i>30th October 2024</i>

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1179AE(3) and 1179DJA(2) and (5)(b) and (c) of the Corporation Tax Act 2009(a).

In accordance with section 1179DJA(2) and (5) of the Corporation Tax Act 2009(b), the Secretary of State has obtained the approval of the Treasury.

Citation, commencement, extent and interpretation

1.—(1) These Regulations may be cited as the Corporation Tax (Certification as Low-Budget Film) Regulations 2024 and come into force on 30th October 2024.

(2) These Regulations extend to England and Wales, Scotland and Northern Ireland.

(3) In these Regulations, “total core expenditure”, in relation to a film(c), means the total of the core expenditure(d) incurred and anticipated to be incurred in relation to the film.

Certification as low-budget film: budget condition

2.—(1) Paragraph (2) applies for the purposes of section 1179DJA(1)(b) of the Corporation Tax Act 2009 (requirements for a film to be certified as low-budget where a certificate under Schedule 1 to the Films Act 1985 is granted in relation to the film).

(2) The budget condition, in relation to a film, is that the total core expenditure in relation to the film does not exceed £23,500,000.

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- (a) 2009 c. 4. Section 1179AE was inserted by paragraph 1 of Schedule 2 to the Finance Act 2024 (c. 3). Section 1179DJA was inserted by section 14(2) of the Finance (No. 2) Act 2024 (c. 12).
- (b) Under section 1179DJA(10) of the Corporation Tax Act 2009, “specified” means specified in regulations and “regulations” means regulations made by the Secretary of State with the approval of the Treasury.
- (c) For the meaning of “film”, see section 1179DA of the Corporation Tax Act 2009. Section 1179DA was inserted by paragraph 1 of Schedule 2 to the Finance Act 2024.
- (d) For the meaning of “core expenditure”, see section 1179DS of the Corporation Tax Act 2009. Section 1179DS was inserted by paragraph 1 of Schedule 2 to the Finance Act 2024.

Certification as low-budget film: modification of test for creative connection condition

3.—(1) In relation to a film that has more than one director, the test in section 1179DJA(4)(a) of the Corporation Tax Act 2009 may be satisfied by reference to any director of the film who is a lead director.

(2) In relation to a film that has more than one scriptwriter, the test in section 1179DJA(4)(a) of the Corporation Tax Act 2009 may be satisfied by reference to any scriptwriter of the film who is a lead scriptwriter.

(3) For the purposes of this regulation—

- (a) a director of a film is a lead director if the contribution made by them to the film in that role is greater than or equal to the contribution made by each other director to the film in that role;
- (b) a scriptwriter of a film is a lead scriptwriter if the contribution made by them to the film in that role is greater than or equal to the contribution made by each other scriptwriter to the film in that role.

Particulars and evidence prescribed for the purposes of the budget and creative connection conditions

4.—(1) An application for a low-budget certificate(a) must comply with paragraph (2) for the purposes of satisfying the Secretary of State that—

- (a) the budget condition is met, and
- (b) except where the film is a qualifying co-production(b), the creative connection condition is met.

(2) The application must include or be accompanied by—

- (a) the particulars and evidence prescribed in the Schedule in relation to the budget condition,
- (b) except where the film is a qualifying co-production, the particulars and evidence prescribed in the Schedule in relation to the creative connection condition,
- (c) a statutory declaration by—
 - (i) a director or secretary of the production company(c) for the film, or
 - (ii) a representative of the production company for the film who is authorised by a director or secretary of the production company to provide the statutory declaration, to the effect that all the particulars provided in the application are correctly stated to the best of the declarant’s information and belief,
- (d) where the person making the statutory declaration is a person falling within sub-paragraph (c)(ii), a signed letter or email from the director or secretary concerned authorising the person to provide the statutory declaration, and
- (e) a report prepared by a person referred to in paragraph (3) verifying the particulars prescribed in—
 - (i) paragraph 1 of the Schedule, and
 - (ii) except where the film is a qualifying co-production, paragraph 6(c) of the Schedule.

(a) For the meaning of “low-budget certificate”, see section 1179DJA(10) of the Corporation Tax Act 2009.

(b) For the meaning of “qualifying co-production”, see section 1179DQ(1) of the Corporation Tax Act 2009. Section 1179DQ was inserted by paragraph 1 of Schedule 2 to the Finance Act 2024.

(c) For the meaning of “production company”, see section 1179DP of the Corporation Tax Act 2009. Section 1179DP was inserted by paragraph 1 of Schedule 2 to the Finance Act 2024.

(3) A person referred to in this paragraph is a person who is eligible for appointment as a statutory auditor under section 1212 of the Companies Act 2006^(a) and is not and was not at any time while the film was being made—

- (a) in partnership with the production company for the film or any officer or servant of the production company,
- (b) in the employment of the production company for the film or any officer or servant of the production company, or
- (c) an officer or servant of the production company for the film or, if the production company is a member of a group of companies^(b), of any other company in that group.

7th October 2024

Chris Bryant
Minister of State
Department for Culture, Media and Sport

We approve,

8th October 2024

Jeff Smith
Nicholas Dakin
Two of the Lords Commissioners of His Majesty's Treasury

(a) 2006 c. 46.

(b) Under section 1179AD of the Corporation Tax Act 2009, for the purposes of Part 14A of that Act, a company is in the same group as another company if those companies are in the same group for the purposes of Part 5 of the Corporation Tax Act 2010 (c. 4). Section 1179AD was inserted by paragraph 1 of Schedule 2 to the Finance Act 2024.

SCHEDULE

Regulation 4(2)(a)

Particulars and Evidence

PART 1

Budget condition

1. The particulars prescribed in this Schedule in relation to the budget condition are—
 - (a) the total core expenditure in relation to the film, and
 - (b) the total expenditure in relation to the film which is not core expenditure.
2. The evidence prescribed in this Schedule in relation to the budget condition is a document setting out the total expenditure in relation to the film, broken down by category of expenditure (for example, equipment, location, wardrobe).
3. The figures provided under paragraphs 1 and 2 must be accurate—
 - (a) in relation to interim certification^(a), on a date within the period of three months ending with the date of the application;
 - (b) in relation to final certification, on the date the film is completed.
4. For the purposes of paragraph 3(b), a film is completed at the time when it is first in a form in which it can reasonably be regarded as ready for copies of it to be made and distributed for presentation to the general public.
5. In this Part, “total expenditure”, in relation to a film, means the total of the expenditure incurred and anticipated to be incurred in relation to the film.

PART 2

Creative connection condition

6. The particulars prescribed in this Schedule in relation to the creative connection condition are—
 - (a) the name of the person (“P”) by reference to whom the test in section 1179DJA(4)(a) of the Corporation Tax 2009 is claimed to be met,
 - (b) P’s role in relation to the film,
 - (c) P’s nationality or (as the case may be) ordinary residence,
 - (d) in a case where P is a director in relation to the film and there is one or more other directors, the reasons why P should be considered to be a lead director for the purposes of regulation 3, and

(a) Section 1179DJA(1) of the Corporation Tax Act 2009 sets out the circumstances in which a certificate granted in relation to a film under Schedule 1 to the Films Act 1985 (c. 21) (“the 1985 Act”) must, in addition to certifying that the film is or will be a British film, certify the film as a low-budget film. Under paragraph 2(2) of Schedule 1 to the 1985 Act, an application for certification as a British film may be for an interim or final certificate. The terms “interim certificate” and “final certificate” are defined in paragraph 2(3) and (4) of Schedule 1 to the 1985 Act respectively.

- (e) in a case where P is a scriptwriter in relation to the film and there is one or more other scriptwriters, the reasons why P should be considered to be a lead scriptwriter for the purposes of regulation 3.
7. The evidence prescribed in this Schedule in relation to the creative connection condition is—
- (a) the contract of employment between the person mentioned in paragraph 6(a) (“P”) and the production company,
 - (b) in a case where P is a director in relation to the film and there is one or more other directors, the contract of employment between the production company and each other director, and
 - (c) in a case where P is a scriptwriter in relation to the film and there is one or more other scriptwriters—
 - (i) the contract of employment between the production company and each other scriptwriter, and
 - (ii) the chain of title.

8. In this Part, “chain of title”, in relation to a film, means the series of written documents establishing proprietary rights in the film.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision in connection with section 1179DJA of the Corporation Tax Act 2009 (c. 4) (“the 2009 Act”), which is concerned with the provision of additional relief for low-budget films with a specified UK connection.

In order to attract the additional relief, films certified as British films under Schedule 1 to the Films Act 1985 (c. 21) must meet the budget condition and creative connection condition referred to in section 1179DJA of the 2009 Act.

Regulation 2 sets out the budget condition.

Regulation 3 modifies the creative connection condition test set out in section 1179DJA(4)(a) of the 2009 Act for the purposes of films which are not qualifying co-productions (as defined in section 1179DQ of the 2009 Act) and have more than one director or scriptwriter.

Regulation 4 and the Schedule prescribe the particulars and evidence necessary for satisfying the Secretary of State that the budget condition and, unless the film is a qualifying co-production, the creative connection condition are met.

A full impact assessment has not been prepared for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

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