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Creative Industries Statistics

August 2020

Official Statistics on Film, High-End Television, Animation, Video Games, Children's Television, Theatre, Orchestra, and Museums & Galleries Exhibition Tax Reliefs

Official Statistics

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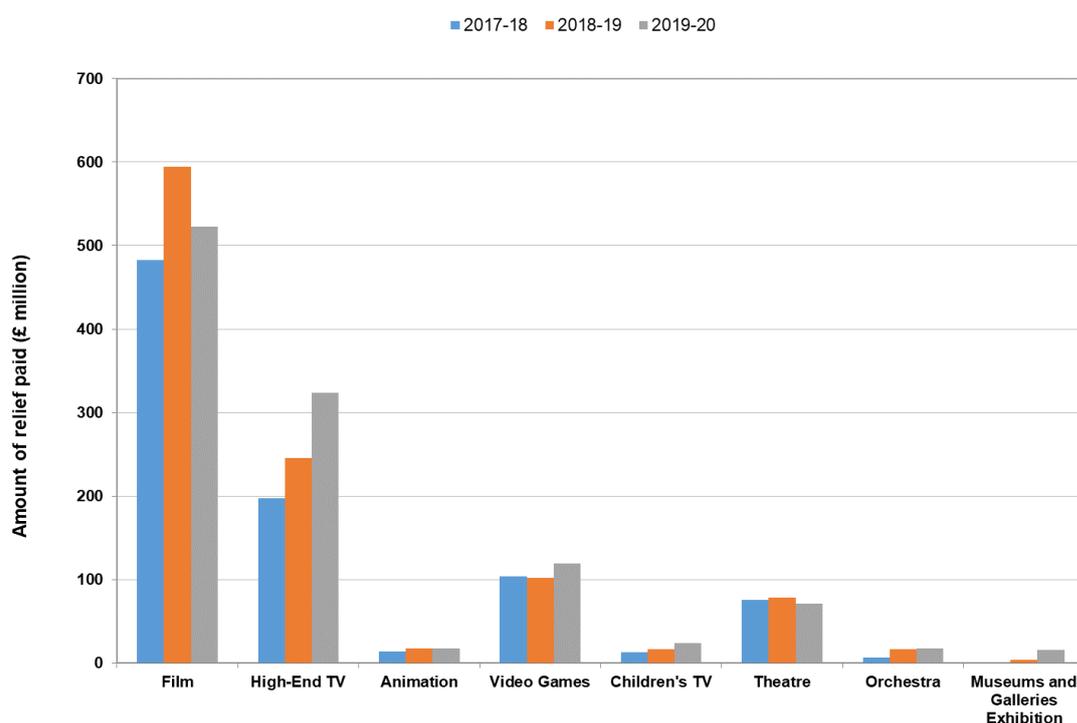
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Section 1: Key points and summary

1.1 Summary

In 2019-20, a total of £1.11 billion was paid out across all the Creative Industries tax reliefs. This is an increase from £1.08 billion in 2018-19. Figure 1 shows the amount of each relief paid out in the last three years. In 2019-20 Film tax relief accounts for almost half of the total amount paid out and High-End TV tax relief accounts for almost 30% of the total.

Figure 1: Amount of Creative Industries Tax Reliefs paid (receipts basis) from 2017-18 to 2019-20



1.2 Film Tax Relief

- There were 300 British films completed in 2019-20 which claimed Film tax relief (FTR), with UK expenditure of £2.5 billion. These figures are likely to increase as more claims are received by HMRC. Since the relief was introduced in 2007, 3,470 films have made claims, accounting for £18.4 billion of UK expenditure.
- Each film may make several claims during the production process. One claim can also be made to cover several films. In 2019-20, £522 million of FTR was paid in response to 785 claims, representing 740 films.
- A total of £3.9 billion has been paid out to 6,080 claims since the current film tax relief was introduced in 2007.

1.3 High-end Television Tax Relief

- There were 110 British high-end television programmes completed in 2019-20 which claimed High-end Television (HETV) tax relief, with UK expenditure of £1.5 billion. These figures are likely to increase as more claims are received by HMRC. Since the relief was introduced in 2013, 635 programmes have made claims, accounting for £8.0 billion of UK expenditure.
- Each programme may make several claims during the production process. One claim can also be made to cover several programmes. In 2019-20, £324 million of HETV tax relief was paid to 290 claims, representing 275 programmes.
- A total of £1.1 billion has been paid out in response to 1,065 claims since HETV was introduced.

1.4 Animation Tax Relief

- There were 35 British animations completed in 2019-20 which claimed Animation tax relief (ATR), with UK expenditure of £83 million. These figures are likely to increase as more claims are received by HMRC. Since the relief was introduced, 305 animations have made claims, accounting for £519 million of UK expenditure.
- Each animation may make several claims during the production process. One claim can also be made to cover several animations. In 2019-20, £18 million was paid to 105 claims, representing 115 animations.
- A total of £81 million has been paid out in response to 430 claims since ATR was introduced in 2013.

1.5 Video Games Tax Relief

- There were 150 British video games completed in 2019-20 which claimed Video Games tax relief (VGTR), with UK expenditure of £355 million. These figures are likely to increase as more claims are received by HMRC. Since the relief was introduced in 2014, 1,375 video games have made claims, accounting for £3.7 billion of UK expenditure.
- Each game may make several claims during the production process. One claim can also be made to cover several games. In 2019-20, 350 claims were made for a total of £121 million, which represented 605 games.
- Since VGTR was introduced, a total of £444 million has been paid out to 1,460 claims.

1.6 Children's Television Tax Relief

- There were 25 British Children's TV programmes completed in 2019-20 which claimed Children's Television tax relief (CTR), with UK expenditure of £30 million. These figures are likely to increase as more claims are received by HMRC. Since the relief was introduced in 2015, 280 programmes have made claims, accounting for £299 million of UK expenditure.
- Each programme may make several claims during the production process. One claim can also be made to cover several programmes. In 2019-20, 55 claims were made for a total of £24 million, which represented 90 programmes.
- Since CTV was introduced in 2015, a total of £59 million has been paid out to 195 claims.

1.7 Theatre Tax Relief

- In 2019-20, £71 million of Theatre tax relief (TTR) was paid out relating to 1,115 claims. Each claim can be for more than one production, so these claims represent 3,580 productions, of which 1,065 were touring and 2,515 non-touring.
- Since TTR was introduced in 2014, £280 million has been paid out relating to 3,645 claims, which represents 12,065 productions.

1.8 Orchestra Tax Relief

- In 2019-20, £18 million of Orchestra tax relief (OTR) was paid out relating to 165 claims, representing 565 productions.
- Since OTR was introduced in 2016, £41 million has been paid out relating to 340 claims and 1,350 productions.

1.9 Museums and Galleries Exhibition Tax Relief

- In 2019-20, £16 million of Museum and Galleries Exhibition Tax Relief (MGETR) was paid out relating to 170 claims representing 1,045 exhibitions.
- Since MGETR was introduced in 2017, £20 million has been paid to 220 claims, representing 1,345 exhibitions.

Section 2: Introduction

About these statistics

This is an Official Statistics publication produced by HM Revenue & Customs (HMRC). It provides information on the number of productions made in the UK claiming tax relief and the amounts of UK and total expenditure for Film, High-end Television (HETV), Animation, Video Games, Children's Television, Theatre, Orchestra, and Museums & Galleries Exhibition (MGE) tax relief for years up to 2019-20. The background information in Section 4 explains these tax reliefs in more detail. Statistics are also presented on the number of tax relief claims, the amount claimed in total and split by claim size.

Statistics are produced annually with this set based on data available at the end of June 2020.

The statistical tables are published on GOV.UK alongside this commentary document.

All figures for the latest two years are considered provisional and are subject to revision in next year's publication. The latest year's figures in the completion-basis and accruals-basis tables are based on partial data and are likely to increase as more claims are received by HMRC. More detail about the revisions policy can be found in Section 4.

Who might be interested in these statistics?

This publication is likely to be of interest to policy makers in government, academics, research organisations, the media, film, television, theatre and orchestra production companies, museums and gallery exhibitors, and companies raising funds to support film, television, theatre, orchestra and video games production.

We would welcome feedback on this release and the range of statistics presented. We will provide a response to any comments received within subsequent releases. Contact details are included within Section 4.

Section 3: Commentary

3.1 Film Tax Relief

Film tax relief (FTR) aims to promote the sustainable production of culturally British films. The relief is available for British qualifying films: films must either pass a cultural test or be a qualifying co-production. At least 10% of the core production costs must relate to activities in the UK. The relief allows qualifying companies to make a deduction in their taxable profits. Companies not making a profit may be able to surrender the tax relief for a payable tax credit.

The split between the limited budget films and large films has been removed from the tables this year as a single rate of relief of 25% has applied to all films from 1 April 2015.

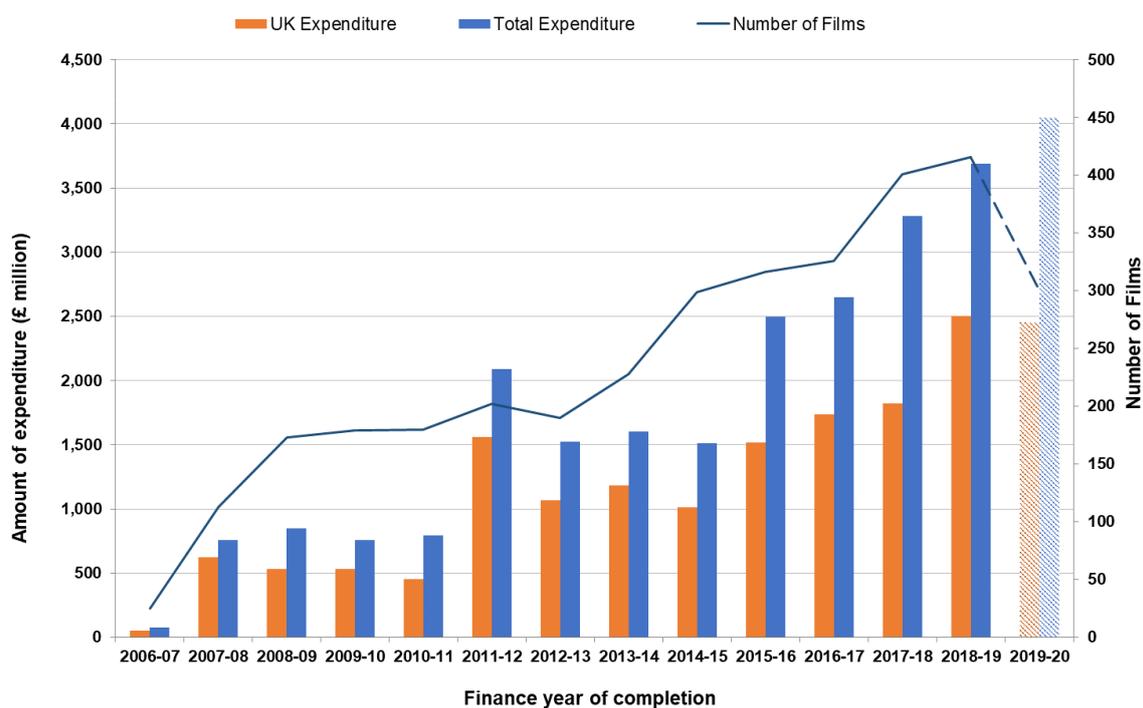
Films claiming FTR

This section presents statistics on those films that have made a claim for FTR. So far 300 films completed in 2019-20 have claimed FTR, with UK expenditure of £2.5 billion. The figures for 2019-20 are likely to increase as more claims are received by HMRC.

Since the relief was introduced in 2007, 3,470 films have claimed FTR; this accounted for £28.1 billion of total expenditure, of which £18.4 billion was UK expenditure. Figure 2 shows the number and expenditure of films completed between 2006-07 and 2019-20 which have claimed FTR. The latest year's figures are shaded to indicate they are based on partial data.

The data used in this section comes from Film Table 1.1 in the tables published alongside this publication.

Figure 2: Number and expenditure of films which claimed tax relief by year of completion, 2006-07 to 2019-20



Claims and payments

This section looks at the number of claims and the resulting amounts paid out in film tax relief. A qualifying film may make a number of claims, receiving payments at stages throughout the production process. A claim may cover several films.

Accruals basis

Film Table 1.2 shows the number of companies, the number of claims made and amounts paid on an accruals basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for FTR.

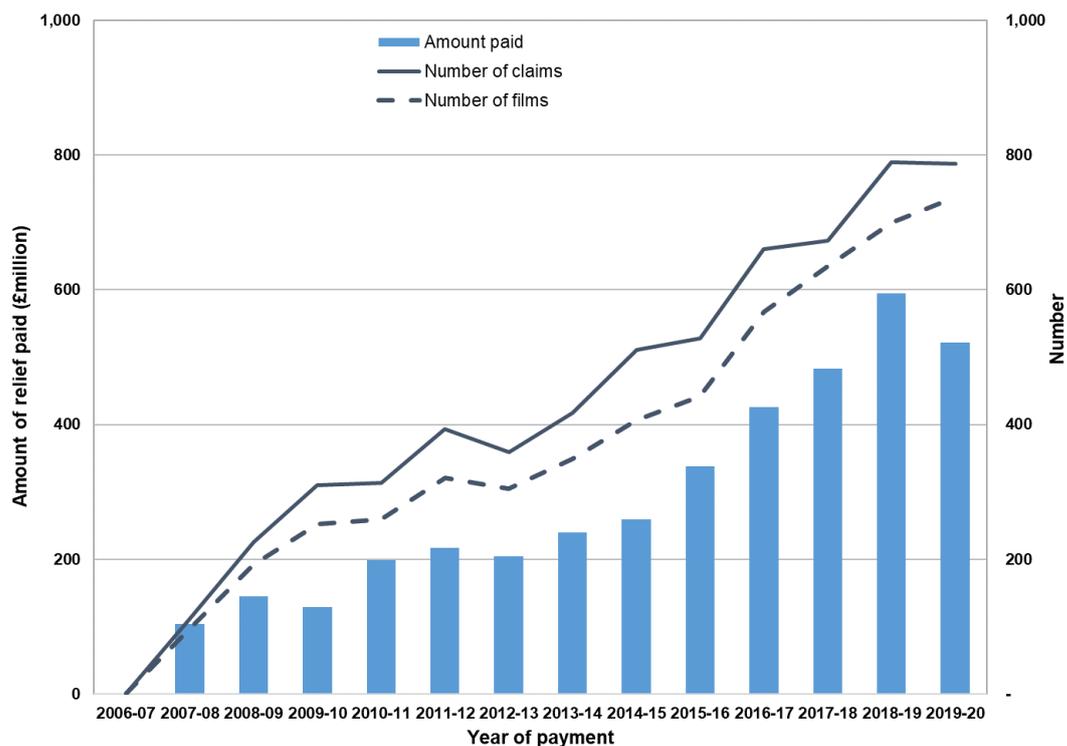
For 2018-19, the latest year for which accruals data are available, 770 claims have been paid to 700 companies so far, with a total amount of £573 million. This is expected to rise as more claims are received and processed by HMRC. Based on the timings of claims received in previous years, we estimate that the final amount paid for 2018-19 will be £577 million.

Receipts basis

Film Table 1.3 shows the number of claims paid and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was actually made.

In 2019-20, 740 films made 785 claims and received £522 million. Figure 3 shows that the number of claims and the amount of film tax relief paid out has generally tended to increase year on year. There was a larger increase in relief paid out in 2018-19 followed by a decrease in 2019-20; this reflects a fluctuation in the timing of some payments. Since the relief was introduced in 2007, a total of £3.9 billion has been paid out relating to 6,080 claims.

Figure 3: Number of films, number of claims and amount of FTR paid (receipts basis), 2006-07 to 2019-20



Number of claims and amount paid by size of claim

This section takes the number of claims and amount of film tax relief paid (receipts basis), and breaks them down by the size of the claim. The majority of claims made are for smaller amounts, with 66% of all claims being for £100,000 or less in 2019-20. The proportion of claims £100,000 or less has increased since 2018-19.

Despite only 2% of the claims being for over £5 million in 2019-20, they account for 66% of the total amount paid.

3.2 High-end Television Tax Relief

High-end television (HETV) tax relief aims to promote the sustainable production of culturally relevant high-end television programmes in the UK. The relief was announced at Budget 2012 and introduced on 1 April 2013. The relief allows qualifying companies to claim a deduction in their taxable profits; where the company makes a loss, they can surrender this for a payable tax credit.

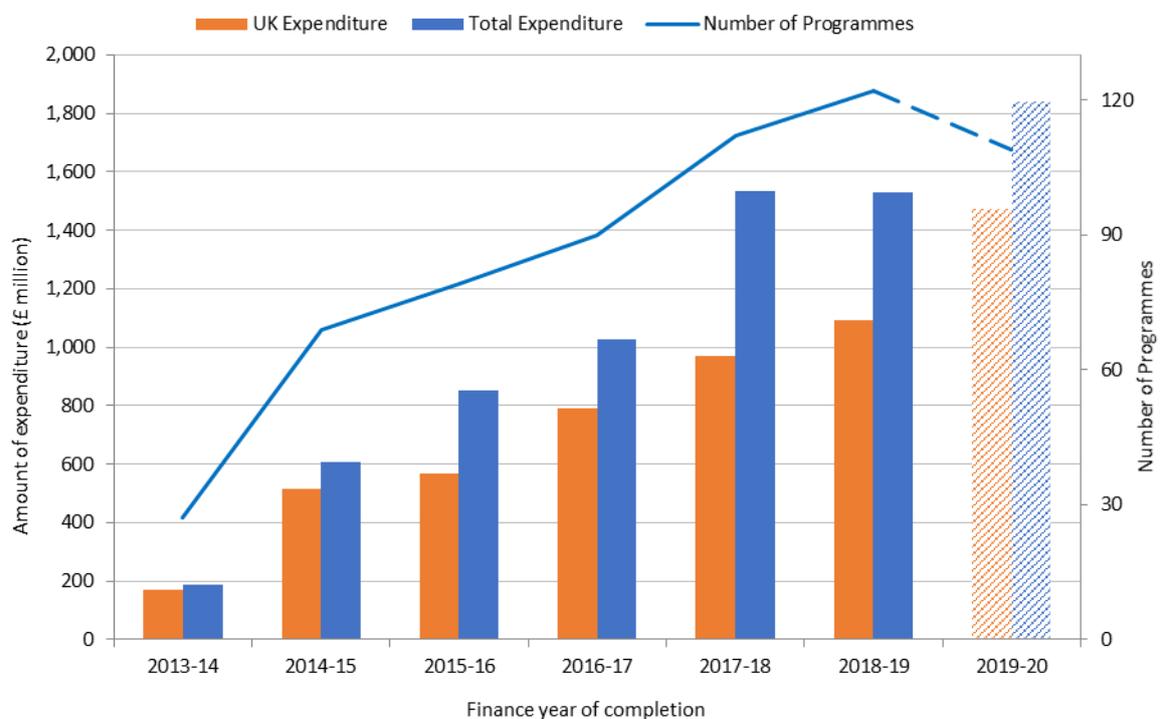
Programmes claiming HETV tax relief

This section presents statistics on those programmes that have made a claim for HETV tax relief. So far 110 programmes completed in 2019-20 have claimed HETV tax relief, with UK expenditure of £1.5 billion. The figures for 2019-20 are likely to increase as more claims are received by HMRC.

Since the relief was introduced in 2013, 635 programmes have claimed HETV tax relief; this accounted for £8.0 billion of total expenditure, of which £5.9 billion was UK expenditure. Figure 4 shows the number and expenditure of programmes completed between 2013-14 and 2019-20 which have claimed HETV tax relief. The latest year's figures are shaded to indicate they are based on partial data.

The data used in this section comes from HETV Table 2.1.

Figure 4: Number and expenditure of HETV programmes which claimed tax relief by year of completion, 2013-14 to 2019-20



Claims and payments

This section looks at the number of claims and the resulting amounts paid out in HETV tax relief. A qualifying programme may make a number of claims, receiving payments at stages throughout the production process. A claim may cover several HETV programmes.

Accruals basis

HETV Table 2.2 shows the number of companies, number of claims and amount paid on an accruals basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for HETV tax relief.

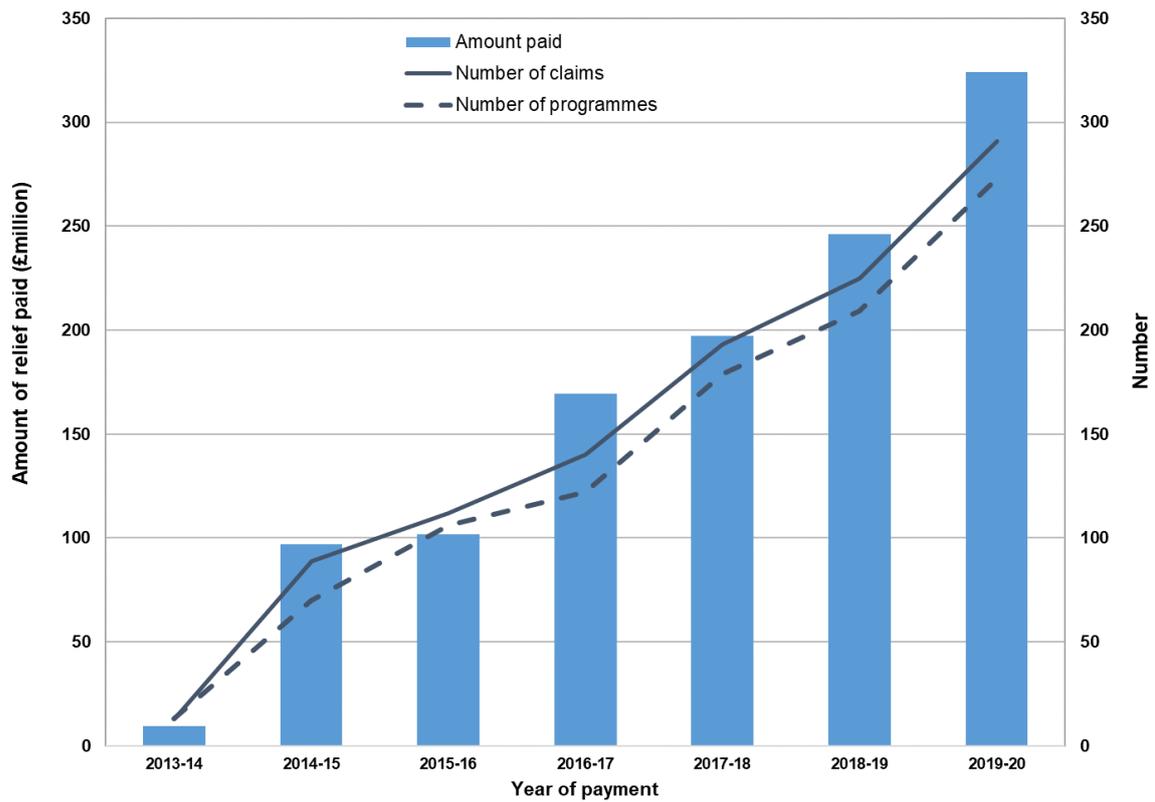
For 2018-19, the latest year for which accruals data are available, 265 claims have been paid to 215 companies so far, with a total amount of £291 million. This is expected to rise as more claims are received and processed by HMRC. Based on the timings of claims received in previous years, we estimate that the final amount paid for 2018-19 will be £292 million.

Receipts basis

HETV Table 2.3 shows the number of claims paid and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was actually made.

In 2019-20, 275 programmes made 290 claims and received £324 million. Since the relief was introduced in 2013, a total of £1.1 billion has been paid out relating to 1,065 claims.

Figure 5: Number of programmes, number of claims and amount of HETV tax relief paid (receipts basis), 2013-14 to 2019-20



Number of claims and amount paid by size of claim

The data used in this section comes from HETV Table 2.4.

In 2019-20, over a third of the number of claims were for less than £250,000 – however, these only accounted for 3% of the total amount paid. This is a similar proportion to the last two years.

In 2019-20, 13% of the claims were for over £2 million, but these accounted for 58% of the total amount paid.

3.3 Animation Tax Relief

Animation Tax Relief (ATR) aims to promote the sustainable production of culturally relevant animation productions in the UK. It is aimed directly at companies producing animation programmes and was introduced on 1 April 2013.

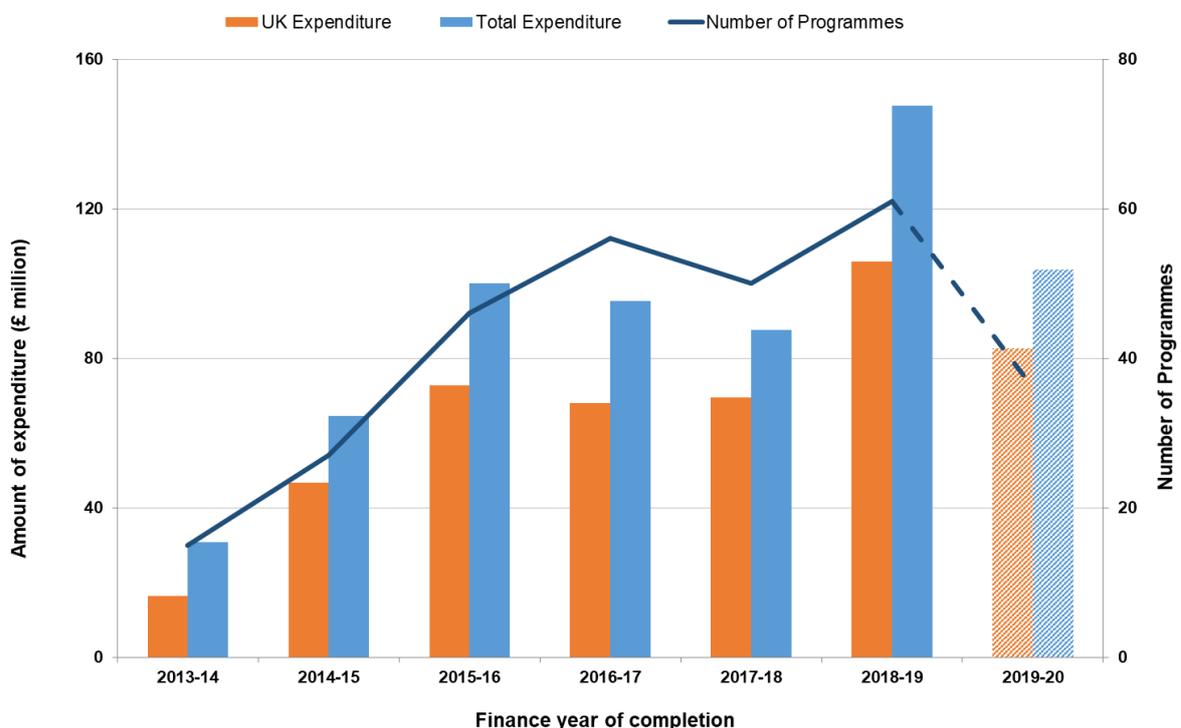
Programmes claiming ATR

This section presents statistics on those animations that have made a claim for ATR. So far 35 animations completed in 2019-20 have claimed ATR, with UK expenditure of £83 million. The figures for 2019-20 are likely to increase as more claims are received by HMRC.

Since the relief was introduced in 2013, 305 animations have claimed ATR; this accounted for £694 million of total expenditure, of which £519 million was UK expenditure. Figure 6 shows the number and expenditure of animations completed between 2013-14 and 2019-20 which have claimed ATR. The latest year's figures are shaded to indicate they are based on partial data.

The data used in this section comes from Animation Table 3.1.

Figure 6: Number and expenditure of animations which claimed tax relief by year of completion, 2013-14 to 2019-20



Claims and payments

This section looks at the number of claims and the resulting amounts paid out in animation tax relief. A qualifying animation may make a number of claims, receiving payments at stages throughout the production process. A claim may also cover several animations.

Accruals basis

Animation Table 3.2 shows the number of companies, number of claims and amount paid on an accruals basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for ATR.

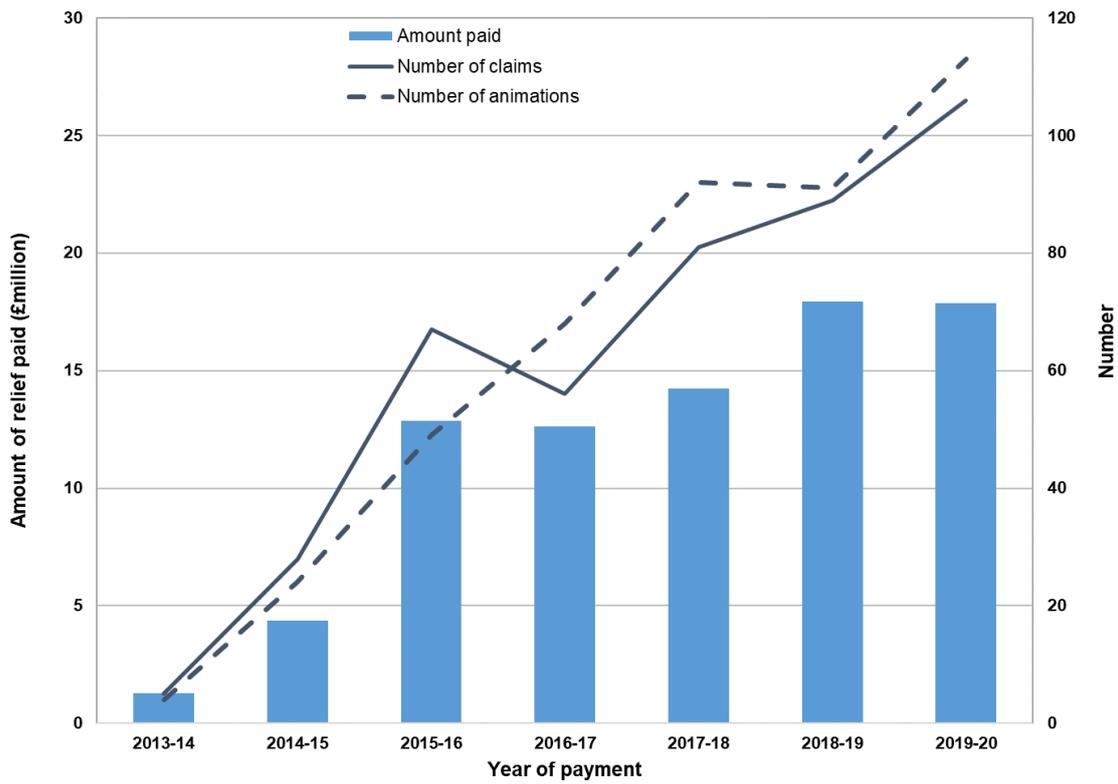
For 2018-19, the latest year for which accruals data are available, 85 claims have been paid to 80 companies so far, with a total of £14 million. This is expected to rise as more claims are received and processed by HMRC. Based on the timings of claims received in previous years, we estimate that the final amount paid for 2018-19 will be £15 million.

Receipts basis

Animation Table 3.3 shows the number of claims paid and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was actually made.

In 2019-20, 115 animations made 105 claims and received £18 million. Figure 7 shows that the number of claims has tended to increase, despite a slight decrease in 2016-17. Since the relief was introduced in 2013, a total of £81 million has been paid out relating to 430 claims.

Figure 7: Number of Animations, number of claims and amount of ATR paid (receipts basis), 2013-14 to 2019-20



Number of claims and amount paid by size of claim

The data used in this section comes from Animation Table 3.4.

In 2019-20, 23% of ATR claims were for values of over £250,000 and they accounted for 66% of the total amount paid out.

3.4 Video Games Tax Relief

Video Games Tax Relief (VGTR) aims to promote the sustainable production of culturally relevant video games in the UK. It is aimed directly at companies producing video games and was introduced from 1 April 2014.

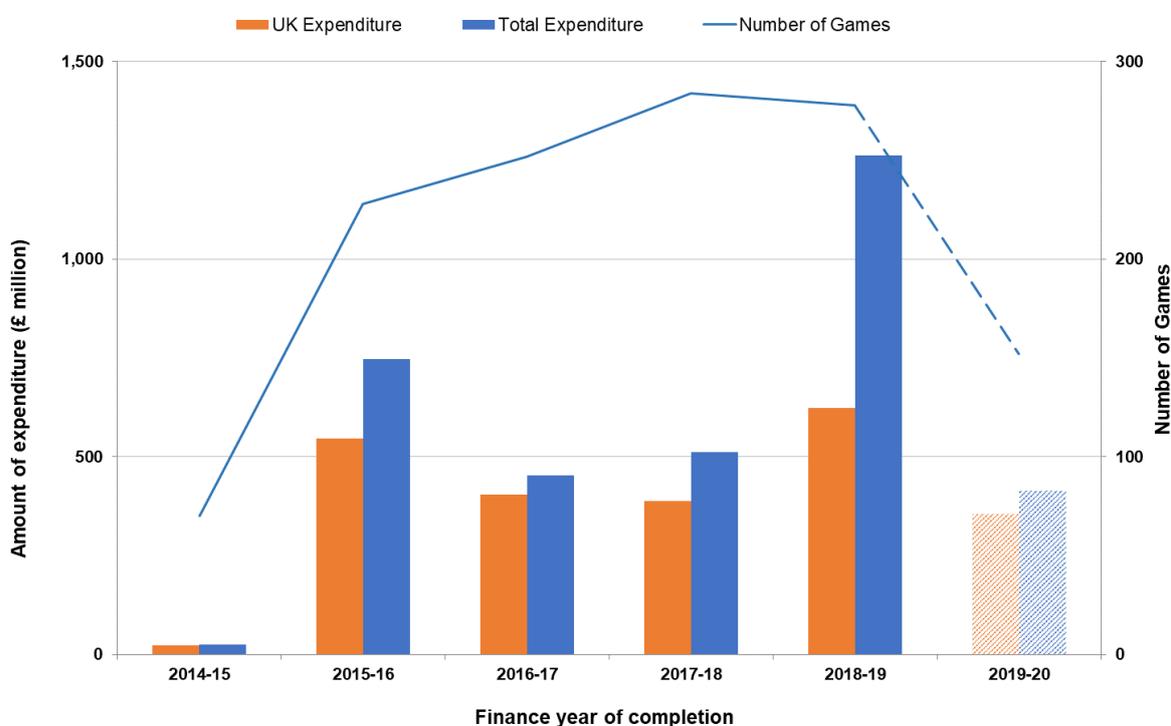
Video games claiming VGTR

This section presents statistics on video games that have made a claim for VGTR. So far 150 games completed in 2019-20 have claimed VGTR, with UK expenditure of £355 million. The figures for 2019-20 are likely to increase as more claims are received by HMRC.

Since the relief was introduced, 1,375 video games have claimed VGTR; this accounted for £5.6 billion of total expenditure, of which £3.7 billion was UK expenditure. Figure 8 shows the number and expenditure of video games completed between 2014-15 and 2019-20 which have claimed VGTR. The latest year's figures are shaded to indicate they are based on partial data. There is a large spike in total and UK expenditure in 2018-19 due to a small number of very high budget games.

The data used in this section comes from Video Games Table 4.1.

Figure 8: Number and expenditure of video games which claimed tax relief by year of completion, 2014-15 to 2019-20



Claims and payments

This section looks at the number of claims and the resulting amounts paid out in video games tax relief. A qualifying game may make a number of claims, receiving payments at stages throughout the production process. A claim may cover several games.

Accruals basis

Video Games Table 4.2 shows the number of companies, number of claims and amount paid on an accruals basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for VGTR.

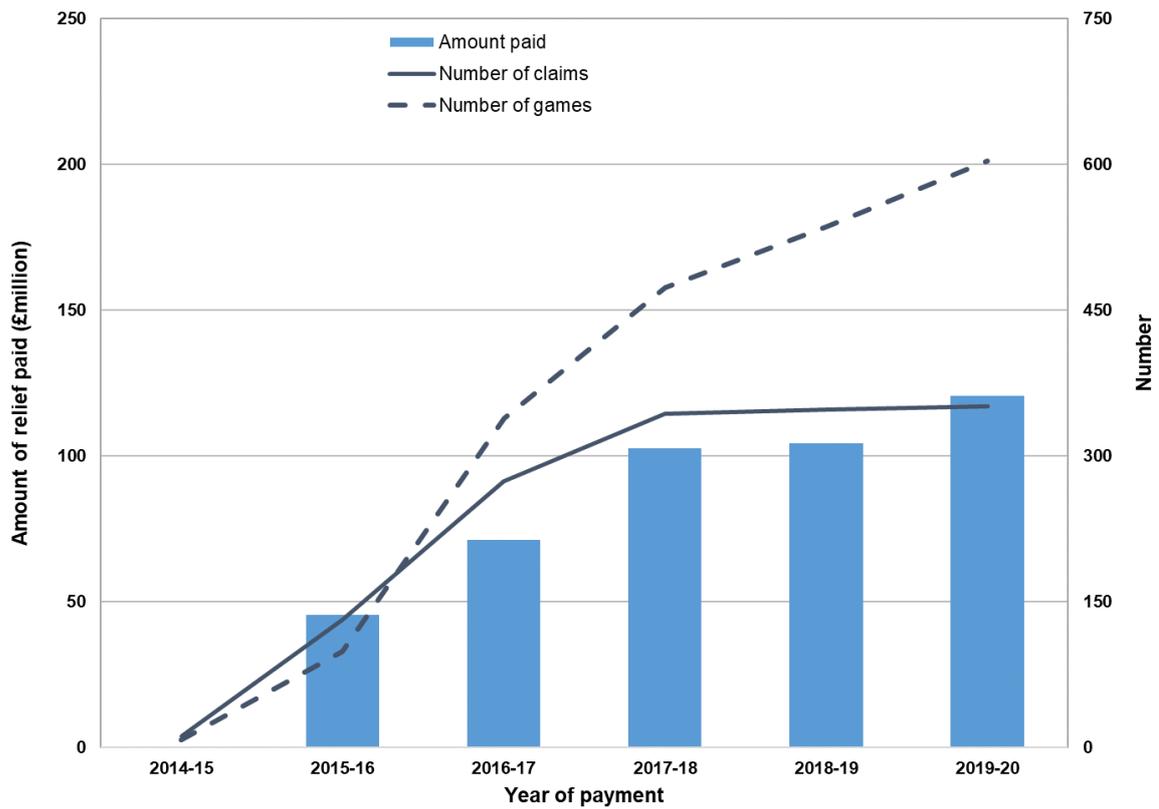
For 2018-19, the latest year for which accruals data are available, 310 claims have been paid to 270 companies so far, with a total amount of £139 million. This is expected to rise as more claims are received and processed by HMRC. Based on the timings of claims received in previous years, we estimate that the final amount paid for 2018-19 will be £161 million.

Receipts basis

Video Games Table 4.3 shows the number of claims paid and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was actually made.

In 2019-20, 605 video games made 350 claims and received £121 million. Figure 9 shows that the number of claims and the amount of relief paid has begun to level out since 2017-18. Since the relief was introduced in 2014, a total of £444 million has been paid out in relation to 1,460 claims.

Figure 9: Number of games, number of claims and amount of VGTR paid (receipts basis). 2014-15 to 2019-20



Number of claims and amount paid by size of claim

The data used in this section comes from Video Games Table 4.4.

In 2019-20, the majority of claims tend to be for smaller amounts, with 51% of all claims being for £50,000 or less; however, these claims are only responsible for 3% of the total amount paid out. Despite only 13% of the claims being for amounts over £500,000, these account for 80% of the total amount paid out for VGTR. These proportions are similar to those found in the previous year.

3.5 Children’s Television Tax Relief

Children’s Television Tax Relief (CTR) aims to encourage the production of culturally British children’s television programmes in the UK. It is an extension of high-end television tax relief and animation relief, but is specifically aimed at the producers of children’s television programmes. CTR is not subject to the £1 million per slot hour threshold or the 30 minute minimum slot length that applies to high-end television programmes. The measure was announced at Autumn Statement 2014, and took effect for qualifying expenditure incurred on or after 1 April 2015.

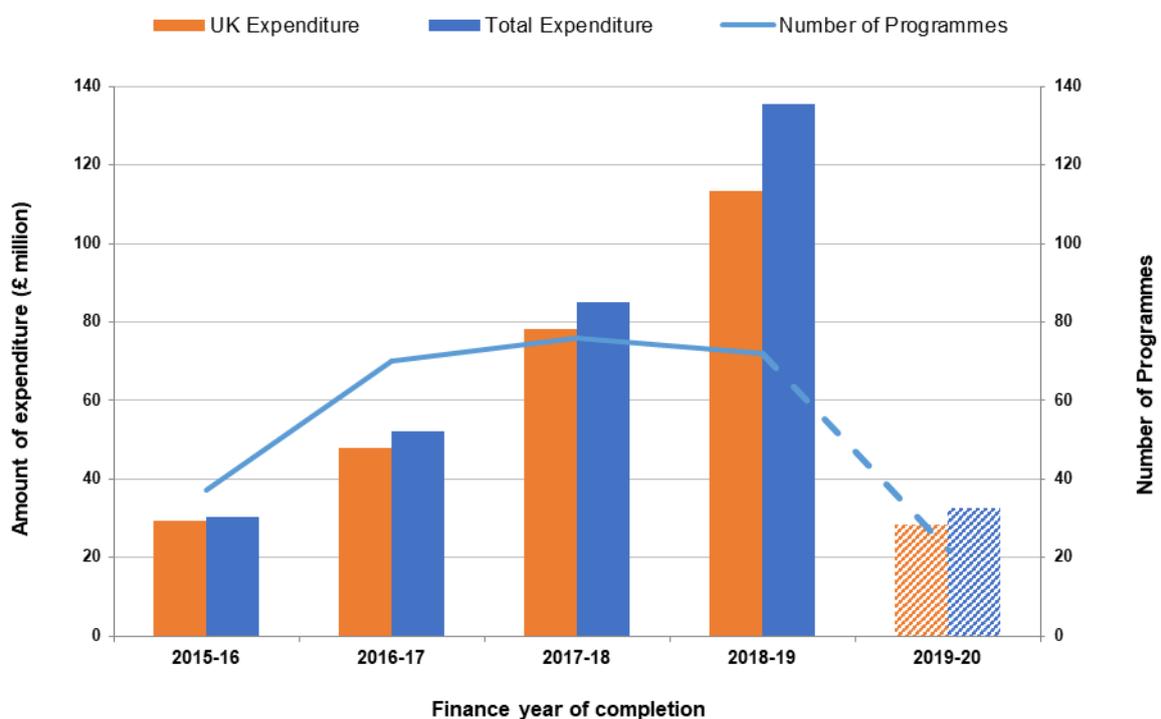
Programmes claiming tax relief

This section presents statistics on those programmes that have made a claim for CTR. So far 25 programmes completed in 2019-20 have claimed CTR, with UK expenditure of £30 million. The figures for 2019-20 are likely to increase as more claims are received by HMRC.

Since the relief was introduced, 280 programmes have claimed CTR; this accounted for £337 million of total expenditure, of which £299 million was UK expenditure. Figure 10 shows the number and expenditure of films completed between 2015-16 and 2019-20 which have claimed CTR. The latest year’s figures are shaded to indicate they are based on partial data.

The data in this section comes from Children’s TV Table 5.1.

Figure 10: Number and expenditure of programmes which claimed CTR by year of completion, 2015-16 to 2019-20



Claims and payments

This section looks at the number of claims and the resulting amounts paid out in Children's TV tax relief. A programme may make a number of claims, receiving payments at stages throughout the production process. A claim may cover several programmes.

Accruals basis

Children's TV Table 5.2 shows the number of claims and amount paid on an accruals basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for CTR.

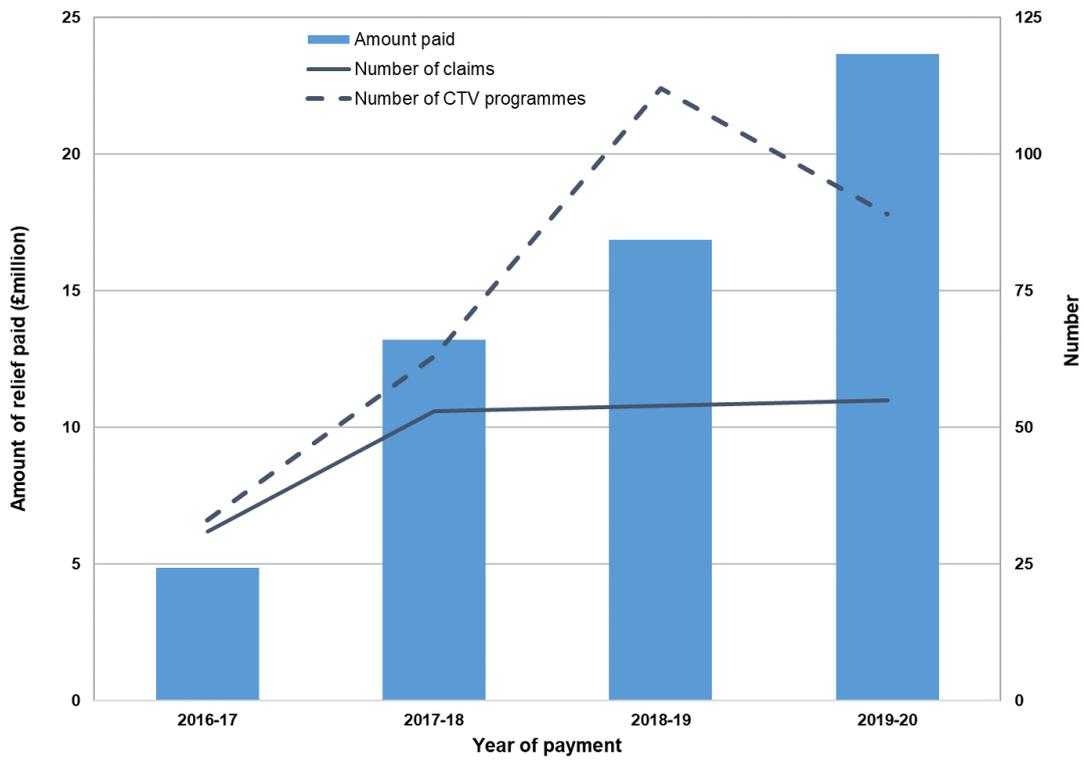
For 2018-19, the latest year for which accruals data are available, 60 claims have been paid to 50 companies so far, with a total amount of £25 million. This is expected to rise as more claims are received and processed by HMRC. Based on the timings of claims received in previous years, we estimate that the final amount paid for 2018-19 will be £26 million.

Receipts basis

Children's TV Table 5.3 shows the number of claims paid and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was made.

In 2019-20, 90 programmes made 55 claims and received £24 million. Figure 11 shows that the amount of CTR paid out has increased each year, while the number of claims has stabilised. Since the relief was introduced in 2016, a total of £59 million has been paid out relating to 195 claims.

Figure 11: Number of programmes, number of claims and amount of CTV paid (receipts basis), 2016-17 to 2019-20



Number of claims and amount paid by size of claim

The data used in this section comes from Children's Television Table 5.4.

In 2019-20, only 18% of the claims were for amounts over £500,000, but these account for 76% of the total amount paid out.

3.6 Theatre Tax Relief

Theatre Tax Relief (TTR) was announced in the Finance Act of 2014 and introduced in September 2014. Theatrical production companies are not required to pass a cultural test to be eligible to claim tax relief.

Claims and payments

This section looks at the number of claims and the resulting amounts paid out in theatre tax relief. A theatre production company may make several claims during the production process. A claim may cover several productions.

Accruals basis

Theatre Table 6.1 shows the number of companies, number of claims made and amounts paid on an accruals basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for TTR.

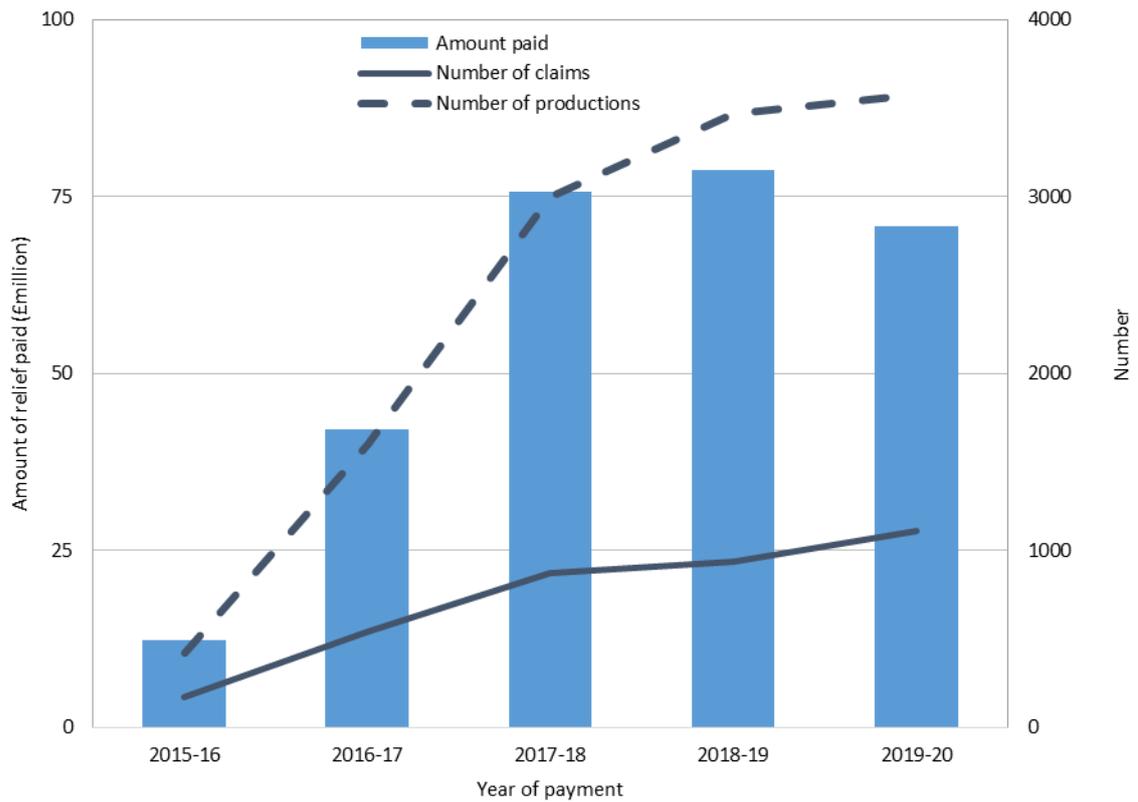
For 2018-19, the latest year for which accruals data are available, 925 claims have been paid to 885 companies so far, with a total amount of £71 million. This is expected to rise as more claims are received and processed by HMRC. Based on the timings of claims received in previous years, we estimate that the final amount for 2018-19 will be £77 million.

Receipts basis

Theatre Table 6.2 shows the number of claims paid and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was made. The table also features the number of individual productions. The number of productions has been split into touring and non-touring to represent the two rates of payable credit.

In 2019-20, a total of 3,580 productions made 1,115 claims and received £71 million. Of the productions, 70% were non-touring. Figure 12 shows that the numbers of claims and amount paid have generally been increasing each year, but the amount paid has fallen slightly in 2019-20. Since the relief was introduced in 2014, £280 million has been paid to 3,645 claims which represents 12,065 productions (8,280 non-touring and 3,785 touring).

Figure 12: Number of productions, number of claims and amount of TTR paid (receipts basis), 2015-16 to 2019-20



Number of claims and amount paid by size of claim

The data used in this section comes from Theatre Table 6.3.

The highest proportion of claims are for smaller amounts, with 45% of all claims being for £10,000 or less in 2019-20. This proportion has been increasing in recent years.

In 2019-20, claims over £250,000 represented just 6% of the claims made but 57% of the total amount paid out.

3.7 Orchestra Tax Relief

Orchestra Tax Relief (OTR) was introduced in April 2016. Orchestral production companies are not required to pass a cultural test to be eligible to claim tax relief.

Claims and payments

This section looks at the number of claims and the resulting amounts paid out in orchestra tax relief. An orchestral production company may make a number of claims, receiving payments at stages throughout the production process. A claim may cover several productions.

If a company has made an election covering multiple productions, then the series of productions is treated as a single production.

Accruals basis

Orchestra Table 7.1 shows the number companies, number of claims made and amounts paid on an accrual basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for OTR.

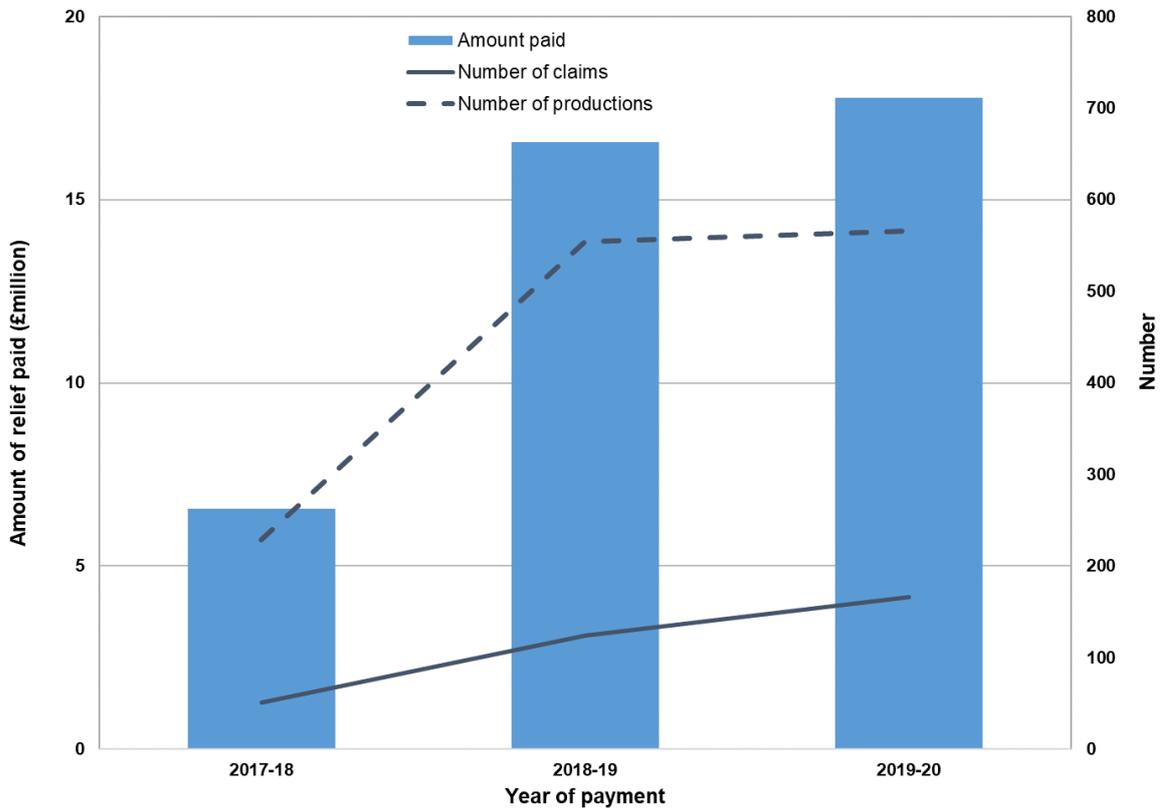
For 2018-19, the latest year for which accruals data are available, 130 claims have been paid to 130 companies so far, with a total amount of £15 million. This is expected to rise as more claims are received and processed by HMRC. Based on the timings of claims received in previous years, we estimate that the final amount for 2018-19 will be £17 million.

Receipts basis

Orchestra Table 7.2 shows the number of claims and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was actually made.

In 2019-20, 565 productions made 165 claims and received £18 million. Figure 13 shows that the numbers and amounts have increased since the relief was introduced. Since the relief was introduced in 2016, a total of £41 million has been paid to 340 claims which represents 1,350 productions.

Figure 13: Number of productions, number of claims and amount of OTR paid (receipts basis), 2017-18 to 2019-20



Number of claims and amount paid by size of claim

There is now enough data to break down Orchestra tax relief by the size of the claim. The data used in this section comes from Orchestra Table 7.3.

The highest proportion of claims are for smaller amounts. Claims of £5,000 or less represented 40% of the claims in 2019-20. While only 11% of all claims were for amounts over £250,000, they represented 78% of the amount paid.

3.8 Museums and Galleries Exhibition Tax Relief

Museums and Galleries Exhibition Tax Relief (MGETR) was introduced in April 2017. Exhibition companies are not required to pass a cultural test to be eligible to claim tax relief. Relief is only available to charitable companies, and to subsidiaries of charities and local authorities. Tax credits are capped per exhibition at a maximum of £100,000 (touring) or £80,000 (non-touring).

Claims and payments

This section looks at the number of claims and the resulting amounts paid out in tax relief. A museum or gallery may make a number of claims, receiving payments at stages throughout the exhibition process. A claim may cover several exhibitions.

Accruals basis

Museums and Galleries Exhibition Table 8.1 shows the number companies, number of claims made and amounts paid on an accrual basis. This allocates the claims to the year the accounting period ended. There is a lag in the data as companies have a year after the end of their accounting period to file their Corporation Tax return, and a further year to make, withdraw or amend a claim for MGETR.

For 2018-19, the latest figures for which accruals data are available, 125 claims have been paid to 115 companies so far, with a total amount of £11 million. This is expected to rise as more claims are received and processed by HMRC. We estimate that the final amount for 2018-19 will be approximately £12 million.

Receipts basis

Museum and Galleries Exhibition Table 8.2 shows the number of claims paid and amount paid by financial year. The table is presented on a receipts basis with claims allocated to the year the payment was actually made.

In 2019-20, 170 claims supporting 1,045 exhibitions were made, receiving a total of £16 million. Since the relief was introduced in 2017, a total of £20 million has been paid to 220 claims which represents 1,345 exhibitions.

Number of claims and amount paid by size of claim

There is now enough data to break down MGETR by the size of the claim. The data used in this section comes from MGE Table 8.3.

The highest proportion of claims are for smaller amounts, with 46% of all claims being for £25,000 or less in 2019-20. Only 19% of claims in 2019-20 were over £100,000 but they accounted for 75% of the total amount paid out.

Section 4: Background Information

4.1 Policy Background

Film, High-End Television, Animation, Video Games, Children's Television, Theatre, Orchestra, and Museums & Galleries Exhibition reliefs are part of a range of tax reliefs available to the creative industries.

Film tax relief (FTR) aims to promote the sustainable production of culturally British films. It is aimed directly at film production companies for the expenses they incur on the production of a film intended for release in commercial cinemas. For a film to be eligible for relief, it must be certified as British, either by passing the cultural test or through an agreed co-production treaty, and must incur at least 10% of the total core expenditure in the UK.

From 1 April 2014, the rate of relief for larger budget films (those with a qualifying budget of £20 million or over) was increased from 20% to 25% of the first £20 million of qualifying UK expenditure, with any excess qualifying UK expenditure still receiving a 20% tax credit. The minimum UK spend threshold was reduced to 10% from the previous 25%.

From 1 April 2015 a single rate of relief of 25% has applied to all films.

Core expenditure is expenditure incurred on pre-production, principal photography and post-production.

High-end Television (HETV) Tax Relief aims to promote the sustainable production of culturally British television programmes that are defined as 'High-end'. It is aimed directly at television production companies for the expenses they incur on the production of television programmes. UK qualifying production expenditure is defined as expenditure incurred on filming activities (pre-production, principal photography and post production) which take place within the UK, irrespective of the nationality of the persons carrying out the activity. It was announced at Budget 2012 and introduced on 1 April 2013. Companies are able to claim HETV tax relief if:

- the programme passes the cultural test - a similar test to that for FTR ;
- the programme is intended for broadcast;
- the programme is a drama, comedy or documentary;
- at least 10% of the core expenditure must take place in the UK;
- the average core expenditure per hour of slot length is not less than £1 million; and
- the slot length in relation to the programme must be greater than 30 minutes.

Programmes commissioned together are treated as one programme.

However, companies can't claim HETV tax relief if the programme:

- is an advertisement or promotional programme;
- is a news, current affairs or discussion programme;
- is a quiz or game show, panel show, variety show, or similar programme;
- consists of or includes an element of competition or contest;

- broadcasts live events, including theatrical and artistic performance; or
- is produced for training purposes.

Measures announced at Budget 2015 reduced the minimum UK expenditure requirement for television tax relief from 25% to 10% and updated the cultural test in line with the changes previously made to FTR. The reduction in the minimum UK expenditure requirement also applies to animation tax relief.

Animation Tax Relief (ATR) aims to promote the sustainable production of culturally relevant animation productions in the UK. It is aimed directly at companies producing animation programmes and was introduced on 1 April 2013. Companies are able to claim ATR on an animation programme if:

- the programme passes the cultural test - a similar test to that for FTR;
- the programme is intended for broadcast;
- at least 51% of the total core expenditure is on animation; and
- at least 10% of the core expenditure must be UK expenditure.

Animations commissioned together are treated as one programme. The same exclusions apply as for HETV tax relief, for example, if a programme is an advertisement or promotional programme, then a company cannot claim ATR.

Video Games Tax Relief (VGTR) aims to promote the sustainable production of culturally relevant video games in the UK. It is aimed directly at companies producing video games and was available from 1 April 2014. Companies are able to claim VGTR if:

- the video game is British;
- the video game is intended for supply; and
- at least 25% of the core expenditure is incurred on goods or services that are provided from within the European Economic Area (EEA).

If the company qualifies, it is also entitled to an additional deduction in computing their taxable profits and, where that additional deduction results in a loss, to surrender losses for a payable tax credit.

Both the additional deduction and the payable credit are calculated on the basis of EEA core expenditure up to a maximum of 80% of the total core expenditure by the video games company. Core expenditure is expenditure on designing, producing and testing the video game.

Children's Television Tax Relief (CTR) aims to encourage the production of culturally British children's television programmes in the UK. It is an extension of high-end television and animation relief but is specifically for the producers of children's television programmes. CTR is not subject to the £1 million per programme hour threshold or the 30 minute slot length that applies to high-end TV programmes.

This measure was announced at Autumn Statement 2014 and took effect on qualifying expenditure incurred on and after 1 April 2015. A production company can claim CTR relief if:

- it qualifies as British by either passing the Children's Television Cultural Test or qualifies as an official co-production (with treaty partners that allow for television);

- at least 10% of the core expenditure is UK expenditure; and
- the primary target audience of the programme is children under the age of 15.

Theatre Tax Relief (TTR) was announced in the Finance Act of 2014 and was introduced on 1 September 2014. Theatrical productions do not need to pass a Theatrical Cultural Test. Production companies are eligible to claim TTR if:

- it is a qualifying production company engaged in the making of theatrical productions;
- the production is intended to play before a live audience of paying members of the general public, or is provided for educational purposes; and
- it has a minimum 25% EEA expenditure.

TTR has two rates of payable credit, 25% for touring productions, and 20% for others.

Orchestra Tax Relief (OTR) was announced at Autumn Statement 2014 and was introduced on 1 April 2016. Orchestral productions do not need to pass an Orchestral Cultural Test. Where a company is an Orchestral Production Company, each qualifying concert or series of concerts is treated as a separate orchestral trade if OTR is claimed in respect of that concert or series. A concert is qualifying if:

- the concert is an orchestral concert;
- the concert is intended to be performed live to paying members of the general public or provided for educational purposes;
- the instrumentalists number at least 12;
- none, or a minority of, the musical instruments is electronically or directly amplified; and
- at least 25% of the core expenditure on the concert must be European Economic Area (EEA) expenditure.

There is one rate of payable credit of 25% for both touring and non-touring productions.

Museums & Galleries Exhibition Tax Relief (MGETR) was announced in Budget 2016 and introduced on 1 April 2017. Exhibitions do not need to pass a cultural test. It is available to qualifying companies that put on a qualifying exhibition: a curated public display of an organised collection of objects or works which are considered to be of scientific, historic, artistic or cultural interest. A single object can also constitute an exhibition. A company qualifies if it:

- is the primary or secondary production company for the exhibition,
- is a charitable company which maintains a museum or gallery, or is a company wholly owned by a charity that maintains a museum or gallery, or is a company wholly owned by a local authority that maintains a museum or gallery,
- intends from the planning stage that the exhibition should be public, and
- spends at least 25% of the core expenditure of the exhibition within the EEA.

Relief is given by way of an additional deduction when calculating the taxable profits or losses. So it either reduces the taxable profits or creates or enhances a loss, a proportion of which can be surrendered for a tax credit.

MGETR has two rates of payable credit, 25% for touring exhibitions, and 20% for others.

Further information on the policy background and key policy changes in Film, High-End Television, Animation, Video Games, Children’s Television, Theatre, Orchestra and Museums and Galleries Exhibition is available here:

<https://www.gov.uk/guidance/corporation-tax-creative-industry-tax-reliefs>

The previous publication of statistics can be found here:

<https://www.gov.uk/government/collections/creative-industries-statistics>

4.2 Data Sources

The statistics presented in this release are based on data from the Management Information System (MIS) compiled by the specialist creative industries unit in HMRC, and certification data supplied on behalf of the Department for Digital, Culture, Media and Sport (DCMS) by the British Film Institute (BFI). The release reflects information extracted at the end of June 2020.

The certification data from BFI provides information on the number of films, programmes, animations and video games that were granted certification by DCMS. There are a number of stages in the certification process. The closing stage is when final certification is granted on completion of a production. Before this is completed though, a company can apply for an interim certification, which enables it to claim an interim tax relief payment. The certificate is then changed to final upon completion of the programme or film (if it passes the cultural test). Otherwise, certification may be revoked and any payments already received will have to be repaid. A production that applies through the cultural test but fails narrowly may receive a comfort letter, telling the company that adjustments are required before certification can be granted.

As the tax reliefs allow claims to be made during production, subject to the production securing at least an interim certificate, this means that productions may make two or more claims for tax relief, comprising one or more interim claims during production then a final claim once the production is completed.

A number of checks are carried out on the data. These include:

- The reconciliation of MIS and BFI records to identify duplicate and missing cases;
- Plausibility checking that the amount of production expenditure and the UK expenditure has a realistic value. Any record with a very high or low amount is referred back to the data supplier, which will check on these cases; and
- Checking for inconsistencies, for example where an end date of production is earlier than the start date.

4.3 Methodology and reliability of the estimates

The tables include every case captured by BFI and HMRC and, as no sampling is necessary, sampling error is not an issue.

Data from BFI and HMRC is reconciled to confirm the details of each record. Data capture errors can occur and this process allows us to mitigate this risk by confirming the correct values for any mismatching records (for example, where a film may have changed title during production, it may initially appear that they are two separate records). Outlier figures (for example, where a claim figure or production expenditure looks abnormally high or low) are checked individually against their source and against other sources for confirmation or correction.

Throughout this release, numbers are rounded to the nearest 5 and financial amounts to the nearest £1m. Statistics are consistent with HMRC's policies on dominance and disclosure.

4.4 Revisions to previously published tables

The figures presented in this release will be subject to revision, mostly due to ongoing updates, corrections and amendments in the BFI data set. Examples of these are:

- An update of film completion date;
- An update of the UK and total expenditure estimates;
- A change in the certification status; and
- Where the film is withdrawn or fails in receiving the final certification status.

HMRC MIS figures on the number of claims and amount of relief claimed are also subject to revision, particularly for the most recent two years as some late claims will still be received and registered by HMRC. Figures in this release are marked as:

- p for provisional;
- r where revised; and
- p, r where provisional data has been revised but will remain subject to revision for subsequent releases.

This year we've revised data from 2016-17 in the accruals tables and from 2017-18 in the expenditure and receipts tables.

4.5 Planned developments and further statistics

This publication has expanded considerably in recent years with the addition of new creative reliefs and breakdowns by claim size. This year we have added claim size breakdowns for Children's TV, Orchestra and Museums and Galleries Exhibition tax reliefs. We have also included the number of companies in the accruals tables.

This year we have also made some changes to simplify and streamline this publication:

- The statistical tables are no longer in an Annex, but continue to be published together with this commentary document on GOV.UK;
- The accruals tables have been streamlined and show the number and value of claims that have been paid out.
- In the Film tax relief tables, we have removed the split between large and limited budget films.

We would welcome feedback from users on the range of statistics presented in this publication.

4.6 User engagement

HMRC is committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our National and Official Statistics and identify gaps in the statistics that we produce. If you would like to comment or have any enquiries on these statistics please use the statistical contacts named at the end of this section and on the cover page.

4.7 UKSA Code of Practice for Official Statistics

These statistics have been produced in accordance with the Code of Practice for Statistics by the UK Statistics Authority (UKSA). Further information on the Code of Practice is available on the UKSA website:

<http://www.statisticsauthority.gov.uk>

UKSA is an independent body directly accountable to Parliament with the overall objective to promote and safeguard the production and publication of official statistics. It is also required to promote and safeguard the quality and comprehensiveness of official statistics and good practice in relation to official statistics.

4.8 Contact points

Enquiries about these statistics should be directed to the responsible statisticians:

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