



Children's television tax relief

Who is likely to be affected?

Companies within the charge to corporation tax that are directly involved in the production of children's television programmes.

General description of the measure

The measure will extend the existing television tax reliefs for animation and high-end TV to children's programming. Relief will apply at a rate of 25 per cent on enhanceable expenditure for all eligible children's TV programmes. Children's programming will not be subject to the £1 million per programme hour threshold or the 30 minute slot length that apply to high-end TV programmes.

Policy objective

The measure aims to encourage the production of culturally British children's television programmes in the UK by introducing changes to the existing television tax relief.

Background to the measure

This measure was announced at Autumn Statement 2014.

Detailed proposal

Operative date

The measure will have effect for qualifying expenditure incurred on and after 1 April 2015.

Current law

The current legislation for specific categories for television production (high-end and animation) is at Part 15A Corporation Tax Act 2009. The relief was introduced with effect from 1 April 2013.

Proposed revisions

As announced at Autumn Statement, legislation will be introduced in Finance Bill 2015 to provide tax relief to the makers of children's television programmes.

The relief will allow eligible companies engaged in the production of qualifying children's programmes to claim an additional deduction in computing their taxable profits, and where that additional deduction results in a loss to surrender those losses for a payable tax credit.

Both the additional deduction and the payable credit are calculated on the basis of UK core expenditure up to a maximum of 80 per cent of the total core expenditure by the qualifying company. The additional deduction is 100 per cent of qualifying core expenditure and the payable tax credit is 25 per cent of losses surrendered.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	-	-5	-5	-5	-5	-5
	These figures are captured within the total Annual Managed Expenditure set out at Autumn Statement 2014 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Autumn Statement 2014.					
Economic impact	This measure is expected to have a positive impact on the television industry, but is not expected to have significant wider macroeconomic impacts.					
Impact on individuals, households and families	<p>The relief will only be available to television production companies making qualifying children's programmes, and so is unlikely to impact on individuals and households.</p> <p>The change is not expected to have any impact on family formation, stability or breakdown.</p>					
Equalities impacts	The Government has carefully considered whether this measure impacts on people with protected characteristics and has not identified any equalities impacts.					
Impact on business including civil society organisations	<p>The tax relief for children's television production will allow qualifying companies to claim a payable tax credit, supporting the children's programming sector. There are approximately 25-50 television production companies in the UK that may benefit from the relief.</p> <p>Because this relief is an extension to the existing television relief it is unlikely that many eligible companies will face some one-off and ongoing administrative costs in order to qualify for this relief as they will already have some knowledge of the existing relief. For the very few companies with no knowledge of any of the creative industry tax reliefs there may be one-off costs associated with familiarisation with new legislation, processes and requirements. The ongoing costs include costs of calculating and claiming the relief. It is estimated that, on average, up to 20 companies a year would be affected and companies will make one claim per year.</p> <p>This measure is expected to have a negligible impact on businesses and no impact on civil society organisations.</p>					
Operational impact (£m) (HMRC or other)	The estimated annual cost to HM Revenue & Customs of administering the new tax relief is likely to be negligible.					

Other impacts	<p><u>Small and micro business assessment:</u> the government recognises that there may be some increase in administration impacts on small businesses. However, overall the tax relief will impact positively on qualifying small companies. There is also a specialist unit set up to help facilitate claims in the creative industries and who will administer claims for children's television tax relief.</p> <p><u>Competition assessment:</u> this relief is targeted at a specific sector. All companies in this sector are eligible, so introduction is unlikely to affect competition within the sector. There should not be any significant impact on competition with other business sectors.</p> <p>Other impacts have been considered and none have been identified.</p>
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Monitoring and evaluation

The measure will be kept under review through regular communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact Kerry Pope on 03000 585740 (email: kerry.pope@hmrc.gsi.gov.uk).