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Tax reliefs shows UK is keen to protect creative credentials

The British Government paid out almost £600 million (\$780m) in tax relief to movie makers last year, reinforcing Britain's credentials as a destination hub for the global creative industry.

A further £150m (\$195m) was awarded to makers of high-end television shows, video games, animations and children's TV shows.

To qualify for the reliefs, the companies behind these ventures, which included big screen blockbusters such as *Baby Driver*, *Star Wars* and TV drama *The Crown*, were required to show their work passed a cultural test to qualify as 'British'.

"The test includes criteria such as the cultural content of a production, how much of it is shot in the UK and the proportion of stars and crew who are from Britain or Europe," said Cormac Marum, Head of Tax Advisory at Harwood Hutton in the UK.



The movie blockbuster Baby Driver qualified for major tax reliefs, as did the Netflix series The Crown

Harwood Hutton's headquarters is close to Pinewood Studios, home of the James Bond franchise, and the firm has strong media connections.

The British Government's tax credit system has provided highly successful in attracting big-budget movie and TV productions as well as games makers and special effects companies

Both Netflix and Amazon have supported productions in the UK, including *The Crown*, which had a total budget of £100m (\$130m). Last year there were 175 movies completed in the UK that claimed tax relief. Payments to the theatre sector surged from £14m (\$18.2) across 175 productions in 2015 to £46m (\$59.8) across 1,570. Video games tax relief in 2016 amounted to £73m (\$94.9m) – up 60% year-on-year.

Once certified as culturally British, companies can start claiming tax relief on all qualified expenditure that has occurred since April 1, 2014, said Cormac Marum.

"Brexit has cast a bit of a shadow over foreign direct investment in the UK but the creative sector reliefs are a major success story and are perhaps an indicator of how Britain intends to maintain its appeal to overseas investors in the years ahead," said Cormac.

He added: "Aside from the creative sector, the UK Government offers attractive levels of support to entrepreneurs in the oil and gas sectors and across the board with research and development, including the innovative 'Patent Box' scheme that rewards advances in intellectual property."

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