THEATRE TAX RELIEF (TTR)

CREATIVE TAXRELIEFS

TAX RELIEF FOR THEATRE PRODUCTION COMPANIES

WHAT IS TTR

TTR is a scheme introduced to support and encourage the creation of theatrical productions.

HOW DOES TTR WORK?

TTR works by enhancing expenditure incurred in the production process and creates an additional deduction to be set against the profit or loss (surplus or deficit in respect of charitable companies) of each production.

For commercial companies, the additional deduction reduces the profits assessable for Corporation Tax and, where it extends or creates a loss, allows that loss to be surrendered to HMRC for a payable tax credit.

For charitable companies, the additional deduction reduces the surplus already exempt from Corporation Tax and, where it creates or extends a deficit or loss, allows this to be surrendered to HMRC for a payable tax credit.

HOW YOU CAN CLAIM

TTR is processed through the Corporation Tax system and is available to incorporated companies, commercial and charitable, that produce qualifying theatrical productions.

NB. Charities, commonly exempt from Corporation Tax, are eligible to claim TTR and the payable tax credit if one is due.

WHO QUALIFIES?

Theatre companies constituted as a:

- company limited by shares
- company limited by guarantee
- Charitable Incorporated Organisation (CIO)
- Scottish Charitable Incorporate Organisation (SCIO)
- Community Interest Company (CIC)

all fall under the Company Tax regime and, even if they do not currently file Company Tax Returns, can claim TTR if they produce qualifying theatrical productions.

Unfortunately, if the theatre company is an unincorporated association (UA) or a trust then it is unable to claim TTR.

If the UA or trust wishes to claim TTR then it must either set up a separate production company or alternatively, change its structure.

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Which theatrical productions qualify?

A production qualifies for TTR if it is a theatrical production. This means a production of a play, an opera, a ballet, a musical or other dramatic piece in relation to which:

- ✓ the actors, singers, dancers or other performers are to give their performances wholly or mainly through the playing of roles
- ✓ each performance in the proposed run of performances is to be live
- ✓ the presentation of live performances is the main, or one of the main objects of the company's activities in relation to the production.
- ✓ The production must also meet what is called the commercial purpose condition meaning that the production company intends that all, or a high proportion of the live performances, will be to either: paying members of the general public or provided for educational purposes.

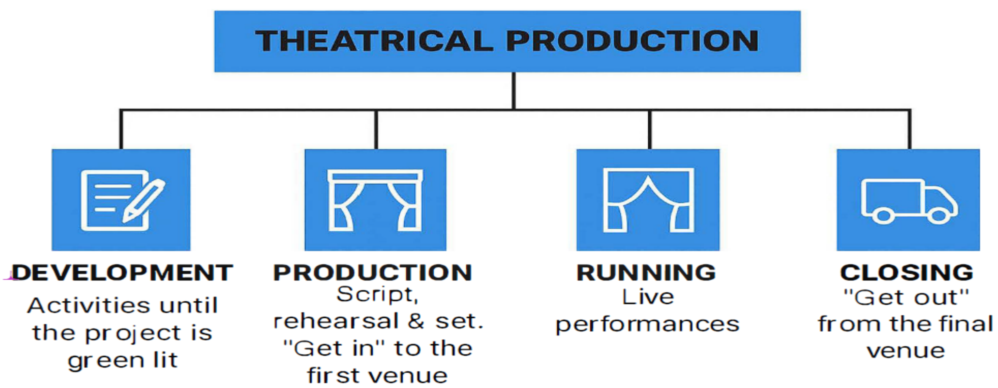
Which theatrical productions don't qualify?

- x the main purpose, or one of the main purposes, is to advertise or promote any goods or services
- x the performances include a competition or contest
- x a wild animal is used in any performance
- x the production is of a sexual nature
- x the main object, or one of the main objects, is to make a relevant recording
- x the production has been produced for training purposes

Which expenditure qualifies for enhancement?

Expenditure qualifying for enhancement is called Core expenditure and includes expenditure incurred on:

- ✓ producing the production
- ✓ exceptional running costs, and
- ✓ closing the production.



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Which expenditure doesn't qualify for enhancement?

Non-qualifying or non-core expenditure include costs relating to:

- Marketing
- Financing
- Legal services
- Storage
- Ordinary running costs.

Where expenditure falls across the various phases of production then it will need to be apportioned on a just and reasonable basis.

How is TTR claimed?

TTR is claimed through the Company Tax system which means that claims must be made within a Company Tax Return or an amendment to a Company Tax Return.

Claims must include: computations in respect of all qualifying productions; detail income received; core and non-core expenditure and details of any apportionments used.

The rates of relief:

From the 1st April 2025, the new rates of Theatre tax relief are:

- 45% for a touring production;
- 40% for a non-touring production

Touring vs Non-touring

For your production to be considered as touring, at the start of the production phase, one of the following must apply:

- performances taking place at 6 or more separate premises or
- a minimum of 14 performances at least 2 separate premises

A simple example to demonstrate the benefit of claiming TTR

	Without TTR		With TTR
Total Production Income	£50,000		£50,000
Total Production Expenditure	£50,000		£50,000
Profit / (Loss)	Nil		Nil

Assuming Core expenditure is £25,000, the additional deduction is the lower of 80% of total core, and the actual UK core expenditure incurred:

			£20,000
Deemed Loss for tax credit purposes			£20,000
Surrendered for payable tax credit			£20,000
Tax credit for a non-touring production	@ 40%	=	**£8,000**
Tax credit for a touring production	@ 45%	=	**£9,000**

The company will then surrender the £20,000 'loss' to HMRC in return for a payable tax credit.

If the production is a non-touring production, the payable tax credit is paid at a rate of 40% meaning that the company will receive a payment of £8,000 from HMRC.

If the production is a touring production, the payable tax credit is paid at a rate of 45% meaning that the company will receive a payment of £9,000 from HMRC.

Useful contacts:

HMRC's Creative Industries Unit:	*creative.industries@hmrc.gsi.gov.uk*
Creative Tax Reliefs:	*info@creativetaxreliefs.com*

The company

Creative Tax Reliefs Limited was started in 2017 by Graham Suggett, former Lead Tax Specialist with HMRC'S Creative Industries Unit and a specialist in Theatre Tax Relief.

If you would like specialist support with the process of claiming Theatre Tax Relief, have questions regarding the legislation or perhaps have encountered issues with your current claim then please do get in touch.

Email:	*info@creativetaxreliefs.com*
Company website:	*www.creativetaxreliefs.com*

Testimonials

"I am so pleased and relieved that Graham got in touch with me about Theatre Tax Relief. So far, Graham has claimed nearly **£100,000** in tax credit for us. This is not only an enormous benefit and can be ploughed back into the work that we do but it would have been extremely short-sighted of us not to be claiming the money that is due to us. Graham has made the whole process so simple and easy. I cannot recommend him highly enough."
Sarah Gobran, Co-Founder & Producer of The Guildford Shakespeare Company

"Worth every penny". **Mary Nri, Finance Director of The Albany**

"It was a pleasure to work with Graham. He explained the process very clearly, prepared all the necessary computations and submitted the claims on our behalf. We are extremely delighted with the outcome and have no hesitation whatsoever in recommending Graham and his company to others."
Sylvia Collins of the Huddersfield Light Opera Company