



## INCOME TAX

### EXTRA STATUTORY CONCESSION

#### FILM AND TELEVISION PRODUCTION ACTIVITIES - ZERO RATE OF TAX ON TAXABLE INCOME

*Laid before Tynwald 15<sup>th</sup> February 2005*

The Treasury has agreed the following Concession -

1. This Concession will have effect in respect of the year of assessment commencing 6 April 2005 and subsequent years of assessment.
2. This Concession will apply to any company whose principal activity is any one or more of the film and television production activities specified in paragraph 4.
3. (1) Any company within the charge to Manx income tax will be charged at a rate of 0% on so much of its taxable income as is derived from the film and television production activities specified in paragraph 4.  
  
(2) Any apportionment necessary for the purposes of sub-paragraph (1) shall be made by the Assessor.
4. The specified activities referred to in paragraphs 2 and 3 are, in respect of film and television production -
  - a) script development, or purchase of a screenplay
  - b) financing and budgeting
  - c) scheduling
  - d) casting
  - e) set construction
  - f) location finding and location management services
  - g) principal photography

- h) visual effects and special effects
  - i) film editing
  - j) musical score and incidental music services
  - k) sound editing and sound effects
  - l) distribution, marketing and merchandising
5. Section 71 of the Income Tax Act 1970 <sup>(a)</sup> shall not be applied to so much of the interest or dividends paid by such a company as is attributable to the taxable income falling within paragraph 3 and the Assessor shall not pursue the liability to income tax of non-resident persons in receipt of such income.
  6. The application of this concession will be conditional on the company concerned accepting that Part 4 of the Income Tax (Amendment) Bill 2005 will apply from 6<sup>th</sup> April 2005.
  7. This Concession is of general application, but in a particular case there may be special circumstances which will require to be taken into account in considering the application of the Concession. This Concession will be withdrawn in any case where the Assessor determines that the concession has been or is intended to be subject to abuse.

MADE this 17<sup>th</sup> day of January 2005



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*Minister for the Treasury*

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**EXPLANATORY NOTE**

*(This note is not part of the Concession)*

This Concession is a transitional measure pending introduction of primary legislation implementing the Taxation Strategy approved by Tynwald in October 2000. It applies a zero rate of income tax on the company trading profits in respect of the defined film and television production activities and formalises the Treasury Minister's 2005 Budget Day announcement made on 15<sup>th</sup> February 2005.