



SNAPSHOT – 02

CENTRE FOR CHINESE CONTEMPORARY ART (CFCCA)



CFCCA.ORG.UK

Centre for Chinese Contemporary Art is the national lead in bringing Chinese contemporary art and visual culture to a UK audience. CFCCA programmes, showcases and supports artists through exhibitions, events, artist residencies, collaborations and research projects.

The CFCCA building comprises two gallery spaces, a purpose-built artist studio and residence, a shop, an Archive & Library resource and flexible events space on the lower floor.

WHAT WAS YOUR EXPERIENCE OF MGETR?

We were early adopters of MGETR, and the financial year 2019/20 will be our third year of application. We applied for less in 2018/19 than in 2017/18 because less exhibition costs in our programme for 2018/19 were eligible. On balance it has worked well for us, and we will continue to apply.

The legislation is clear about what percentage of eligible costs can be claimed, and as none of our exhibitions had been touring we claimed at 20%. Each exhibition is treated as a separate 'trade' with its own income and expenditure, and the claim is limited to the extent that the individual exhibition made a 'loss', and taking only eligible costs into account in the claim.

So for us, this resulted in a claim for total eligible costs in our exhibitions for the 2018/19 year of about £63,000 and we received £12,744 back. We had successfully claimed £17,500 for the financial year £2017/18. Our claims included some overheads and staffing costs, in an apportionment for which our rationale is described to HMRC as part of the claim.

WHAT WAS YOUR EXPERIENCE OF FINANCIAL REPORTING OR CORPORATION TAX BEFORE THIS?

As a Registered Charity and a company limited by guarantee we were accustomed to detailed financial reporting—though as all of our activity is charitable, none of it is subject to Corporation Tax, so we had only done a ‘nil’ Corporation Tax return before when requested by HMRC.

Our Treasurer at the time MGETR was introduced also worked in an Art Gallery, and our auditors were familiar with theatre tax relief and had a tax claim template that was approved with HMRC, so there were people around who understood our organisation as well as the issues of the tax claim. Our Finance Manager created our own spreadsheet to record and analyse the spending of the organisation, and compute the costs to claim for MGETR. We use our auditor’s template for the actual tax return: as each exhibition is treated as a separate trade, this involves a number of computations from which our auditor then completes and submits the tax return.

HOW DID YOU MANAGE GATHERING THE FINANCIAL INFORMATION IN-HOUSE?

Every exhibition in the programme has a separate budget code, so the direct costs are easily extracted from the bookkeeping software. To share the implications of programming decisions, our Finance Manager made a presentation to the whole team to prime them into thinking about eligible costs and effective recording for MGETR. Staff were also asked to consider whether the apportionment method proposed by the Finance Manager reflected the reality of their workload.

Our Finance Manager is also encouraged and supported by the professional peer group in the Greater Manchester Arts Accountant network. Knowing that our auditors had expertise in Tax Reliefs and would scrutinise this element of the work gave comfort and reassurance about getting it right.

WHAT WERE THE MAIN CHALLENGES?

There are two main issues: firstly, getting the apportionment of costs right—working out what to charge. Secondly, understanding what is a legitimate production cost. A contact at HMRC was very helpful with some specific technical issues and questions about allowability.

For example, one year we built an artwork in the UK to an artist’s specifications because it was cheaper than shipping it from China. At the end of the show, the decision was to be made whether it might be destroyed, or it may be shipped elsewhere. We were told that how much of the manufacturing cost is eligible for MGETR depends on what happens to the artwork. If the work is destroyed after the show, the whole of the manufacturing cost is allowable.

Another issue is the application of the rules around performance, and the prohibition of living things in an exhibition, for example we wanted to know; Can an exhibition include a pot plant as part of a curated space, making the space look like a living room? Does it make a difference if the decision to include the plant was the curator’s, rather than the artist’s? If the private view of an exhibition has a live performance which the artist wants to do only for the private view, does this affect the eligibility of the costs of the exhibition? Does the answer change if there are a number of performances during the weeks of the exhibition (say, 3 or 4)?

WHAT WAS THE IMPACT OF MGETR ON YOUR WORK?

While the tax relief is only a small percentage of our annual budget, it is a very welcome boost to unrestricted income.

It pretty much covers, for example, the salary of the (part time) Finance Manager! Obtaining funding for specific projects is challenging enough, but obtaining funding to cover core costs is harder. As MGETR is not restricted, it could be used in any number of ways. With the additional funds we have been able to take on a new part time Front of House Assistant who is vital for coordinating and extending our volunteer programme. We have also increased our standard Artist fees and have embarked on some additional residency programmes to help develop and showcase talent both internationally, nationally and in the North West. The Arts is not known as a high salaried sector, but with some of the financial flexibility MGETR offers we have restructured our staff and remuneration to try to ensure that our team feels valued and fairly rewarded, and this will obviously have indirect positive knock-on effects on the local economy.

WHAT WE WOULD TELL OTHER SMALL ARTS ORGANISATIONS ABOUT MGETR NOW?

It's not really hard—you just need to think once about your rationale for apportioning costs, and set up a spreadsheet to do those calculations for you. It's well worth doing, and makes 'Tax' into a good word!

TO JOIN OUR MGETR
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