

Tax relief for Museum and Gallery Exhibitions (MGETR)



How does a museum or gallery benefit?

- The company receives a payable tax credit (or a reduction in Corporation Tax liability).
- Payment is not linked to having a Corporation Tax bill.
- Credit may be offset against other outstanding duties (e.g. PAYE, VAT).

Am I eligible? Three things to consider

- There must be a qualifying production company making the claim.
- There must be a qualifying exhibition.
- Claim is based on core EEA expenditure.

What is a qualifying production company?

A qualifying production company:

- is the primary or secondary production company for the exhibition
- is a charitable company, or a company wholly owned by a charity or local authority, which maintains a museum or gallery
- intends from the planning stage that the exhibition should be public
- spends at least 25% of the core expenditure of the exhibition within the EEA
- is within the charge to UK Corporation Tax

- Must be a company
- A qualifying production company:
 - Is responsible for running and producing the exhibition
 - Is responsible for deinstalling and closing the exhibition at the venue if it runs less than one year
 - Is actively engaged in decision-making
- A *primary* production company:
 - Makes an effective creative, technical or artistic contribution
 - Directly negotiates for, contracts for and pays for rights, goods and services
 - They are responsible for producing and running the exhibition at the ONLY venue or at the FIRST VENUE of a run
- A *secondary* production company is possible for an exhibition which takes place at more than one venue.
- A 'charity' is one that is registered as such with HMRC

Touring

- Higher rate of relief available: 25% (non-touring rate is 20%).
- Intention to tour at the outset of the planning phase.
- Exhibition must be held at 2 or more venues.
- At least 25% of the objects or works displayed at the first venue at which the exhibition is held must also be displayed at every subsequent venue. (This allows for museums and galleries to add their own exhibits to personalise the exhibition).
- The period between deinstalling, and installation at the next venue, must not exceed 6 months.
- For the exhibition to benefit from the touring rate, there has to be a primary production company.



What is an exhibition?

- A curated public display of an organised collection of works (or of a single object or work) considered to be of scientific, historic, artistic or cultural interest.

Exclusions:

- It's organised in connection with a **competition** of any kind.
- It's main purpose (or one of its main purposes) is to **sell** anything displayed or to **advertise or promote** any goods or services.
- It includes a **live performance** by any person unless that performance is incidental to the exhibition.
- Anything displayed is **for sale**.
- Anything displayed is **alive**.

What is core EEA expenditure?

Core expenditure is that incurred on activities involved in:

- Producing, and
- Deinstalling and closing the exhibition (only if the period between opening and closing is less than 12 months)

at every relevant venue.

Non-core expenditure includes running costs, marketing etc.

Expenditure is EEA expenditure if it is incurred on:

- Goods that are supplied from within the EEA, or
- Services are carried out within the EEA

Amount of Relief

- Relief is based on the amount of core EEA expenditure (up to 80% of total core expenditure).
- The rate of surrender is 25% for touring exhibitions, 20% for all other qualifying exhibitions.
- The company will receive a maximum of **20%** (touring) or **16%** (non-touring) of their core EEA expenditure
- The actual amount of the payment will be lower if the company makes a large profit.
- The amount of tax credit a company can receive per exhibition is capped: **£100,000** (touring) or **£80,000** (non-touring).



Making a Claim: Things to consider in advance

- Decide early who will be the production company so that they can be involved from the start of pre-production. If you want to use a new company, make sure it is incorporated early enough – at least when the exhibition is green-lit.
- Consider the record-keeping required e.g. try to split out core/non-core, EEA/non-EEA
- Consider other tax and duty obligations e.g. VAT



Claims

- A claim is made after the end of the accounting period, in your company tax return.
- The free filing software doesn't have the correct page – commercial software is required.
- A breakdown of the expenditure must be attached to the return; HMRC can provide a template which can help – please contact creative.industries@hmrc.gov.uk
- The time limit is effectively two years from the end of your accounting period.
- Each exhibition is to be treated as a separate trade – its income and expenditure must be kept separate from any other exhibitions or activities of the company



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Policy

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Guidance manual is available on GOV.UK: <https://www.gov.uk/hmrc-internal-manuals/museums-and-galleries-exhibition-tax-relief>