

# Museums & Galleries Exhibition tax relief

Museums and Galleries Exhibition Tax Relief (MGETR) was introduced in 2017 to allow certain museums and galleries, operating through charitable companies and subsidiaries of charities and local authorities, to claim cash credits on qualifying exhibition costs

MGETR can reduce the costs of producing exhibitions by museums and galleries, through the provision of a cash credit of up to 16%, or 20% for touring exhibitions, of certain costs. It does not matter whether an admission fee is charged for the exhibition, but it needs to be available to the general public

## Benefits

Relief is given as an enhanced corporation tax deduction equal to the lower of

- 80% of total core expenditure
- The actual UK or European Economic Area (EEA) core expenditure incurred

This additional deduction will reduce the taxable profits, or will create or increase a loss, of which all or part of can be surrendered for a tax credit equal to 20% (i.e. an effective maximum of 16% of the total costs) of the lower of:

- Total loss
- Enhanced deduction

If the exhibition is a touring one then the benefit is increased to 25% (i.e. an effective maximum of 20%)



## Example

A company spends £100,000 on producing a non touring exhibition, of which £60,000 is core expenditure. All the expenses are incurred in the UK or EEA and public admittance is free.

The additional relief is £48,000 (£60,000 x 80%), and so the total loss in that trade is £148,000. As such a cash credit is available of 20% of the lower of total loss (£148,000) and enhanced deduction (£48,000), i.e. £9,600

## Core expenditure

Core expenditure is expenditure incurred directly in the production of the exhibition, including (where the exhibition is displayed at a venue for less than 12 months) closing and deinstallation costs.

At least 25% of the core expenditure must be incurred on goods or services from within the UK or EEA.

It does not include expenditure:

- Not directly related to the exhibition, such as financing, marketing, legal services or promotion
- On development of initial concepts and feasibility
- On purchasing exhibits
- On running the exhibition during the period which it is open to the public
- On infrastructure and maintenance unless solely for the purposes of the exhibition



## Who can claim?

As well as being a charitable company (i.e. not a charity set up as a trust), or a wholly owned subsidiary of a charity or local authority, the company must:

- Maintain a museum or gallery, including a library or archive and outdoor sites where objects or works are displayed.
- Make an effective creative, technical or artistic contribution to the exhibition.
- Directly negotiate for, contract for and pay for rights, goods and services in relation to the exhibition.
- Actively engaged in decision-making in relation to the exhibition.
- Be responsible for production of the exhibition (including de-installing and closing) in at least the first venue at which the exhibition is produced.



Where an exhibition is produced at two or more venues, there may be other companies that meet these requirements in relation to the production at the second or subsequent venue. These secondary companies can also qualify for the relief in relation to their costs.

## Eligible exhibitions

For the purposes of the relief, an exhibition means a curated display of an organised collection of objects or works (or a single object or work) considered to be of scientific, historic, artistic or cultural interest.

At the start of the planning phase, there must be an intention that the exhibition is displayed to the public. The public do not have to be charged for admission, and those exhibitions where appointments have to be made are also included. However any exhibitions with restricted access (e.g. by membership requirements) are not.

A touring exhibition is one that, in broad terms, is shown at more than one venue.

Certain exhibitions are excluded, being those:

- Organised in connection with a competition
- Where anything displayed is alive,
- Where the sale of displayed objects or works is the purpose, or one of the main purposes,
- Which include a live performance by any person, except where this is incidental or an incidental part

## Why TMB Tax Consultancy?

The tax relief available is generous, but claims must be properly made to ensure they meet HMRC requirements. HMRC will review all claims carefully - so it is important to work with experienced tax advisors to ensure any claim meets the necessary criteria.

TMB Tax Consultancy can assist by ensuring that all activities that could qualify for the relief are identified, assessed, documented and where appropriate, claimed. The team has considerable experience of claims for a variety of charities and their subsidiaries.



## Contact us

If you would like more details regarding the above, please contact Tom Byng at [tbyng@tmbtax.co.uk](mailto:tbyng@tmbtax.co.uk).