



HOUSE OF LORDS

The Rt Hon the Baroness Stowell of Beeston MBE
Chair of the Select Committee on Communications and Digital
House of Lords
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The Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
1 Horse Guards Road
Westminster
SW1A 2HQ

8 March 2023

Dear Chancellor,

I write about high-end television (HETV) tax relief.

The creative industries are a key driver of economic growth. The sector provides high-quality employment, drives innovation, and supports civic and social wellbeing. Much of the sector's growth potential is in areas that combine technology with creativity, such as HETV production.

In January 2023 the Communications and Digital Committee published our report *At risk: our creative future*. This emphasised the need for the Government to take seriously the creative sector's commercial potential, and to support initiatives that drive innovation and growth.¹ We recommended that the creative industries be included in the Government's priority growth areas and were pleased to see them cited in your speech at Bloomberg on 27 January 2023.

We also called for the Government's review of audio-visual tax reliefs to benchmark the UK against international counterparts to address declining UK competitiveness. These tax reliefs have played an important role in supporting innovation and growth in an increasingly competitive international market.

We remain concerned that the importance of tax reliefs for the audio-visual sector is not sufficiently well recognised by the Government. HM Treasury's November 2022 consultation on audio-visual tax reliefs, which has recently closed, suggested raising the minimum qualifying expenditure threshold for HETV:

“Rising production costs have meant that several productions which the government expects would have been commissioned regardless of existence of HETV tax relief have become eligible. To ensure HETV tax relief remains fiscally sustainable by targeting programmes that would not have been commissioned in its absence, the government is considering increasing the minimum expenditure to better reflect current production costs and budgets. This will mean that fewer productions will

¹ Communications and Digital Committee, [At risk: our creative future](#) (January 2023)



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qualify, but will ensure the relief continues to deliver on its objective to incentivise high end TV.”²

According to representations we have received from a range of different broadcasters and production companies, every £1 of HETV tax relief generates £6.44 of additional Gross Value Added, and the relief stimulates an additional £1.26 billion in tax revenue.³ As we set out in our report, other countries are increasingly adopting similar or more generous tax reliefs and the UK is falling behind.

We therefore urge you to consider carefully the potential impact on the UK’s screen sector of raising the HETV tax relief qualifying expenditure threshold. We hope you take these issues into consideration as you review the consultation response ahead of the Budget on 15 March.

Yours sincerely,

BARONESS STOWELL OF BEESTON

² HM Treasury, [Audio-visual tax reliefs](#) (November 2022) p 9

³ Correspondence from ITV, PACT, Sky, Channel 4, BBC, Netflix, COBA, Paramount (7 March 2023)