

## SNAPSHOT – 01

# THE NEWBRIDGE PROJECT



THENEWBRIDGEPROJECT.COM

The NewBridge Project is a vibrant organisation supporting the creation of new and pioneering contemporary art through an ambitious programme of exhibitions, commissions, events and artist development.

We create platforms for audiences to engage with the creative process, while nurturing artistic and curatorial practice in an engaged and discursive community. Our programme places collaboration and learning at its heart and seeks to be a genuine community resource.

## WHAT WAS YOUR EXPERIENCE OF MGETR?

We claimed MGETR for the first time in 2019. We claimed just under 15% of our total expenditure on Exhibitions in the previous financial year, and our claim was successful. We received tax relief of £14,449, 1 month after submitting the claim (we submitted the claim on 18 October, and received the tax relief on 20 November 2019).

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

We had not submitted a tax return before. We were originally a CIC and became a registered charity in 2018—this made us eligible to claim MGETR (but was not the reason we became a charity). When we became a charity we also appointed a new accountant who has extensive experience in working with charities and art organisations.

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

Our Director led on the claim alongside our accountant, gathering information on eligible expenditure into an Excel spreadsheet.

We broke the expenditure down into:

- artist fees (r&d/production)
- allocated staff time (r&d/production/install/deinstall)
- travel & accommodation (r&d/production/deinstall)
- programme committee time (r&d/production)
- materials (production)
- invigilation (not applicable costs)
- marketing (not applicable costs)
- install materials (install/production)
- technician (install/production/deinstall).

Some costs were not applicable (running costs/marketing costs) but our accountant advised that these still needed to be included on the form submitted to HMRC.

We manage our finances using Xero accounting software, which enables us to keep track of Income & Expenditure, with all spend assigned to budget codes.

Our accountant already had experience of submitting claims for MGETR, so he was able to provide extensive guidance on what should be included whilst we were gathering the financial information in house. He then completed the HMRC form and submitted our MGETR claim for us. This process is part of our Annual Fee which includes producing our Year End Accounts.

## WHAT WERE THE MAIN CHALLENGES?

It was a new process for us which is always a challenge, however we found collating the information relatively straightforward, if time consuming.

Whilst the YVAN training day was incredibly helpful, we came away with a sense that we could claim for more costs / projects than we actually claimed for—particularly around projects that took place off-site, which our accountant advised us not to include.

As with lots of organisations—a lot of our projects take place off-site—it would be good to have some clearer guidance on what can and can't be claimed in this area. Eg. If we have a regular gallery space but have a project that is taking place off-site—can it be included.

## WHAT WAS THE IMPACT OF MGETR ON YOUR WORK?

The MGETR gave us unrestricted funds which were unexpected, and we certainly found that the process of gathering the financial information and submitting a claim took less energy and time than writing a funding application for a comparable amount.

The money enabled us to grow our small staff team, and we employed an Admin & Marketing Assistant to work with us for 2 days a week. This salary will be supported annually by our MGETR claim, and the amount received in the 2018–19 year would actually have covered the salary for the role for a 3 year period.

We used some of the money to provide 4 x Research & Development Bursaries for participants of our Programme Committee (a hands-on professional development programme for artists and emerging curators)—so we could offer 9 Bursaries in total (5 supported by Arts Council NPO). This bursary led to us receiving 10 times the number of applications we had had for the previous Programme Committee, increasing accessibility and ensuring that our programme represents a diverse range of voices and is led by artists from all backgrounds.

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

We would tell them that it is definitely worth doing if you are eligible. However, we have been reluctant to recommend that other small arts organisations who aren't charities apply for this until we have further clarity on their eligibility. In particular it seems that CICs are not eligible to apply, which would discount many small arts organisations.

However, as an organisation it has enabled us to grow our:

- investment in talent development and training
- investment in educational activities
- employment
- marketing & audience development strategy
- digital presence
- stronger brand identity
- greater numbers of audiences
- inbound tourism.

It supported members of the Programme Committee to generate further activity across our programme. It supported greater diversity and inclusion within our Programme Committee, leading to more diverse audiences and improvement in the accessibility of our artistic programme.

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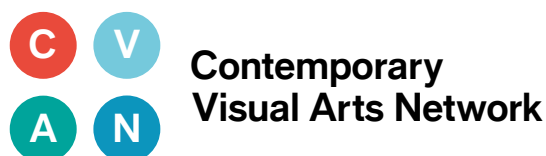


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## SNAPSHOT – 02

# 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!

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## SNAPSHOT – 03

# BLOC PROJECTS



BLOCPROJECTS.CO.UK

Bloc Projects presents a critically acclaimed exhibitions and events programme that focuses on supporting emerging artists at key stages in their careers, along with offering the public opportunities for participatory learning and meaningful arts engagement.

Photo: Peter Martin

## WHAT HAS BEEN YOUR EXPERIENCE OF THE MGETR SCHEME?

We attended the first MGETR workshop run by YVAN in July 2019, and did consider engaging with the scheme, as we are a company limited by guarantee and a charity. It was clearly something that you had to think about properly, not an overnight decision, as it looked as if you had to think about setting up the systems to make it work properly.

We then attended the online workshop in May 2020, where we went into some more detail through the FAQs, and about what “readiness” for MGETR might look like.



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## WHERE ARE YOU NOW?

We found out through the online workshop and subsequent conversations that you really do need to have your accountant on board and up to speed. We are very happy with our accountants, and we don't want to leave them to find someone else who is more of a tax specialist, just so that we can claim MGETR. Our accountant is community-focused, working with a range of charities, rather than the arts sector, and that focus fits with our needs as an organisation.

## WHAT WOULD MAKE IT WORK FOR YOU?

Our accountants have spoken to the MGETR project workers at YVAN and would be interested in learning how to do this kind of claim — both for the Exhibitions and Theatre Tax Relief Schemes — but they are very clear about the fact that they would need expert guidance/peer mentoring in order to do so ethically, as professionals.

If this could happen, we understand that this would put the added accountancy costs in the region of £500, because it would just be an addition to our annual return, whereas if we employed a specialist to do the whole thing it could end up in the region of £2000, which would reduce the benefit of claiming.

## HOW MUCH WOULD THE BENEFIT OF A CLAIM BE TO YOU?

A rough estimate, without going into all the details, but just how we decided if it was worthwhile for us to do, is that we could claim back about £10K in a normal year.

We would tend to use any funds claimed to expand our artistic programme, allowing us to offer more support to artists and deliver more activities for the public to access for free. We would also use some of the funds on strategic measures for the organisation, specifically around purchasing assets (such as equipment, etc) and building reserves in the event of any unforeseen circumstances.

## WHAT DIFFERENCE WOULD IT MAKE IF THE RATE OF TAX RELIEF WERE DOUBLED TO MITIGATE THE IMPACT OF COVID 19?

Being able to have access to an increased amount unrestricted funds would be incredibly beneficial for an organisation like ours. We would be able to use these funds to mitigate numerous risks posed by COVID 19, such as loss of earned income through lock-down restrictions and lack of access to key funding strands due to the suspension of funding from bodies such as ACE.

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## SNAPSHOT – 06

# YORKSHIRE SCULPTURE PARK



[YSP.ORG.UK](http://YSP.ORG.UK)

Yorkshire Sculpture Park (YSP) is the leading international centre for modern and contemporary sculpture which celebrated its 40<sup>th</sup> anniversary in 2017.

It is an independent charitable trust (number 1067908) and registered museum situated in the 500-acre, 18th-century Bretton Hall estate in West Yorkshire. Founded in 1977 by Executive Director Peter Murray, YSP was the first sculpture park in the UK, and is the largest of its kind in Europe.

Photo: Nigel Homer

## HOW DID YOU FIRST HEAR ABOUT MGETR?

When we first heard about MGETR it was an unknown quantity, it was at a briefing session hosted by Charity Finance Group in Leeds, and there was some skepticism in the room about it from a lot of charities that don't pay corporation tax, and don't do an annual return.

Arts Council England and the Museums Association organised regional seminars where someone from the Creative Industries Tax Relief team came and briefed us about it; firming up the details with the accurate information. In January of 2020, it was mentioned with uncertainty at another session from Charity Finance Group, so there's still a lack of awareness out there.

There probably needs to be a more consistent programme of support.

## WHAT HAS YOUR EXPERIENCE OF MGETR BEEN?

Our first claim was for about £119,000, for the financial year 2017–2019. The way we dealt with it was to do as much as we could ourselves. We did have some specialist support through our auditors who were very experienced in Tax Reliefs.

Someone from another branch of our accountants came up from Birmingham and ran through some difficulties and scenarios specific to our organisation. Overall our bill for this help may have reached something in the region of £8000, however, balanced with a gain of the amount we claimed as a result of that advice of which was around £20000, in the first year alone, you can see it was worth it.

Waiting and not submitting in the first year was beneficial. This gave us time to research and have a good dialogue with our auditors and HMRC. It is worth being really careful and considered about the approach to the claims, and we had time — two years after the end of the financial year the activity took place, and this enabled us to get it right.

So we would recommend to anyone else not to rush at year end, but withhold until you can get it right, within the deadline, especially if you have exhibitions that overlap the end of one financial year and go into another, as most of ours do.

Even with the very good support we have had, we do still find it quite complex, and refer regularly to the sample template that our auditors put together. They have put in formulas that then link up to the software that you have to use for Corporation Tax returns and MGETR claims, which uses a form of tagging called IXBRL. Then at my end I run a series of Excel spreadsheets, that then link up to the template from our auditors, that then links up to the claim form.

Compared to a city centre museum that might have four exhibitions in a year, we have 20 in a year — from mini-exhibitions, a number of different galleries, a new installation, even just one new sculpture could count as an exhibition for MGETR.

So we have to have quite a tailored approach. We started with a list of 20 exhibitions, then we whittled it down, excluding the selling exhibitions that we have in the small upstairs gallery, and any other exclusions.

## DOES CLAIMING MGETR HAVE AN IMPACT ON CURATORIAL DECISIONS?

I think in future it's going to be down to curators to be mindful of what could eliminate a claim. This Tax Relief is quite new, in our timescales, so the decisions for shows we have claimed for so far were all made long before MGETR was introduced. A lot of our recent shows have been within the European Economic Area, so they were eligible, but we have had work that came from the USA and Japan. We haven't really had anything so far that would have been eliminated, but we did have work installed that was effectively treated as two separate exhibitions, for tax purposes. One set of the work was indoors, and so we could claim back VAT on any of the relevant costs, (because YSP is on the Section 33A list of museums that can claim back VAT) whereas the outdoor work we can't claim the VAT, it's just taken as part of the full cost. The outdoor part of the show included some living material, so that part of it wasn't eligible for the MGETR claim. These are some of the complexities that you're dealing with, with our kind of operation. The living matter being excluded is the one you hear most about, for example the Spencer Tunick

in Hull, the leeches at Thackray Museum, and it can seem as if HMRC is not very consistent in how it treats this exclusion. The main things to consider are — is it key to the work, or incidental, and then talk to HMRC and make your case.

As for the digital exclusion, what does it actually mean? Along with many other museums, we use plasma screens to show archival documentaries of artists in their studios, for example, as well as artists films, and video artists like Bill Viola. I think we are going to think about these things more and more as we are planning our programme.

## WHAT ADVICE WOULD YOU GIVE ORGANISATIONS NEW TO MGETR?

Take your time to make sure you claim all that you can — there is a danger of under-claiming if you are not au fait with the Tax Relief. Seriously consider paying for professional advice if your exhibition programme is complex and at a reasonably large scale. All of our claims have gone through easily — if you are not sure on a matter of eligibility, talk to HMRC, make the argument, make the case. If you need help with any technical matters, speak to HMRC. Maybe get a tax accountant onto your Board.

If Arts Council England could roll out a beginners guide, and a template even, take-up could be increased. The advice and support we got from our accountants was invaluable, but not everyone can afford it or is on our scale. The smaller accountants probably don't know enough about it, and they could probably use some support from people like the Charity Finance Group in Leeds.

## WHAT HAS THE IMPACT OF MGETR BEEN FOR YOU?

Our first three claims will all be in the same region of £119,000, but this year's will definitely be much less, maybe in the region of £50,000, entirely down to COVID-19. Our current show will be extended to February 2022, taking it outside the eligibility period for MGETR, so we will lose maybe 40% of the claim we were going to make if there is no adjustment to the rules. The impact of MGETR so far has been a real bonus, we hope it continues and if the rate of relief is doubled, that would go some way to compensating for the financial impact of COVID-19.

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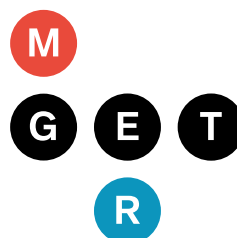
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## SNAPSHOT – 07

# MANCHESTER CITY ART GALLERY



[MANCHESTERARTGALLERY.ORG](http://MANCHESTERARTGALLERY.ORG)

Manchester City Art Gallery is the municipal art gallery, owned by Manchester City Council and housing the city's collection of over 25,000 objects of fine art, decorative art and costume, developed over 200 years and still growing. It runs an exhibition programme of work by new and established artists, and associated learning and engagement programmes.

## THE YVAN WORKSHOP AND WEBINAR TALKED ABOUT 'READINESS' TO CLAIM MGETR – HOW DID YOU PREPARE?

The gallery is owned by a Local Authority, and therefore not eligible to claim MGETR, because Local Authorities are not under the charge for corporation tax. That meant we knew we had to set up a new company, wholly-owned by the Local Authority, to act as the primary production company for our claim.

Manchester City Council has quite a lot of experience in setting up this kind of special purpose vehicle, so we weren't introducing a new concept.

We knew that there were two time constraints that we had to think about. One was the fact that under the current legislation, MGETR will end for expenditure after 31<sup>st</sup> March 2022. The second was that, in order to get the most out of the claim we were planning to make in 2021, we needed to get the

company set up and claim while the activity was still eligible. The cut-off point is two years after the end of the financial year when the activity took place. The decision was formally made by the City Council Executive Committee on the 11<sup>th</sup> March, 2020. So there was some time pressure to do it, and to get it right.



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## WHAT WILL THE RELATIONSHIP WITH THE LOCAL AUTHORITY LOOK LIKE NOW?

The company is called Manchester Art Gallery Exhibition Productions Ltd. It has one shareholder, which is Manchester City Council, and a Board of three Directors made up of council officers, who carry out the day-to-day management and operations. The company gets secretariat support from another wholly-owned vehicle — Manchester Professional Services Ltd — for which it pays a small fee. Because the income of the company is almost entirely from the city council, the production company is classified as a “Teckal company” — so subject to a different set of procurement rules to outside companies. The new company charges Manchester City Council for the use of its staff and facilities, so there isn’t any complicated transfer of staff to the new company, or issues about terms and conditions.

## WHAT SUPPORT AND GUIDANCE DID YOU HAVE?

We learned a lot from our colleagues at HOME, who have benefited from Creative Industries Tax Relief for number of years first through Theatre Tax Relief and now through the MGETR. We could see that the benefits to HOME were not just in claiming against the producing costs, but also a fair apportionment of staff costs, and “lost opportunity” hire charges for rehearsal and gallery space whilst production are in development. We could see that the level of tax relief achieved has been genuinely transformative to their business model.

They also introduced us to the short-form contract template that they use for the commissioning of exhibitions, which was produced for them by an LLP specialising in the Creative Industry Tax Reliefs.

## WHAT IMPACT DO YOU THINK MGETR WILL HAVE ON YOUR PROGRAMME?

We think it will secure a net benefit of at least £40,000 a year, which will go some way to addressing the decrease (by 65% over the past 8 years) in the gallery’s exhibition budget, and help to support our fundraising target.

## HOW MIGHT YOU SPEND THE RELIEF CLAIMED, IF IT WERE TO CONTINUE BEYOND MARCH 2022, AND IF THE RATE OF RELIEF WERE DOUBLED TO HELP MITIGATE THE IMPACT OF COVID-19?

In the current economic climate all funding is welcomed, and as a public funded body we have a responsibility to draw on all support that’s available. Without a doubt, this will provide much needed additional resources to help support and sustain the gallery through the challenging times ahead.

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