

# Increased AVEC rate for visual effects



Film and high-end TV production companies will soon be able to claim an enhanced 39% rate of audio-visual expenditure credit (AVEC) on their UK visual effects (VFX) costs.

From 1 April 2025, companies will be able to claim an enhanced 39% rate of AVEC on their UK VFX costs (increased from 34%). The AVEC's 80% cap on qualifying costs will be removed for UK VFX costs and qualifying VFX costs incurred from 1 January 2025 will be eligible. The definition of VFX is deemed to be “work consisting of

the use of computer technology to create or alter images for inclusion in the film or programme”.

The additional tax relief will only be available to companies when the production has received a final certificate from the British Film Institute (except where the project is abandoned). This means claims can only be made for the completion period (or a subsequent period). The completion period is the accounting period when the production is completed.

For interim periods, the company will still be able to claim the normal 34% rate of AVEC, including on the VFX costs.

Claims will have to be accompanied by evidence of qualifying expenditure. This latest tax break is aimed at incentivising inward investment and improve the competitiveness of the UK's VFX businesses working within the film, TV, animation and video games sectors. Find out more on the government's gov.uk website at: <https://tinyurl.com/yurwnysm>