

# BEST PRACTICE GUIDE



# **Preparing Your Film for AVEC and Enhanced AVEC (IFTC)**

Producing a film in the United Kingdom is now even more rewarding. With AVEC and the new forty percent Independent Film Tax Credit (IFTC), the UK offers one of the most generous rebates for independent films. Alongside this increased support, the rules now place more emphasis on proper preparation, clear documentation, and genuine UK creative control.

None of this is complicated, but it does mean that the productions which set things up correctly at the start move through BFI certification more smoothly and receive their rebate without delay.

Ecobride has supported productions filming in the UK for more than twenty-five years. The guidance in this document reflects the practical steps that lead to clean, accurate claims and help prevent long or protracted enquiries.

## **BEFORE ANYTHING ELSE: Secure the BFI Interim Certificate**

Before decisions are finalised on the final shooting schedule, casting, locations, or creative structure, it is important to understand that the BFI interim certificate is the foundation of your interim tax credit claim. Everything else in this guide ultimately supports this point.

We recommend securing the BFI interim certificate before principal photography begins, as it makes the entire process smoother and helps avoid unnecessary delays. If timelines are tight, we can still support you, but early certification is the most reliable path.

## **How we help**

We compile and submit the BFI application and evidence pack using the information you and your team provide, combined with our expertise to strengthen your submission and minimise the chance of follow-up questions.

## **1. Incorporate a Fresh UK Film Production Company**

### **What to do**

Form a new UK company dedicated solely to the project.

### **Why it matters**

Using an existing company exposes your new film to the history of older claims, unresolved issues, or legacy transactions. HMRC reviews the full history of the applicant company. A clean company prevents delays and avoids unnecessary risk.

### **How we help**

We can incorporate the company, set up statutory records, and ensure it is structured correctly for AVEC or IFTC.

## **2. Appoint an Appropriate UK Director and PSC**

### **What to do**

Appoint a director who is genuinely involved in the production and available to respond to BFI or HMRC queries. Please note that complete identity verification and the personal identification code requirements introduced by Companies House from November 2025 mean we recommend having a UK-based director.

### **Why it matters**

For tax credit purposes, the UK company must clearly control the production. A director with no involvement cannot demonstrate this. An actively engaged UK director strengthens your position and avoids issues during enquiries.

### **How we help**

We advise on the most appropriate structure and handle all Companies House registrations.

### 3. Open a Dedicated UK Production Bank Account

#### **What to do**

Use a separate UK bank account exclusively for this film.

#### **Why it matters**

Mixed or overseas transactions weaken the evidence trail. A dedicated account creates clear proof of UK spend, UK control, and transparent cash flow.

#### **How we help**

We can introduce banking partners and ensure the account is set up with the correct permissions.

### 4. VAT Registration

#### **What to do**

Immediately after opening the bank account, proceed with VAT registration.

#### **Why it matters**

This ensures the production can claim input VAT in a timely manner. This is critical because, once the UK company is incorporated, there will be recce and scouting expenses. Without VAT registration, you will not be able to submit VAT claims for those invoices on time, affecting cash flow.

#### **How we help**

We handle VAT registration with HMRC and manage ongoing submissions to ensure you can reclaim input VAT without delay.

### 5. Prepare Expense Cards Before You Arrive

#### **What to do**

Have crew expense cards, petty cash cards, or digital debit cards (e.g. Equals) issued and loaded before anyone travels.

#### **Why it matters**

Productions often arrive in the UK without operational cards, which leads to cash flow gaps, untracked spending, and missing paperwork. Having cards ready before recce or prep ensures clean accounting from day one and prevents delays later.

### **How we help**

We facilitate card setup (e.g. Equals) and provide a low-friction WhatsApp submission system for crew receipts so everything is tracked immediately.

## **6. Demonstrate Creative Connection for IFTC (Lead Writer or Lead Director Requirement)**

To qualify for the forty percent Independent Film Tax Credit, your project must have a clear creative connection to the United Kingdom. This is one of the most important conditions in the IFTC rules and is an area where BFI assessors regularly request additional clarification.

Your film must have either a British lead writer or a British lead director who has made a genuine and meaningful contribution to the film.

### **6.1 Who qualifies as British**

A writer or director is considered British if they are a UK passport holder or ordinarily resident in the United Kingdom. They must also appear in the writing or directing credits of the final shooting script and the film.

### **6.2 What counts as a genuine contribution**

The British writer or director must have contributed creatively in a real way. Credit alone is not enough.

For writers, contribution may include:

- Adding or rewriting scenes
- Restructuring the story
- Modifying character arcs or dialogue
- Developing the final shooting script

For directors, contribution may include:

- Leading creative decisions
- Guiding performance or tone
- Shaping visual or narrative elements

The contribution must be genuine and evidenced.

## 6.3 Proving who is the lead

If several writers or directors are involved, the BFI requires clarity on who is the lead. Evidence may include:

- Contracts
- Script drafts and version history
- Development notes
- Credit order
- Compensation that reflects responsibilities

The lead must have contributed at least as much as anyone else in that role. HMRC/BFI would expect their fee to be equal or higher to the other person/s and for them to be listed as the lead director/scriptwriter in the credits.

## 6.4 If your script already exists

A British writer may join later, as long as they genuinely help develop the shooting script and receive appropriate credit. This is common and fully accepted as long as the contribution is real.

## 6.5 Why this matters

The creative connection test is central to IFTC. Clear documentation prevents delays, avoids questions, and ensures the project passes certification smoothly.

## 6.6 How to prepare correctly

Keep:

- All script drafts
- Notes and development materials
- Simple evidence of contributions
- Clear writing or directing agreements
- Early documentation of credit decisions

### How we help

We support productions by:

- Reviewing whether your current writer or director qualifies
- Identifying gaps early
- Advising on co-writing or co-directing structures
- Preparing the documentation BFI expect
- Ensuring creative contributions are captured from the start

## 7. Creative Continuity On / Off Set

### **What to do**

Ensure that what is shot reflects what was approved in the BFI application. Monitor daily logs and script changes.

### **Why it matters**

Last-minute creative changes can unintentionally lose points. Examples include:

- Changing a British character to a non-British one
- Moving scenes originally planned for the UK to another location
- Cutting British supporting characters or cultural elements
- Rewriting pages written by the British writer
- Unnecessary reduction of English dialogue during editing (if claiming points under the dialogue category, at least 25% of the dialogue must consist of English words)

These changes can seem small in artistic terms but can materially affect your Cultural Test score. It is helpful to have someone on set who understands what was submitted to the BFI and can advise if any changes risk eligibility.

### **How we help**

We coordinate directly with the script supervisor or continuity lead appointed by your production. Through daily check-ins and review of their notes, we track any changes that may affect Cultural Test points or tax-credit eligibility.

Our role is not to shape creative decisions, but to ensure that adjustments that could impact your BFI submission are identified early and communicated clearly to the producer so they can make informed decisions.

## 8. Ensure Chain of Title and Rights Are Properly Assigned

### **What to do**

Make sure the UK company holds or controls the rights to produce the film during the period of production.

### **Why it matters**

If the UK company does not control the rights, HMRC may conclude that the UK company is not the true producer, which can jeopardise the entire claim.

### **How we help**

We can introduce lawyer firms for chain of title contracts and review the chain of title and prepare a compliant rights trail.

## 9. Prepare a Budget in the Correct BFI Format

### **What to do**

Use a complete BFI-formatted budget that clearly separates eligible and non-eligible costs.

### **Why it matters**

The budget must accurately reflect the rules regarding the 80% cap on qualifying expenditure. A clear budget strengthens your application and prevents HMRC challenges related to cost eligibility and UK expenditure control.

### **How we help**

We can build or convert budgets into full BFI format.

## 10. Secure Contracts for Key Creative and Production Roles

### **What to do**

Sign agreements early for the producer, director, writer, composer, and heads of department.

### **Why it matters**

These documents show creative authority, employment status, and the responsibilities of the UK company. Missing or late contracts delay BFI certification and HMRC processing.

### **How we help**

We guide clients to lawyers for compliant contracts and ensure contracts meet compliance expectations.

## 11. Register for PAYE and Determine Employment Status

### **What to do**

Register the UK company for PAYE and determine the correct employment status for all cast and crew.

### **Why it matters**

Incorrect payroll treatment is one of the most common causes of HMRC enquiries. Documentation must support the status of each individual.

### **How we help**

We can introduce payroll firms, we co-ordinate for payroll, review cast & crew status assessments and maintain clean evidence.

## 12. Register for FEU

### **What to do**

Register for Foreign Entertainer Unit (FEU) compliance and apply the mandatory 20% deduction on the UK-portion of gross fees for payments to any artists earning over £12,570.

### **Why it matters**

Compliance here is critical. There have been cases where artists were paid directly by the commissioning producer or acquirer abroad without the UK company's knowledge, which makes it difficult to ensure compliance and can cause significant liabilities for the UK company.

### **How we help**

We register the production for FEU, calculate the mandatory 20% FEU deduction amounts for international artists, file the returns with HMRC and ensure full compliance to prevent production liability.

## 13. Plan Visas and Track UK Presence

### **What to do**

Apply for visas early and maintain accurate logs of UK days for all relevant cast and crew.

### **Why it matters**

Days spent in the UK often affect eligibility and can influence whether costs count as UK spend.

### **How we help**

We provide simple systems to track presence and maintain evidence.

## 14. Maintain Strong Accounting and Record Keeping

### **What to do**

Keep records from day one, including approvals, invoices, contracts, payment proofs, timesheets, and petty cash logs.

### **Why it matters**

Every cost in your claim must be evidenced. Missing paperwork is the most common reason for reductions and enquiries.

### **How we help**

Our on-set accounting service ensures full compliance and organised documentation during production.

## **15. Provide Evidence of UK Company Control**

### **What to do**

Maintain an audit log or email chain that shows the UK company approved budgets, cast & crew engagements (including negotiations), costs, and decisions.

### **Why it matters**

The central question in any enquiry is whether the UK company controlled the production. We have previously found it difficult to demonstrate that the UK company was the actual FPC without this trail. Documentary evidence removes uncertainty and protects the credit.

### **How we help**

We provide an automated capture solution so that all relevant correspondence is automatically filed, is filterable and exportable.

## **16. Prepare Early for the Final BFI Certificate and HMRC Claim**

### **What to do**

Prepare the final cost report, accountant's report, statutory accounts, and supporting evidence immediately after production.

### **Why it matters**

The final BFI certificate is mandatory for the tax credit claim, and delays often arise when documentation has not been organised throughout production.

### **How we help**

We manage the full end-to-end claim process until payment.

## 17. Retain Records for Six Years and Close the Company Correctly

### What to do

Keep all production and financial records for at least six years. Close the company only after the rebate is paid and all statutory requirements are met.

### Why it matters

HMRC may review claims long after payment. Closing the company too early causes complications.

### How we help

We store records securely and handle company closure when appropriate.

## Summary Checklist

- New UK company
- UK-based engaged director
- Dedicated bank account
- BFI interim certificate before shooting
- VAT registration
- Expense cards ready before travel
- British lead writer or director with documented contribution
- Rights assigned to the UK company
- Creative continuity on set
- BFI-formatted budget
- Signed ATL and HOD contracts
- PAYE and status checks
- FEU registration/compliance
- Visa and UK presence tracking
- Clean accounting and approvals trail
- Evidence of UK control
- Early preparation of final claim
- Records kept for six years

**Get Started with Ecobride's Free 72-Hour Analysis**

Ecobride offers a complimentary 72-hour assessment for your next feature film or television series. This service is designed to provide you with a clear initial visualisation of your project's logistics, eligibility, and potential challenges before you commit to significant spend.

### **The assessment includes:**

- **Translations**  
A 5-page sample of full English translation, plus an inline translation sample (English dialogues added directly under original language dialogues, e.g. Hindi, Tamil etc) to demonstrate workflow options (Full version provided upon signing).
- **Language Analysis**  
A word count breakdown of each dialogue element (5-scene sample) to support point mapping (Full version provided upon signing).
- **Indicative Schedule**  
A dual-schedule comparison providing:
  - Unconstrained version (based on our estimates of scene shoot time).
  - Constrained version (fitted to your desired shoot days). This provides a useful sense-check, allowing you to review feasible hours per scene.
- **Set and Shot Breakdown**  
An initial list of scenes mapped to their narrative setting versus their estimated shooting location, helping you identify opportunities to optimise your shoot strategy.
- **Cultural Review**  
An initial analysis of potential cultural test points, including drafts of cultural justifications and identification of any evidence gaps that must be addressed during production.

### **What we need to run the analysis**

To generate this report, we require only two items:

- **Script(s):** The full untranslated screenplay (Word, PDF or Final Draft format).
- **Shoot Plan:** Your estimated days and start dates for each country (can be estimates).

### **Example:**

UK: 25 days (Start: 25/11/2025)

Spain: 5 days (Start: 04/01/2026)

India: 8 days (Start: 02/02/2026)

This analysis works for both film and television projects and serves as a practical foundation for your production planning.