



**SMITH  
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# Museums and Galleries Exhibition Tax Relief

for Local Authority Run Museums



# SMITH PARTNERSHIP

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Smith Partnership is full-service law firm based in the East Midlands and Staffordshire, offering advice to businesses, charities, local authorities and individuals. Providing the knowledge and hands-on experience you would expect from a leading UK law firm, we also pride ourselves on taking a straight-talking, jargon free approach.

Ordinarily local authority run museums are not eligible to claim Museums and Galleries Exhibition Tax Relief ("MGETR"). However with the help of Smiths and Mo we can make council run museums eligible.

It will take time, commitment and resources to claim MGETR and there are criteria that your organisation will need to meet. Therefore, we have a dedicated partner lead team who work alongside Mo Suleman to provide a fixed fee, full turnkey solution that will help take away all the hassle and time that may otherwise be experienced when making an MGETR claim.

Mo is a qualified chartered certified accountant, Finance Director, trustee, and museum-sector specialist with a particular focus on helping organisations make better use of MGETR. Mo is currently the Treasurer of The Museums Association, and previously served as Director of Resources at Derby Museums. That combination means he understands both the strategic and practical realities of running museums – from governance and budgets through to exhibitions and delivery on the ground.

Together, we work with local council-run museums to provide clear, practical guidance and specialist support to help you understand, prepare for, and successfully claim MGETR. We recognise that MGETR can be complex for local authorities and that internal teams may not always have detailed knowledge of the relief or how eligibility applies within a local government setting. Drawing on our experience supporting museums of varying sizes and governance models, we take time to understand your museum's structure, funding arrangements, and exhibition programme, ensuring the right approach is taken to meet HMRC requirements and maximise your claim.

# What is MGETR?

MGETR is a UK government incentive introduced in 2017, the purpose of which is to encourage investment in public exhibitions by allowing organisations to claim back a portion of their eligible production costs, freeing up vital funds to reinvest in public engagement, staffing, and collections care.

MGETR is a valuable funding opportunity for museums and galleries, helping them:

- create engaging exhibitions for the general public; and
- to develop new permanent and temporary exhibitions for the benefit of the general public.

Unlike some other creative tax reliefs, there is no requirement for certification via a cultural test. However, MGETR is only available to qualifying companies.

## How does the relief work?

Museums and Galleries Exhibition Tax Relief is:

**80%** of total core expenditure; and the amount of core expenditure on goods or services that are provided from the UK and/or the EEA

MGETR can be claimed as a reduction in Corporation Tax credit.

However, loss-making companies can surrender their losses for a cash credit.

Current cash credit rates are:

- 45% for touring exhibitions; and
- 40% for non-touring exhibitions.

# Who can claim?

MGETR is only available for qualifying companies that put on a qualifying exhibition.

## What is a qualifying company?

A qualifying company must be either: (1) a primary; or (2) a secondary production company that is one of the following:

1. a charitable company that maintains a museum or gallery; or
2. a wholly owned subsidiary of a:
  - a. charity which maintains a museum or gallery; or
  - b. local authority which maintains a museum or gallery.

A qualifying company must be either: (1) a primary; or (2) a secondary production

Local authorities themselves are not eligible to claim MGETR, but with Smiths help to simply incorporate a new wholly owned subsidiary of the local authority, together with some supporting legal contracts, it will become eligible.

## What is a primary production company?

A primary production company must:

- make an effective creative, technical or artistic contribution to the exhibition;
- be actively engaged in planning and decision-making for the exhibition;
- directly negotiate, contract and pay for rights, goods and services for the exhibition; and
- be responsible for producing and running the exhibition at a venue.

Please note - there can only be **one** primary production company for an exhibition and if the exhibition is held at 2 or more venues, there may be secondary production companies.

## What is a secondary production company?

A secondary production company must be:

- responsible for producing and running the exhibition at a venue; and
- actively engaged in decision-making in relation to that venue.

## What is a qualifying exhibition?

A qualifying exhibition is a curated public display of an organised collection of objects or works considered to be of interest in one of the following ways:



Scientifically



Historically



Artistically



Culturally

It can be:

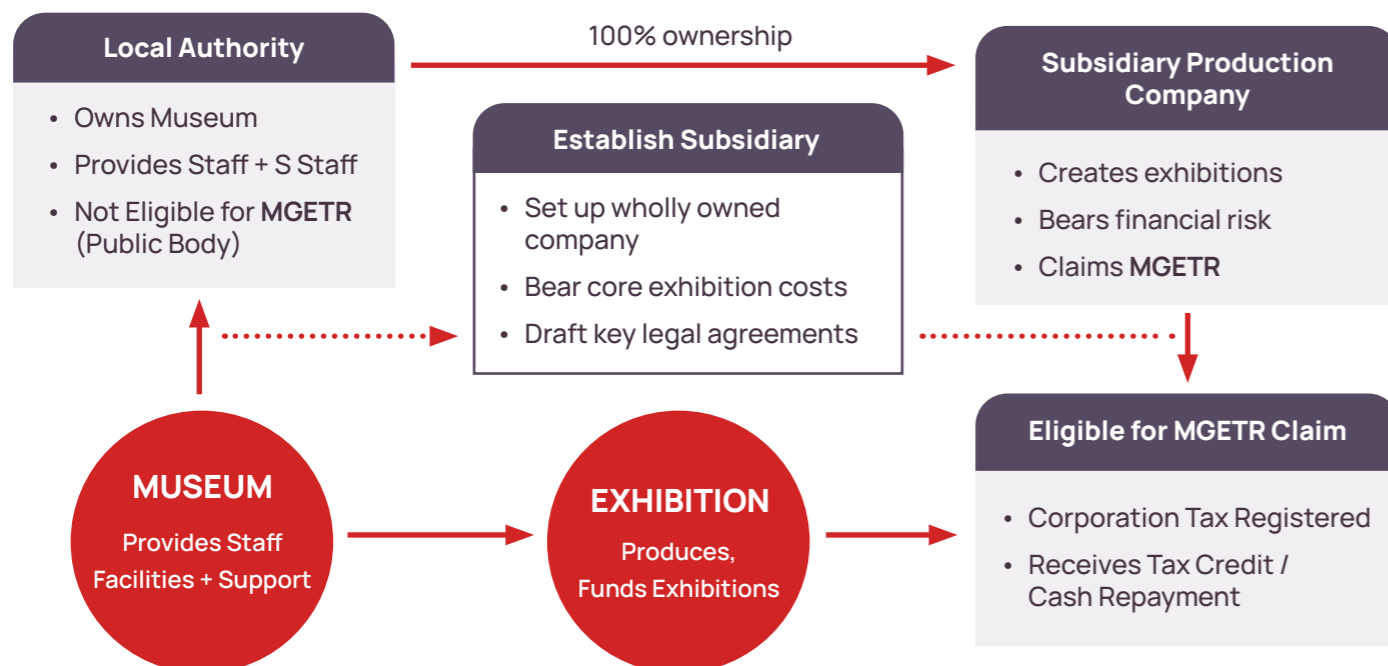
- a single object; and
- at least 10% of the 'core costs' must relate to goods and services purchased from within the UK.

Please note - there may be **more than one** secondary production company in relation to an exhibition.

## How Smiths can help with ensuring you have a qualifying company:

### Smiths will:

- review your existing legal structure and advise you on whether you already have a qualifying company and if not, what changes to your legal structure are required, such as incorporating a new subsidiary company;
- work with you to collect all the information we require to incorporate the new subsidiary with Companies House;
- prepare and submit the application for the incorporation of the new subsidiary with Companies House;
- prepare, and provide advice to you on the governing document (articles of association) for the new subsidiary;
- prepare, and provide advice to you on a production agreement which will formalise the relationship between the local authority/the charity (as the case may be) and the new subsidiary, including but not limited to the following matters:
  - the secondment of staff from the local authority/charity to the subsidiary for the purposes of putting on the exhibitions;
  - the sharing of any resources required for the exhibition;
  - any intellectual property right licences that may be required;
  - a licence to occupy to allow the new subsidiary to occupy the museum/gallery owned by the local authority/charity for the purposes of the exhibition; and
- provide advice and guidance on the new company structure and how this will work for you moving forward.



## How Mo can help:

### Mo will:

- help setup the financial systems for the new subsidiary;
- work with the local authority's finance team to set up a chart of accounts;
- liaise with local authorities finance team and help register the company for corporation tax, VAT and any other taxes;
- help setup a bank account for the new subsidiary;
- provide training sessions with the relevant people on the technicalities of the MGETR scheme to ensure compliance in the future;
- handhold the team in submitting the year 1 claim, ensuring the claim is robust and the maximum amount is achieved;
- work with you to check that your exhibition meets the criteria for a qualifying exhibition; and
- go through your accounting system and extract the relevant information to ensure that 10% of the expenditure of the exhibition has been spent within the UK.



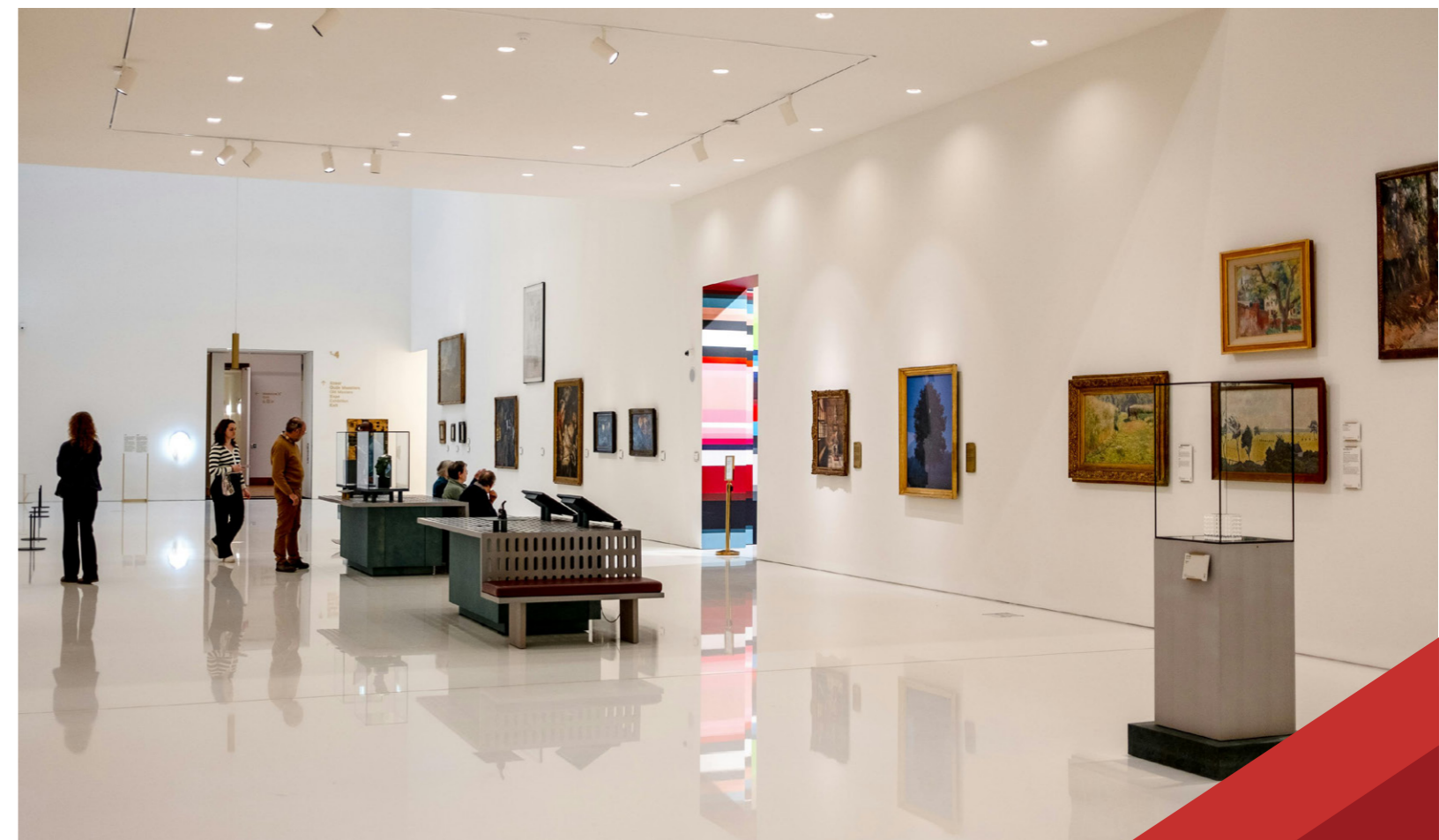
# Why are museums underclaiming?

While MGETR has provided more than £250 million in reliefs since its introduction, recent HMRC statistics have suggested that many museums are still not claiming their full entitlement – and in some cases, not claiming at all.

The reasons for such underclaiming are varied but some examples include:

Reason	How we can help
<p><b>1. Misconception about eligibility</b></p>	<p>A common misunderstanding is that museums cannot claim if an exhibition is profitable or partly funded by grants. However, MGETR is designed precisely for this mix of funding.</p> <p>Many eligible projects are therefore being left out simply because finance teams believe they do not qualify for MGETR.</p> <p>Mo can assist you with this as he will go through your accounting system and extract the relevant information and put a detailed claim together.</p> <p>Another misconception is that there is a complete bar on local authorities claiming MGETR. While local authority run museums in principle are not eligible, there is a way that local authorities can make themselves eligible.</p> <p>A case study has shown several local authority-run museums became eligible to claim MGETR by simply creating trading subsidiaries to process their claims – a model now used successfully across the sector.</p> <p>This is a specialised area of law and we can assist local authority run museums with the legal structure and financial process in becoming eligible to claim. We can ensure that the criteria of a qualifying company are met and there is not too much administrative burden or complication.</p>
<p><b>2. Underestimating qualifying expenditure</b></p>	<p>Even museums that do claim MGETR often apply too narrow a definition of what counts towards the core costs of the exhibition.</p> <p>HMRC guidance allows claims on a broad range of costs, including:</p> <ul style="list-style-type: none"> <li>• storyline development, design and interpretation;</li> <li>• staff costs directly involved in production; and</li> <li>• transport and insurance of objects.</li> </ul> <p>These costs often make up a significant portion of total spend when producing an exhibition, but they are frequently missed when making an MGETR claim.</p> <p>A case study has shown a national institution recovered a significantly large six figure sum in additional relief by including staff time, design and transportation costs.</p> <p>Mo can help you review your expenditure, handhold your team in submitting the year 1 claim, ensuring the claim is robust and the maximum amount is achieved.</p>

Reason	How we can help
<p><b>3. Lack of internal resources or expertise</b></p>	<p>Smaller museums may not have the in-house expertise to prepare claims. Upon first inspection, the process can seem complex, making finance and legal teams understandably cautious about misinterpretation. As a result, some do not claim at all.</p> <p>So, if you lack the time, resource or know how, Mo can perform a robust exercise to identify, quantify and put a claim together on your behalf and Smiths can advise you on the what is required to become a qualifying company and assist you with setting up the correct legal structure.</p> <p>Mo will hold your hand through your first claim and ensure you are left in a position to be able to operate and run your new structure internally and make any future claims.</p>
<p><b>4. Unclear guidance</b></p>	<p>Unlike film or theatre tax reliefs, where professional advisors and trade bodies have built up years of expertise, MGETR remains relatively young and therefore best practice is still evolving. This also means that many museums simply do not know that it exists or what is possible when it is utilised correctly.</p> <p>Mo helps museums unlock free unrestricted funding that they are entitled to, by reviewing past and future claims to maximise value with clarity.</p> <p>There is unclear and conflicting guidance on the criteria for being a qualified company. We have reviewed and interpreted the legislation and guidance and can advise you on how to correctly structure your organisation to become a qualifying company.</p>



# Conclusion

**MGETR is more than just an accounting exercise. It is a vital source of funding that can directly support creativity, staffing, and public access to museums, galleries and exhibitions.**

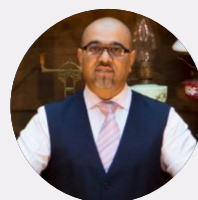
At a time when budgets within local authorities are tightening, visitor income is unpredictable and grant funding is increasingly competitive, MGETR offers a government-backed way to recover costs. Every under-claimed or unclaimed exhibition is money that could have gone back into supporting the local authority, your teams, your collections, and your communities.

Together, Smiths and Mo understand both the strategic and practical realities of running local authority run museums – from governance, legal structure and budgets through to exhibitions and delivery on the ground.

## We:

- ✓ offer a fixed fee, turnkey solution that will make it easy and stress free for you to claim MGETR
- ✓ help identify under-claimed costs
- ✓ correct common misconceptions around eligibility
- ✓ help museums become more financially sustainable and maximise their claims efficiently, accurately, and confidently

**If you would like any more information or to arrange a no obligation call to discuss, please contact either:**



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