

OTR2.10 Example timeline for an OTR claim

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This guidance is part of the [OTR Part 2 toolkit – Running a production company](#). It is a basic timeline that shows how your Music Group and production company might work together over the course of year to commission and produce your concerts and claim OTR on them.

Other guidance available in this tool kit:

- 2.6 Guidance: Running a production company
- 2.7 Template: Agreement Parent Organisation & Production Company (England and Wales)
- 2.7a Template: Agreement Parent Organisation & Production Company (Northern Ireland)
- 2.7b Template: Agreement Parent Organisation & Production Company (Scotland)
- 2.8 Guidance: Notes to accompany the agreement (England, Wales and Northern Ireland)
- 2.8a Guidance: Notes to accompany the agreement (Scotland)
- 2.9 Making an Election
- 2.11 Template: Transfer of Stock

The time line is based on the following:

- Financial Year dates for production company: 1 January 2018 to 31 December 2018
- Qualifying concerts in financial year elected to be treated as one ‘trade’
 - 29 April 2018, Royal Hall
 - 13 June 2018, Brampton Village Hall
 - 1 October 2018, Church of the Blessed Virgin
 - 12 December 2018, Sagittarius Secondary School

Definitions and abbreviations

- Parent organisation (PO) – your main music group
- Production Company (PC) - the new company we recommend you set-up to produce concerts for you parent organisation and claim OTR.

Date	What happens?	Notes
1 November 2017	Budget for the 4x concerts agreed at PO committee meeting	<ul style="list-style-type: none"> • This can change during the year • OTR claim based on actual, not budgeted, spending • The budget needs to include costs for running the PC & for claiming the OTR
1 November 2017	Contract signed for the 4x concerts between PO & PC	These are the 4x concerts which will take place the PC's financial year
1 November 2017	PO committee authorises Treasurer to loan up to £6,000 to the PC during 2018	<ul style="list-style-type: none"> • Minute this • Does not all have to be loaned in one go
1 November 2017	Treasurer loans PC £1,000	

15 November 2017	PC signs contract with venue(s) for concerts & pays deposit	<ul style="list-style-type: none"> • It can use the first part of the loan for that • The contract with the venues will be in the name of the PC • Invoices and receipts to be in the name of the PC
20 January 2018	PO loans PC a further £2,000	<ul style="list-style-type: none"> • E.g. to pay rehearsal venues, conductor's fees etc.
28 April 2018	Latest date to email an election for the 4x concerts to HMRC so they are treated as one 'trade' (= 1x OTR claim)	<ul style="list-style-type: none"> • This is the LATEST date, you can do this earlier • But beware changes in your anticipated concert schedules: once made, an election cannot be changed
15 May 2018	PO loans PC a further £1,000	
5 September 2018	PO loans PC a further £1,000	
20 October 2018	PO loans PC a further £1,000	
31 December 2018	End of PC's financial year	<ul style="list-style-type: none"> • Prepare statutory annual accounts (you have 9 months, but need to do it sooner if you want your OTR claim paid!) • Prepare information needed for OTR claim to be made on your behalf by Making Music
15 February 2019	Company Tax return and OTR claim submitted on your behalf to HMRC by Making Music	Final concert costs (assuming for ease they stayed as budgeted, but it's fine if they have changed): £6,000 Of that, eligible costs: £4,500 80% of eligible costs: £3,600 OTR claim of 25% of that: £900
13 March 2019	HMRC pays PC £900 OTR	
14 March 2019	PC invoices PO for £5,100 fee for producing the concerts	PC retains £5,100 of the total 2018 loan of £6,000 to cover this fee
14 March 2019	PC repays £900 of outstanding loan	PC does this using the OTR claim money as paid by HMRC

Notes:

This will be the end of the cycle for this particular concert series; as you will have seen, payments relating to it will be made both before the start of the PC's financial year and after it finishes.

That is why you need to do accrual accounts for the PC – unlike cash accounts (which records income and expenditure according to WHEN they're received), accrual accounts allocate income and expenditure according to the financial year they relate to.

The contract, therefore, will be useful in specifying which year specific income and expenditure relates to.

Also bear in mind that there may be an overlap with the previous or next concert series, so always keep one series' records together and separate from other series.

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