

Why don't Americans use their own superior tax incentive like the Brits? Because the UK's EIS (*Enterprise Investment Schemes*) have been around longer, were institutionalized early by accountants and tax advisors, and because there is a look-back for a previous year's sale to eliminate capital gains. UK tax payers therefore make use of an EIS to reduce capital gains by 30% on appreciated assets the year after they liquidate.

However, USA tax payers receive a far better 100% write-off, and can also look to avoid a capital gains tax by simply making a capital contribution of their existing stock into a §181 project instead of utilizing their cash.

Also, in the examples below, it is obvious to those planning for deductions that no upper limit exists for US tax payers, because while UK citizens can only write off a maximum of £1,000,000 per annum, Americans (and US corporations) can write off unlimited billions, turning taxes into profits without a loss.

COMPARING

"Enterprise Investment Scheme" Incentives in UK -or- USA's "IRC §181 / §199" Production Incentives

Year of first introduction of tax shelter?	1997	2004	181 tax code tries to keep jobs in the USA
Holding companies can be public?	No	Yes	Private and public companies are allowed
Individual investors owning more than 30%	No	Yes	USA investors can have 100% ownership
Projects can cost more than \$15,000,000?	No	Yes	Up to \$20mm per USA investment project
TV episodes (up to 44) qualify individually?	No	Yes	44 X \$20mm = \$880mm of tax write offs
Elimination of Alternative Minimum Tax?	No	Yes	A capital expense can reduce USA's AMT
Unlimited <i>personal</i> income tax write off?	No (>£1m)	Yes	Unlimited write off of USA <i>personal</i> taxes
Unlimited <i>corporate</i> income tax write offs?	No (none)	Yes	Unlimited write off of USA <i>corporate</i> taxes
75% of services must be performed in country?	Yes	Yes	Co-productions are allowed by UK & USA
Reduction of capital gains tax on profits?	Yes	Yes	UK eliminates all cap gains, USA cuts 9%
Look-back for previous year's tax liability?	Yes	Yes	Investor assumes liability of partnerships
Elimination of estate taxes on investment	Yes	Yes	USA investors can pre-pay life insurance
Elimination of a previous year's tax liability?	Yes	Yes	UK has 1 year look back stock sale gains
Government sanctioned and regulated?	Yes	Yes	Considered a straight "capital expense"
Heavy paperwork, filings, and monitoring?	Yes	No	No special tax forms exist for USA filers
Offered only through broker/dealers?	Yes	No	Any USA investor can participate directly
Controlled by securities laws?	Yes	No	Pre-qualified USA investors are allowed
Maximum employees allowed on projects?	250	∞	USA allows unlimited hiring on projects
Theatrical stage productions allowed?	No	Yes	USA stage plays qualify after 01/01/16
Can company's value exceed £15M or \$15M?	No	Yes	Any size company in the USA will qualify