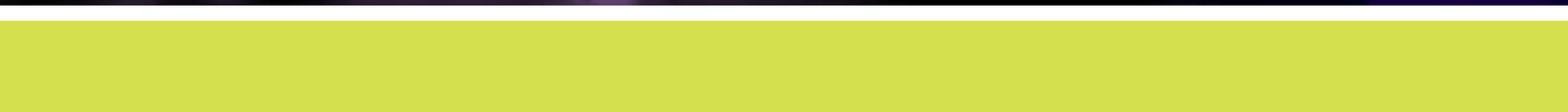


Georgia®

Film, Music & Digital
Entertainment

TAX INCENTIVE





**FOR PRODUCERS OF LIVE ACTION FILMING
& TELEVISION PROJECTS:**

Georgia Film, Music & Digital Entertainment | 404.962.4052



**FOR PRODUCERS OF
INTERACTIVE ENTERTAINMENT:**

Innovation & Technology | 404.962.4000







TABLE OF CONTENTS

OVERVIEW	2
HIGHLIGHTS OF THE GEORGIA ENTERTAINMENT INDUSTRY INVESTMENT ACT	3
CERTIFICATION PROCESS	4
QUALIFIED COMPANIES AND PROJECTS	7
QUALIFIED PRODUCTION EXPENDITURES	8
TRANSFERRING THE CREDIT	9
FREQUENTLY ASKED QUESTIONS	10



FILM, TELEVISION & INTERACTIVE ENTERTAINMENT INCENTIVE

THANK YOU FOR CONSIDERING GEORGIA FOR YOUR FILM, TELEVISION, OR INTERACTIVE ENTERTAINMENT PROJECT!

Inside this brochure, you will find information regarding eligibility, qualification, and the application and certification process for the Georgia Entertainment Industry Investment

Act. The Georgia Department of Economic Development (GDEcD) certifies which types of projects meet the qualifications for the incentive; however, the Georgia Department of Revenue oversees the earning and claiming of the credits. For more information about how the credits are earned, or what types of expenditures will qualify for the credit, please contact the Georgia Department of Revenue:



Georgia Department of Revenue | Office of Tax Policy
1800 Century Blvd., N.E., Suite 15311 | Atlanta, Georgia 30345
Phone: 404.417.2441 | Fax: 404.417.2293 | www.dor.ga.gov



FOR PRODUCERS OF FILM & TELEVISION PROJECTS:

Georgia is a production-friendly state! You'll find small towns with a welcoming Southern feel and world-class cities with all the resources and amenities you'll need. You can shoot, develop, edit and even score your production with highly-trained professional crews in state-of-the-art facilities, and the state's diverse geography offers countless location choices. Georgia also offers production companies strong financial tools that make working in our state the smart choice.

The Georgia Entertainment Industry Investment Act grants an income tax credit of **20 percent** to qualified productions which include feature films, television movies or series, commercials, music videos, interactive entertainment and animated projects. Feature films, television projects, music videos and interactive entertainment are also eligible to receive an additional **10 percent** tax credit for including an embedded Georgia Entertainment Promotion Logo in the end credits of the finished product and include a link to <http://www.tourgeorgiafilm.com> on the landing page of their promotional website.

Combine these powerful financial tools with the Georgia Film, Music & Digital Entertainment Office's (GFMDE) knowledgeable, hands-on staff, the state's diverse locations, the convenience of Hartsfield-Jackson Atlanta International Airport and a welcoming, pro-business climate, and you have the perfect backdrop for any production.

For more information about the incentives for film & television projects, please contact:



Alison Fibben | Georgia Film, Music & Digital Entertainment
Georgia Department of Economic Development
75 Fifth Street, N.W., Suite 1200 | Atlanta, Georgia 30308
Phone: 404.962.4050 | Fax: 404.962.4053 | afibben@georgia.org

FOR PRODUCERS OF INTERACTIVE ENTERTAINMENT PROJECTS:

The Georgia Entertainment Industry Investment Act grants an income tax credit of up to 20 percent for qualified Interactive Entertainment Projects such as video game development. An additional 10 percent uplift is also available for projects which opt to include a 15 second Georgia promotional logo in a prominent position within the game or credit roll of the project.

There is no cap on tax credits that can be earned by film and television production companies, however, the allocation for the film tax credit **for qualified interactive entertainment production companies** does have a cap.

The film tax credit will be allowed on a first come, first served basis. The paper filing date or electronic filing date of the qualified interactive entertainment production company's income tax return that claims the film tax credit will be used to determine the first-come, first-served basis.

For additional information regarding interactive entertainment projects, please contact:



Director of Innovation & Technology
Georgia Department of Economic Development
75 Fifth Street, N.W., Suite 1200 | Atlanta, Georgia 30308
Phone: 404.962.4000 | Fax: 404.962.4021

To access the forms needed to apply for the tax credits, please follow this link:

<http://www.Georgia.org/INDUSTRIES/ENTERTAINMENT-INDUSTRY/Pages/production-incentives.aspx>

An additional 10 percent uplift can be earned by including an embedded animated or static Georgia logo within certain approved projects. ———●

HIGHLIGHTS OF THE GEORGIA ENTERTAINMENT INDUSTRY INVESTMENT ACT

The Georgia Entertainment Industry Investment Act offers an across the board flat tax credit of 20 percent, based on a minimum investment of \$500,000 over a single tax year on qualified productions in Georgia.

An additional 10 percent uplift can be earned by including an embedded animated or static Georgia promotional logo within certain approved projects.

Qualified expenditures include materials, services and labor. The credit applies equally for Georgia residents and non-residents. There is a salary cap of \$500,000 per person, per production, when the employee is paid by "salary," which is defined as being properly paid by W2. If the production company pays an individual for services as a loanout, as a personal services contract, or a 1099 individual meets the criteria for a loanout, then 6 percent Georgia income tax must be withheld.

Eligible productions include: feature films; television movies, pilots or series; televised commercials; music videos; and interactive entertainment projects including the development of video games. Sound recordings used in qualified feature films, television movies or specials, television series or video game development (including motion picture soundtracks) produced in Georgia are qualified expenditures but license fees cannot be included.

The \$500,000 minimum annual expenditure threshold can be met with one project or the total of multiple projects aggregated in a single tax year.

The income tax credit may be used against Georgia income tax liability or the production company's Georgia withholding. If the production company chooses, they can sell or transfer the tax credit to one or more Georgia taxpayers.





CERTIFICATION PROCESS FOR THE 20 PERCENT GEORGIA FILM TAX CREDIT

For a project to be eligible for the 20 percent transferable tax credit, the Georgia Department of Economic Development must certify the project. Certification for film & television projects will be through the Georgia Film, Music & Digital Entertainment Office. Certification may be applied for within 90 days of the start of principal photography. In most instances, projects will be reviewed and certified within 72 hours, although some applications may require additional information.

To review the rules and regulations that apply to the Georgia Entertainment Industry Investment Act or to download an application, please visit: <http://www.georgia.org/fmde> or <https://etax.dor.ga.gov>

CERTIFICATION PROCESS FOR THE 10 PERCENT GEORGIA ENTERTAINMENT PROMOTION (GEP) UPLIFT

A separate application must also be completed for the Georgia Entertainment Promotion (GEP) uplift, which is an additional 10 percent uplift earned for certain approved projects that include a five second long, embedded Georgia logo in the finished product and a link to <http://www.tourgeorgiafilm.com> on the landing page of the project's promotional website. For features and indies, this placement is typically after contractual agreements and before the start of production crew in the scroll. Television projects placement is required in the body of the program; in the opening title sequence; as a bumper into and out of a commercial break or the end credits.

In lieu of the inclusion of the GEP uplift logo, the production company may offer alternative marketing promotion opportunities approved and accepted by the Georgia Department of Economic Development.

The GEP tax credit uplift will be allowed for projects which the Georgia Department of Economic Development (GDEcD) has determined will create valuable promotions that will enhance the State's brand. GDEcD will review applications and will notify the applicant of the decision. If the GEP application is approved, the Georgia Department of Economic Development will provide all necessary copies of the conformed logo for inclusion in the project at no cost to the applicant. If the applicant has claimed the GEP tax credit and fails to fulfill all of the obligations of the marketing agreement with GDEcD, the GEP tax credit will be disallowed. If GDEcD has not received proof that the agreed upon alternative marketing promotion has been fulfilled within two years of initial application, the GEP tax credit will be retracted.

This GEP uplift is available for feature films, television series, pilots, television movies, music videos and video games.

Feature films, television pilots, & television series must:

- a) complete the project certification application
- b) attach a final shooting script
- c) complete the Georgia Entertainment Promotion application

For music videos to be considered for the 10 percent GEP uplift, a finished project must be submitted to the Georgia Film, Music & Digital Entertainment Office for consideration. Commercials are not eligible for the 10 percent GEP uplift.



Once the production is certified, the production company will receive a certification letter from the Georgia Department of Economic Development to be attached to its Georgia income tax return. The letter will indicate whether the tax credit should be awarded at the 20 percent or 30 percent level, based on approval of the Georgia Entertainment Promotion. Please attach the letter, supporting documentation and completed Georgia Department of Revenue's (DOR) FORM IT-FC to the tax return to claim the film tax credit. The credit can be claimed once the investment requirement has been met.

If the GEP has been awarded, a digital version illustrating the placement of the GEP logo must be submitted to the Georgia Department of Economic Development after completion of the project.

Please forward DVD copies of film, television and music videos which have included the GEP logo to the Georgia Film, Music & Digital Entertainment office.

Completed certification applications for film, television, commercial and music video projects may be emailed, mailed or faxed to:



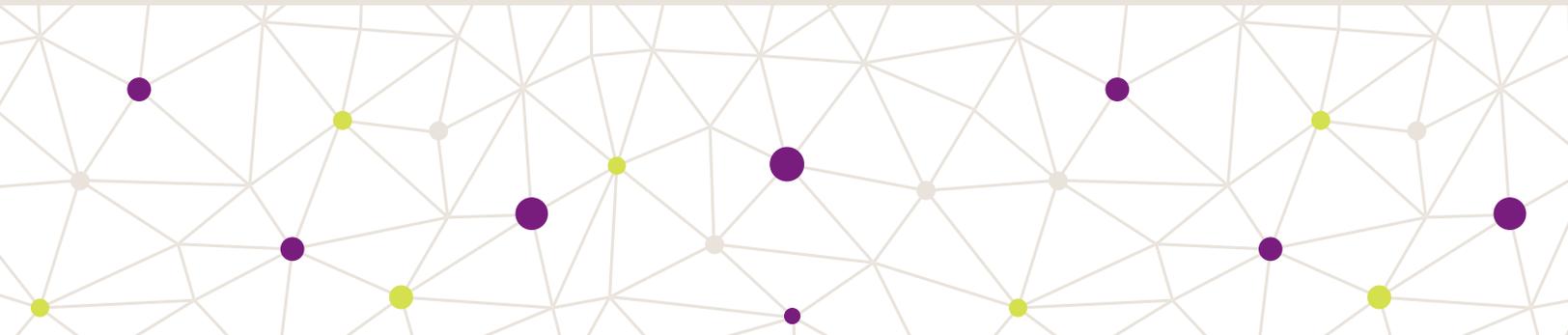
Alison Fibben | Georgia Film, Music & Digital Entertainment
Georgia Department of Economic Development
75 Fifth Street, N.W., Suite 1200 | Atlanta, Georgia 30308
Phone: 404.962.4050 | Fax: 404.962.4053 | afibben@georgia.org



In the case of a disapproval of a certification application, an appeal may be mailed to:

Manager of Community and Government Relations
Georgia Department of Economic Development
75 Fifth Street, N.W., Suite 1200 | Atlanta, Georgia 30308

within thirty (30) days from the issuance of the denial letter by GDECD. Failure to request an appeal within thirty (30) days will finalize the denial decision and/or the percentage of the tax credit.





The Georgia Entertainment Industry Investment Act grants an income tax credit of 30 percent to qualified productions.

QUALIFIED COMPANIES AND PROJECTS

Pre-production, production and/or postproduction of film or video projects that are recorded in Georgia and intended for multimarket commercial distribution outside of the state are eligible for the Georgia Entertainment Industry Investment tax credit. Only fully funded and “green lighted” productions will be considered.

QUALIFIED PROJECTS INCLUDE:

- Feature films
- Television series, pilots or movies
- Televised Commercials
- Documentaries
- Animated films and television programs
- Music videos
- Sound recordings excluding license fees used in certified feature films, television series, pilots, movies, and video games, including motion picture soundtracks for projects produced entirely in Georgia

Production companies do not have to be incorporated or headquartered in Georgia or hold a Georgia bank account to qualify for the tax credit. Companies or corporations formed for a specific project are eligible to apply. To claim the credit, production companies must not be in default on any tax obligation to the state or in default on any loan guaranteed by the state.

COMMERCIALS AND MUSIC VIDEOS

Televised commercial and music video productions qualify for the 20 percent income tax credit if qualified expenditures by a single production company on one or more projects reach at least \$500,000 in a single tax year. Music videos are also eligible to be considered for the 10 percent GEP uplift.

COMPANIES AND PROJECTS THAT DO NOT QUALIFY

Live coverage of events, including news and sports; industrial and corporate marketing or training videos; commercials that are distributed solely by the Internet, infomercials; infotainment; solicitation-based productions; TV programs or feature films consisting primarily of stock footage not originally recorded

in Georgia; website development; programming not intended for multimarket distribution; and anything that is not original film or television content recorded in Georgia do not qualify for the tax credit. Pornographic content, including sexually explicit content and content designated with an X rating, does not qualify.

Service companies, including postproduction houses, catering companies, rental houses and other service providers are not eligible to apply for the tax credit. Qualified production activities include the production of new film, television and video produced and recorded in the state. Postproduction of projects shot in Georgia, except marketing and distribution, is a qualified expenditure; however, postproduction on footage shot outside of Georgia does not qualify.



QUALIFIED PRODUCTION EXPENDITURES

Purchases, rentals and services must satisfy the Georgia vendor rule in Revenue Regulation 560-7-8-45 to be included as production expenditures.

Items that may be included in the company's total Georgia expenditure include, but are not limited to:

- Camera equipment, supplies and accessories
- Motion picture film and videotape stock
- Digital discs, masters and hard drives
- Lighting equipment, including gels, bulbs and lamps
- Stage and studio equipment rentals
- Cranes, booms, dollies and jibs, camera cars and picture cars
- Electric stands, cables and wires
- Generators, fuel and cables
- Location fees and location supplies
- Sound recording equipment
- Costumes, props, scenery and materials to construct them
- Design services, materials and equipment
- Heating and air conditioning equipment used on the set
- Drafting equipment and supplies
- Special effects supplies, equipment and services
- Photographic film
- Animation equipment and services
- Computer hardware, software, graphic equipment and services
- Equipment and supplies for duplication, sound mixing, editing and conforming
- Rental of production office space and stage space
- Makeup, supplies and accessories
- Film processing and color correction services
- Film, digital, or tape editing and related services
- Transfers of film to tape or digital format
- Hotel rooms and lodging
- Airfare from home state to the production and return if purchased through a Georgia travel agency or company
- Insurance and bonding if purchased through a Georgia insurance agency or company
- Purchase or rental of motor vehicles exclusively used in production
- Per diem, box rental
- Catered food and beverage
- Office supplies and furniture
- Shipments to and from the production office via Fed Ex/UPS/USPS
- Payroll up to \$500,000 per person, per production if properly paid by W2; no cap if workers are paid by 1099 or by personal services contract or are working as a loanout
- Sound recordings excluding license fees used in feature films, television specials, television series or game development (including motion picture soundtracks) for projects produced entirely in the State of Georgia

CALCULATING YOUR SAVINGS

Determine your base investment or the total amount of all **qualified** production expenditures in Georgia. This includes expenditures made in Georgia that are directly used in a qualified production.

To calculate your tax credit, simply multiply your qualified Georgia expenditures by .20. **For example, for a base investment in Georgia of \$20,000,000, your savings would be \$4,000,000. If you include the Georgia Entertainment Promotion (GEP) in the finished project, your credit would be at the 30 percent level, or 20,000,000 x .30 = \$6,000,000 in Georgia tax credit! Keep in mind that you may use this credit against your Georgia income tax liability, or you may transfer (sell) it to any Georgia taxpayer.**

FILING FOR THE GEORGIA ENTERTAINMENT INDUSTRY TAX CREDIT

To claim this credit you must file a Georgia Income Tax Return with the Georgia Department of Revenue and substantiate production expenditures made in Georgia. The Georgia Department of Revenue requires the following:

A certification letter from the Georgia Department of Economic Development.

Form IT-FC, which requires:

A description of qualified production activities and expenditures, including a detailed breakdown of expenditures to prove that the base investment of \$500,000 has been met;

A list of employees including names, Social Security numbers and Georgia wages, when payroll is included in the base investment; and

The amount of credit being claimed for the tax year; any credit previously claimed against withholding; any credit carried forward from previous years; the amount of credit to be used in the current tax year; and the amount of credit to be carried forward. (See DOR's Form IT-FC)

Tax returns claiming this credit may be required to be filed electronically or if not required may be sent to the address listed on the applicable income tax return.



TRANSFERABILITY

Tax credits will be available for use against Georgia income tax liability or the company's Georgia withholding. The production company can make a one-time sale or transfer of the film credit to another Georgia taxpayer(s). (See Department of Revenue's IT-TRANS form)

Tax credits can be carried forward for five years. Any transfers must take place within a time frame that will allow the transferee sufficient time to claim the credit. For additional details, please see the Georgia Department of Revenue's Film Tax Credit Rules & Regulations (560-7-8-.45).

The expiration of the carry-forward period is based on the end of the tax year in which the production company claimed the tax credit and not the date of transfer. Therefore, if a production company claimed a credit on a year-end tax return (Dec. 31, 2005), that credit will expire at year-end five years later (Dec. 31, 2010), even if the production company does not transfer that credit until March 15, 2006.

Tax credits may only be sold or transferred once; however, the sale or transfer may involve multiple Georgia transferees or buyers as provided in Georgia Department of Revenue's Film Tax Credit Rules & Regulations (560-7-8-.45).

The credit must be sold for a minimum of 60 percent of the credit amount and Form IT-TRANS (Notice of Credit Transfer) must be filed with both the Department of Economic Development and Department of Revenue within 30 days of transfer or sale of the film tax credit. Once a company claims the income tax credit, the materials will be reviewed by the Department of Revenue. Should the production company wish to apply the excess credit against withholding, Form IT-WH (Notice of Intent) must be filed with DOR at least 30 days prior to the earlier of the due date of the return or the date the return is filed. DOR will then notify the production company specifying the amounts available to utilize against withholding.



FREQUENTLY ASKED QUESTIONS - GEORGIA ENTERTAINMENT INDUSTRY INVESTMENT ACT

HOW DOES THE PRODUCTION COMPANY OR QUALIFIED INTERACTIVE ENTERTAINMENT PRODUCTION COMPANY APPLY FOR THE 20 PERCENT INCOME TAX CREDIT?

The company will submit an application to the Georgia Department of Economic Development (GDEcD) for certification of the production. The certified production letter and DOR's Form IT-FC should be attached to the production company's tax return when claiming the tax credit.

HOW DOES THE COMPANY APPLY FOR THE ADDITIONAL 10 PERCENT GEORGIA ENTERTAINMENT PROMOTION UPLIFT?

Feature films and television projects must submit final shooting scripts along with a completed Georgia Entertainment Promotion (GEP) application. Music videos and video games must submit the completed project for review, along with a completed GEP application. TV commercials do not qualify for the GEP uplift.

HOW DOES A COMPANY GET THE GEORGIA ENTERTAINMENT LOGO TO INCLUDE IN THEIR PROJECTS?

After being approved for the GEP uplift, the Georgia Department of Economic Development (GDEcD) will provide you a data disc with several options for the promotional logo.

WHAT IF A PRODUCTION COMPANY CANNOT OR DOES NOT WANT TO INCLUDE THE LOGO IN THEIR PROJECT?

Projects can apply for the 20 percent income tax credit only, or in lieu of the inclusion of the GEP uplift logo, the production company or interactive entertainment production company may offer alternative marketing promotion opportunities (form GDEcD-A) acceptable to Georgia Department of Economic Development.

WHAT IF A COMPANY RECEIVES THE CREDIT FOR THE GEP UPLIFT BUT DOES NOT SATISFY THE REQUIREMENTS FOR THE ADDITIONAL 10 PERCENT?

If a production company files their tax return and claims the full 30 percent tax credit, but does not include the Georgia Entertainment Promotional logo as defined or complete the alternative marketing opportunities, the Georgia Department of Revenue will be notified and will disallow the 10 percent uplift earned.

DOES THE COMPANY APPLY AND BECOME CERTIFIED ON A PER PROJECT BASIS?

Yes. An application must be submitted for each specific project for each year that credits will be claimed.

HOW DO YOU DEFINE WHAT IS A PROJECT?

A project may be a single televised commercial, a music video, studio feature film, indie feature film, TV pilot or episode or an entire TV series season, or an original video game developed in Georgia.

WHEN DOES THE COMPANY APPLY FOR THE 20 PERCENT INCOME TAX CREDIT?

Application for certification of the project can be made to GDECD as soon as pre-production begins or the company knows they will be producing the project in Georgia. Applications must not be submitted earlier than 90 days prior to start of principle photography. The tax credit may be claimed once a minimum of \$500,000 of expenditures have been made and the tax return covering those expenditures is filed with the Georgia Department of Revenue. (See question 1)

DO TELEVISED COMMERCIALS AND MUSIC VIDEO COMPANIES QUALIFY? IF SO, HOW?

Yes, if the qualified in-state production expenditures on a project or series of projects is at least \$500,000 in a single tax year. Music video producers may also submit their finished product along with a GEP application for consideration of the 10 percent uplift. Commercials do not qualify for the GEP uplift.

IF AN INDIVIDUAL WANTS TO INVEST IN A FILM, HOW IS THIS HANDLED? DOES HE OR SHE QUALIFY?

The credit is intended to create new business through specific projects undertaken by production companies. There is no investor credit in Georgia for film, video or interactive projects. In order for the investor to be able to claim any of the tax credit generated by the production company, the investor would have to be an owner (or part owner) of the production company and the production company be a flow-through entity (i.e., S-Corp., LLC or partnership). Otherwise, the investor would have to buy the credits in order to be eligible to claim them on his/her tax return.

WHO BECOMES CERTIFIED OR APPLIES FOR THE CREDIT, THE LLC OR THE PARENT COMPANY?

The entity generating the tax credit (the production company) must have the project(s) certified -- this should be the LLC. The generating entity, the LLC, not the parent, can sell or transfer the film tax credit to a Georgia taxpayer. The generating entity, the LLC, not the parent, can elect to use the credit against its withholding account. For LLCs that choose to be taxed as a corporation, the credits can be claimed at the LLC level and will not be allowed to be utilized by the parent company. (The credit can be assigned to an affiliated entity on an original return.) In an S-Corp. or partnership configuration, the credits may flow through to the shareholders or partners.



CAN THE TAX CREDIT BE ASSIGNED TO SUBSIDIARIES?

The film credit may be assigned to affiliated entities under O.C.G.A. §48-7-42. If the production company assigns the credit to an affiliated entity, the affiliated entity can only utilize the credit against their income tax liability; the affiliated entity cannot use the credit against withholding. The affiliated entity cannot sell the credit. An assignment must be done on the original tax return.

WHAT HAPPENS IF THE PARENT COMPANY HAS EXPENDITURES THAT PRE-DATE THE CREATION OF THE LLC? WILL THEY QUALIFY?

As long as the parent company charges the expenditures back to the LLC after it is formed, the expenditures will generally qualify. The expenditures must be charged as incurred by the parent; no mark up of expenses will be allowed.

WHAT IF A COMPANY RENTS OR BUYS EQUIPMENT OUTSIDE OF GEORGIA?

Expenditures made outside the State of Georgia do not qualify for the tax credit. Rentals and purchases that count towards the credit are made with companies that meet the Georgia vendor requirement.

DO WAGES THAT ARE PAID ON BEHALF OF THE PRODUCTION COMPANY BY AN OUT-OF-STATE PAYROLL COMPANY TO AN INDIVIDUAL WORKING IN GEORGIA ON A CERTIFIED PRODUCTION QUALIFY?

The wages qualify if paid to an individual working in Georgia.

IF A DIRECTOR, ACTOR, OR OTHER PRODUCTION PERSONNEL ARE EMPLOYED ON A PRODUCTION AS "LOAN OUT", WILL THEY QUALIFY AS EMPLOYEES ELIGIBLE FOR THE TAX CREDIT WHILE THEY ARE WORKING IN GEORGIA?

Yes, the certified production would need to withhold six percent Georgia income tax to claim the salaries for time worked in Georgia toward the credit.

WOULD PAYMENTS TO A LOAN OUT COMPANY OR 1099 EMPLOYEE BE SUBJECT TO GEORGIA WITHHOLDING?

Yes, the production company will withhold six percent Georgia income tax for services performed in Georgia. If a 1099 employee performs services in Georgia and meets the criteria of a loan out then the six percent Georgia income tax will be withheld.

DOES THE PRODUCTION COMPANY OR THE LOAN OUT COMPANY NEED TO REGISTER IN GEORGIA?

Yes, both the production company making payments to a loan out company and the loan out company must electronically register through the Georgia Tax Center. The production company will register to obtain a film withholding account. The loan out company will register to obtain a payroll withholding account.

ARE FRINGES CONSIDERED QUALIFIED EXPENDITURES?

FICA, SUI, FUI, are qualified expenditures but must be attributed to Georgia as provided in Revenue Regulation 560-7-8-.45. Hotel and meal per diems if incurred in Georgia are qualified expenditures. Union pension and welfare are qualified expenditures if the amounts are paid to the union as part of pension, health, and welfare (these would not be required to be paid to a vendor with a Georgia location since they are part of compensation), but they must be attributed to Georgia as provided in Revenue Regulation 560-7-8-.45. Health insurance premiums are qualified expenditures if these amounts are paid to the union as part of pension, health, and welfare (these would not be required to be paid to a Georgia based insurance company since they are part of compensation) but they must be attributed to Georgia as provided in Revenue Regulation 560-7-8-.45. Service fees paid to a payroll company (this includes workers compensation) qualify as qualified expenditures, but only if the payroll company is a Georgia vendor and they must be attributed to Georgia as provided in Revenue Regulation 560-7-8-.45.

WOULD THE PAYROLL PROCESSING FEES BE A QUALIFIED EXPENDITURE?

The fees would qualify if the payroll company is a Georgia vendor.

IF I SET UP A POST OFFICE BOX IN GEORGIA, WOULD THAT QUALIFY ME AS A GEORGIA VENDOR?

No. To qualify as a Georgia vendor, a company must have a physical address in Georgia, employees in Georgia, and inventory and meet the requirements in Revenue Regulation 560-7-8-45.



IF ONE PERSON SERVES SEVERAL ROLES IN A PROJECT, I.E., WRITER, DIRECTOR, ACTOR, ETC., WILL THEY BE ELIGIBLE FOR AS MANY SEPARATE SALARY CAPS?

No. No matter how many roles an individual has in the production of the project, the salary cap of \$500,000 per person per project will apply if the person is paid by W2.

DOES AN INSURANCE COMPANY OR TRAVEL AGENCY HAVE TO BE BASED IN GEORGIA, OR SIMPLY HAVE A GEORGIA PRESENCE TO QUALIFY FOR THE TAX CREDIT?

The insurance company or agency and travel agency or company must meet the Georgia vendor requirement but does not have to be headquartered in Georgia.

IF WE PAY FOR OUR PRODUCTION CREW TO FLY OUT OF STATE, AND USE A GEORGIA COMPANY TO PURCHASE THE AIRLINE TICKETS, WILL THE TICKETS QUALIFY FOR THE FILM TAX CREDIT?

Airfare directly associated with a qualified production activity in Georgia, purchased through a Georgia travel agency or travel company, will qualify as a production expenditure for the film tax credit. To be directly associated a flight must transport someone to the qualified production activity in Georgia, and will include returning them to their point of origin. If a crew member was flown out of Georgia to another location to work, and flown back to Georgia, neither flight would qualify for the film tax credit.

DOES THE COMPANY TAKE THE CREDITS AT THE COMPLETION OF THE PROJECT?

The credit may not be claimed until the tax return is filed for the tax year in which the expenditures are incurred and the \$500,000 minimum spend is met.

DOES GEORGIA REQUIRE AN INDEPENDENT AUDIT OF EACH PRODUCTION PRIOR TO SUBMITTING ITS TAX RETURN?

An audit is not required but is strongly encouraged. An independent audit could help you sell your tax credits more quickly and at a higher price. The Georgia Department of Revenue will offer a review and verification of transactions that are eligible for the Georgia Film Tax Credit. This is a voluntary program and verification reviews will be done a first come/first serve basis for a fee (the fee reimburses the Department for the costs of the audit).

TO WHOM CAN THE CREDITS BE TRANSFERRED?

Any Georgia taxpayer.

WHO HANDLES THE BROKERAGE OF THESE CREDITS?

Private companies only, not state agencies.

HOW LONG DO THEY HAVE TO CARRY FORWARD THE CREDITS?

Tax credits may be carried forward for five years from the end of the tax year in which the tax credit was claimed by the production company.

HOW WOULD A COMPANY UTILIZE THEIR CREDITS AGAINST THEIR EMPLOYEES' WITHHOLDING TAX?

Once a company files for the income tax credit, the materials will be reviewed by the Department of Revenue. Should the production company wish to apply the excess credit against withholding, Form IT-WH (Notice of Intent) must be filed with DOR at least 30 days prior to the earlier of the due date of the return or the date the return is filed. DOR will then notify the production company specifying the amounts available to utilize against withholding.

WHAT DEPARTMENT OR OFFICE WOULD BE THE MAIN POINT OF CONTACT TO ANSWER QUESTIONS OR RESOLVE DISPUTES?

The Georgia Department of Economic Development (GDEcD) handles the certification of the production project. The Georgia Department of Revenue manages the calculation, utilization of, and compliance with the tax credit.



“There’s sort of a small town homey feel to it here. However, with that is a huge amount of infrastructure. It’s a travel center, so it’s easy to get in and out of, the crew is highly experienced and professional, and the attitude level is just wonderful. Not to mention you have the canvas of Atlanta to use and paint magnificent pictures with.”

- Timothy M. Bourne, producer of the Georgia-lensed films “The Blind Side,” “Drumline,” “ATL,” “Footloose,” “Joyful Noise,” “Term Life,” “ One Missed Call,” “The Lottery Ticket,” among many others.





Georgia®

Film, Music & Digital
Entertainment

For more information, please visit:
Georgia.org/FMDE OR call 404.962.4052

Georgia Department of Economic Development | Georgia Film, Music & Digital Entertainment
75 Fifth Street, N.W. | Suite 1200 | Atlanta, Georgia | 30308

