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# Georgia Entertainment Tax Credit Presentation

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# Outline of Credit

- Credit legislation originally enacted in 2005
- In 2008, Georgia legislature significantly expanded the scope of the credit
- Credit program administered by Georgia Department of Economic Development ("GDECD") and Georgia Department of Revenue ("DOR")
- Productions are certified as qualifying for the credit by GDECD and claimed on tax forms filed with DOR



# Qualification For Credit

- Qualifying production activities include film, television, music, video and digital projects
- Qualifying production expenditures include preproduction, production and post production expenditures, excluding development, distribution and marketing
- In order to qualify, production company must be primarily engaged in a qualified activity
- Expenditures must be directly used in a qualified production and incurred in Georgia



# Calculation of Credit

- Base credit is 20% of qualifying production expenditures
- Additional Georgia Entertainment Promotion credit of 10% of qualifying expenditures if production includes promotional Georgia logo
- Separate calculation of credit for affiliated groups of taxpayers that incurred in excess of \$30 million in production expenditures (on average) for years 2002, 2003 and 2004

# Qualification for Credit



- Production company must apply for certification with GDECD
- Certification letter will include certification number and may include GEP qualification stamp
- Credit must be claimed on Georgia income tax return by production company in year expenses incurred exceed minimum investment threshold of \$500,000
- Production company must attach Form IT-FC to income tax return

# Claiming Credit



- Credit must be used against income tax liability by production company
- Remaining credits may be sold or transferred to affiliates or third parties
- Production company may elect to claim unused credits against withholding taxes
- Production companies that are pass-through entities may make election to sell or claim against withholding at partnership level

# Selling or Transferring Credit



- Credits may be sold to third parties or assigned to affiliated entities
- Credits for production expenditures incurred in 2008 can be used by a buyer for 2008 or later tax returns
- Credits have five year carry forward whether in hands of seller or buyer
- Credits can be sold prior to filing of income tax return
- Production company must file Form IT-TRANS within 30 days of sale or transfer

# Selling or Transferring Credit



- Credits can be sold to multiple buyers but may only be transferred once
- Credits can be purchased by buyers without allocation to partnership
- Buyers may only use credits against income tax liability and may not resell credits