
Film Production Infrastructure Tax Credit

Description

A tax credit is available to any taxpayer that invests in a state-certified entertainment infrastructure project. This tax credit is administered by the Connecticut Commission on Culture and Tourism (CCT). Any entity interested in obtaining this tax credit must apply to CCT.

This tax credit may be applied to the taxes imposed under Chapter 207 and Chapter 208 of the Connecticut General Statutes.

Definitions

Infrastructure project means a capital project to provide basic buildings, facilities, or installations needed for the functioning of the digital media and motion picture industry in this state.

State-certified project means an infrastructure project undertaken in this state by an entity that: (A) is in compliance with the adopted regulations, (B) is authorized to conduct business in this state, (C) is not in default on a loan made by the state or a loan guaranteed by the state, nor has ever declared bankruptcy under which an obligation of the entity to pay or repay public funds was discharged as a part of such bankruptcy, and (D) has been approved by CCT as qualifying for the Infrastructure Project Tax Credit.

Eligible expenditures includes all expenditures for a capital project to provide buildings, facilities, or installations, whether leased or purchased, together with necessary equipment for a film, video, television, digital production facility or digital animation production facility; project development, including design, professional consulting fees and transaction costs; development, preproduction, production, post-production and distribution equipment and system access; and fixtures and other equipment.

Production expenses and costs means all expenditures clearly and demonstrably incurred in the state in the development, preproduction, production, or post production cost of a qualified production.

Credit Percentage

For state-certified infrastructure projects costing greater than \$15,000 and less than \$150,000, each taxpayer may be allowed a tax credit equal to 10% of the investment of the taxpayer. For state-certified projects costing \$150,000 or more, but less than \$1 million, each taxpayer may be allowed a tax credit equal to 15% of the investment of the taxpayer. For state-certified projects costing \$1 million or more, each taxpayer may be allowed a tax credit equal to 20% of the investment of the taxpayer.

How to Apply

An entity undertaking an infrastructure project shall apply to CCT for an eligibility certificate not later than 90 days after the first expenses or costs are incurred. If CCT determines that the project is eligible to be a state-certified project, CCT shall issue a tax credit certification letter indicating the amount of the available tax credit. Visit CCT's website at www.cultureandtourism.org for information regarding the application process.

Tax Credit Voucher

CCT requires an independent audit by a licensed Connecticut Certified Public Accountant of all project costs and expenditures prior to issuance of the tax credit voucher. No tax credit voucher may be issued prior to such time as such state-certified project is shown to be not less than 60% complete.

Assignment

After the initial issuance of a tax credit voucher, such credit may be sold, assigned, or otherwise transferred, in whole or in part, to one or more taxpayers, provided no credit, after issuance, may be sold, assigned, or otherwise transferred, in whole or in part, more than three times. In the event of an assignment, the transferor and the transferee shall jointly submit written notice of such transfer to CCT not later than 30 days after such transfer. The notification after each transfer shall include the credit voucher number, the date of transfer, the amount of such credit transferred, the tax credit balance before and after the transfer, the tax identification numbers for both the transferor and transferee, and such other information as CCT may require.

Any taxpayer holding such credit voucher must claim the credit only for the income year in which expenditures were made by the taxpayer for the infrastructure project.

How to Claim the Credit

Complete **Form CT-1120 FPI, Film Production Infrastructure Tax Credit**, and attach it to **Form CT-1120K, Business Tax Credit Summary**. The tax credit amount that may be claimed is the amount listed on the voucher.

Carryforward/Carryback Limitations

Any tax credit not used in the income year in which it is claimed may be carried forward for three succeeding income years. No carryback is allowed. An assignee of the infrastructure tax credit is allowed to carryforward any unused tax credit as provided in the statute.

Where to Get Additional Information

Direct inquiries regarding the availability of the infrastructure project tax credit to:

*Connecticut Commission
on Culture and Tourism
Film Division
One Constitution Plaza, 2nd Floor
Hartford CT 06103
860-256-2800
www.cultureandtourism.org*

References

Conn. Gen. Stat. §12-217kk; (2007 Conn. Pub. Acts 236, §2)

Film Production Tax Credit

Description

The Film Production Tax Credit is administered by the Connecticut Commission on Culture and Tourism (CCT). Any **eligible production company** which produces a **qualified production** and incurs qualified **production expenses or costs** in excess of \$50,000 may apply for a tax credit equal to 30% of **production expenses and costs** incurred in Connecticut.

This credit may be applied against the taxes imposed under Chapter 207 and Chapter 208 of the Connecticut General Statutes. This tax credit may be assigned.

Definitions

Eligible production company means a corporation, partnership, limited liability company, or other business entity that is engaged in the business of producing qualified productions on a one-time or ongoing basis, and is qualified by the Secretary of the State to engage in business in the state.

Qualified Production means entertainment content created in whole or in part within the state, including motion pictures; documentaries; long-form, specials, mini-series, series, sound recordings, videos and music videos, and interstitials television programming; interactive television; interactive games; video games; commercials; infomercials; any format of digital media, including an interactive website, created for distribution or exhibition to the general public; and any trailer, pilot, video teaser, or demo created primarily to stimulate the sale, marketing, promotion, or exploitation of future investment in either a product or a qualified production via any means and media in any digital media format, film, or videotape, provided such program meets all the underlying criteria of a qualified production.

Production expenses and costs means those qualifying expenditures that are clearly and demonstrably incurred in the state in the development, preproduction, production, or post production cost of a qualified production, provided that: 1) on or after January 1, 2009, 50% of such expenses or costs shall be counted toward such credit when incurred outside the state and used

within the state, and 100% of such expenses or costs shall be counted toward such credit when incurred within the state and used within the state, and 2) on or after January 1, 2012, no expenses or costs incurred outside the state and used within the state shall be eligible for a credit, and 100% of such expenses or costs shall be counted toward such credit when incurred within the state and used within the state.

Credit Percentage

The tax credit is equal to 30% of qualified production expenses and costs incurred in Connecticut. Expenses claimed for the film production tax credit may not also be used in claiming either the digital animation tax credit or the infrastructure tax credit.

How to Apply

- An eligible production company must submit an eligibility application to CCT on an annual basis, but no later than 90 days following a qualified production's first eligible expenditure.
- An eligible production company may apply for an interim tax credit voucher no earlier than 90 days after the filing of the eligibility application.
- An eligible production company must file a final tax credit voucher application within 90 days of the end of the company's annual fiscal period or 90 days of the last qualified production expense.

Tax Credit Voucher

CCT requires that an independent audit by a licensed Connecticut Certified Public Accountant accompany applications for both interim tax credit vouchers and final tax credit vouchers. CCT will enter the amount of the company's credit on such voucher. Visit CCT's website at www.cultureandtourism.org for additional information regarding the application process.

Assignment

Any credit allowed may be sold, assigned, or otherwise transferred, in whole or in part, to one or more taxpayers, provided no credit, after issuance, may be sold, assigned, or otherwise transferred, in whole or in part, more than three times. In the event of an assignment, the transferor and the transferee shall jointly submit written notice of such transfer to CCT not later than 30 days after such transfer. The notification after each transfer shall include the credit voucher number, the date of

transfer, the amount of such credit transferred, the tax credit balance before and after the transfer, the tax identification numbers for both the transferor and transferee, and such other information as CCT may require.

A taxpayer who receives the tax credit by assignment must claim the credit only for an income year in which the eligible production company would have been eligible to claim the credit.

How to Claim the Credit

Complete **Form CT-1120FP**, *Film Production Tax Credit*, and attach it to **Form CT-1120K**, *Business Tax Credit Summary*. The tax credit amount that may be claimed is the amount listed on the voucher. The tax credit must be claimed for the income year in which the expenses are incurred.

Carryforward/Carryback Limitations

Any tax credit not used in the income year in which it is claimed may be carried forward for three succeeding income years. No carryback is allowed. An assignee of the tax credit is entitled to carryforward any unused film production credits as provided in the statute.

Where to Get Additional Information

Direct inquiries regarding the availability of the credit to:

*Connecticut Commission
on Culture and Tourism
Film Division
One Constitution Plaza, 2nd Floor
Hartford CT 06103
860-256-2800
www.cultureandtourism.org*

References

Conn. Gen. Stat. §12-217jj, as amended by 2007 Conn. Pub. Acts 236, §1; 2007 Conn. Pub. Acts, §§69, 70 (June Spec. Sess.); and 2007 Conn. Pub. Acts 5, §13 (June Spec. Sess.)

Digital Animation Tax Credit

Description

A Digital Animation Tax Credit is available to state-certified digital animation production companies that engage in **digital animation production activities** on an on-going basis. This tax credit is administered by the Connecticut Commission on Culture and Tourism (CCT). Any **digital animation production company** interested in obtaining this tax credit must apply to CCT.

This tax credit may be applied to the taxes imposed under Chapter 207 and Chapter 208 of the Connecticut General Statutes. Any digital animation production company receiving a digital animation tax credit shall not be eligible for or receive the film production tax credit.

Definitions

Digital animation production company means a corporation, partnership, limited liability company, or other business entity that is engaged exclusively in digital animation production activity on an ongoing basis, and that is qualified by the Secretary of the State to engage in business in the state.

State-certified digital animation production company means a digital animation production company that: (A) maintains studio facilities located within the state at which digital animation production activities are conducted, (B) employs at least two hundred full-time employees within the state, (C) is in compliance with regulations adopted, and (D) has been certified by CCT.

Digital animation production activity means the creation, development, and production of computer-generated animation content for distribution or exhibition to the general public.

Full-time employee means an employee required to work at least 35 hours or more per week, and who is not a temporary or seasonal employee.

Production expenses or costs means all expenditures clearly and demonstrably incurred in the state in the development, preproduction, production or postproduction costs of a digital animation production activity. The statute enumerates those types of expenses

that qualify and certain types of expenses that are specifically excluded.

Credit Percentage

For income years beginning on or after January 1, 2007, any state-certified animation production company incurring production expenses or costs in excess of \$50,000 shall be eligible for a tax credit equal to 30% of such production expenses or costs.

How to Apply

A digital animation production company must apply to CCT for state certification. Visit CCT's website at www.cultureandtourism.org for information regarding the application process.

Tax Credit Voucher

Any state-certified digital animation production company may apply to CCT not more frequently than twice during the income year for a digital animation tax credit voucher. There shall be independent certification by a licensed Connecticut Certified Public Accountant (CPA) of the production expenses or costs incurred during the period for which the voucher is issued. The voucher will list the amount of the available tax credit.

Assignment

After the initial issuance of a tax credit, such credit may be sold, assigned, or otherwise transferred, in whole or in part, to one or more taxpayers provided no credit, after issuance, may be sold, assigned or otherwise transferred, in whole or in part, more than three times. In the event of an assignment, the transferor and the transferee shall jointly submit written notice of such transfer to CCT not later than 30 days after such transfer. The notification that is provided to CCT after each transfer shall include the credit voucher number, the date of transfer, the amount of such credit transferred, the tax credit balance before and after the transfer, the tax identification numbers for both the transferor and transferee, and such other information as CCT may require.

A taxpayer who receives the credit by assignment must claim the credit only for an income year in which the production expenses or costs were incurred.

How to Claim the Credit

Complete **Form CT-1120DA**, *Digital Animation Tax Credit*, and attach it to **Form CT-1120K**, *Business Tax Credit Summary*. The tax credit amount that may be claimed is the amount listed on the voucher.

Carryforward/Carryback Limitations

Any tax credit not used in the income year in which it is claimed may be carried forward for three succeeding income years. No carry back is allowed. An assignee of the tax credit is allowed to carryforward any unused tax credit as provided in the statute.

Where to Get Additional Information

Direct inquiries regarding the availability of the digital animation tax credit to:

*Connecticut Commission
on Culture and Tourism
Film Division
One Constitution Plaza, 2nd Floor
Hartford CT 06103
860-256-2200
www.cultureandtourism.org*

References

Conn. Gen. Stat. §12-2171l (2007 Conn. Pub. Acts 236, §3, as amended by 2007 Conn. Pub. Acts 4, §71 (June Spec. Sess.))