

DIGITAL MEDIA & MOTION PICTURE TAX CREDIT GUIDELINES

In the 2006 session, the Connecticut General Assembly established a tax credit program to encourage the production of digital media and motion pictures in the State of Connecticut. The legislation makes it possible for eligible production companies to receive a tax credit of up to 30% of qualified digital media and motion picture production, pre-production and post production expenses incurred in the state.

WHO MAY APPLY

The applicant must be a corporation, partnership, limited liability company or other entity that is principally engaged in producing the qualified production and that controls the project during pre-production, production, and post-production. The applicant is the entity that, upon final certification, will receive the production tax credit certificate. The applicant is the entity that incurs and pays expenses related to the qualified production. The applicant must own the copyright for the qualified production or have contracted directly with the owner of the copyright of the qualified production, or contracted with a person acting on behalf of the owner, to provide services for the production, where the owner of the copyright is not an eligible production company.

QUALIFIED PRODUCTIONS

Qualified productions include:

- motion pictures
- documentaries
- long-form specials
- mini-series
- series
- certain sound recordings
- videos and music videos
- interstitial television programming
- interactive television
- interactive games
- video games, commercials, infomercials, and any format of digital media, including certain interactive websites
- anything created primarily for distribution or exhibition to the general public
- any trailer, pilot, video teaser or demo created primarily to stimulate the sale, marketing, promotion or exploitation of future investment in a product or a qualified production

Qualified productions **do not** include:

- live programming
- any ongoing television program created primarily as news, weather or financial market reports
- any production featuring current events, sporting events or an awards show or other gala event
- productions whose sole purpose is fundraising
- a long-form production that primarily markets a product or service
- a production used for corporate training or in-house corporate advertising or other similar productions
- any production for which records are required to be maintained under 18 USC 2257 with respect to sexually explicit content

ELIGIBLE EXPENSES

Beginning July 1, 2007, an eligible production company producing a qualified production in Connecticut may qualify for a tax credit equal to 30% of pre-production, production and post-production expenses incurred in the state, as long as qualified costs exceed \$50,000. Commencing January 1, 2009, only 50% of eligible costs actually incurred outside Connecticut will qualify. Commencing January 1, 2012, no expense actually incurred outside Connecticut will qualify regardless of where the goods or services are used.

HOW TO APPLY

To obtain tax credits, eligible production companies must engage in a two-step process. First, an *Eligibility Application* must be submitted to the Connecticut Commission on Culture & Tourism (CCT) to determine if a production company is eligible for the Tax Credit Program. The *Eligibility Application* must be submitted on an annual basis with all the required materials and **no later than ninety (90) days following a qualified production's 1st eligible expenditure**. Upon review and initial approval of the *Eligibility Application*, the production company will receive an eligibility certificate indicating that it is a state-certified, qualified production. **To expedite a response regarding the Eligibility Application, please submit questions in writing to taxcredit@ctfilm.com or call 860-256-2800.**

The second step of the process begins when the eligible production company applies for a production tax credit voucher **no later than ninety (90) days after the last production expense is incurred in the state**. At this time, the eligible production company must submit a *Production Tax Credit Voucher Application* and a record of its eligible production expenses. After these are verified, the Commission will issue a tax credit voucher. An eligible production company is not entitled to claim tax credits before the production tax credit voucher is issued.

INTERIM TAX CREDIT VOUCHER APPLICATION

An eligible production company may request an interim tax credit voucher using the *Interim Tax Credit Voucher Application* with the required attachments. An *Interim Tax Credit Voucher Application* may be requested no earlier than 90 days after the filing date of the *Eligibility Application*. The request for interim tax credit voucher shall be accompanied by an independent audit conducted by a certified public accountant licensed in Connecticut. Upon review and approval of the *Interim Tax Credit Voucher Application* and the associated audits, the production company shall receive a tax credit voucher. The tax credit voucher is based on the total actual expenses incurred in Connecticut to date as determined by the independent audit and approved by the Commission.

PRODUCTION TAX CREDIT VOUCHER APPLICATION

A final certificate application may be filed up to 90 days after the end of the eligible production company's annual fiscal period or up to 90 days after the last qualified production expense is incurred in Connecticut. The final *Production Tax Credit Voucher Application* shall be accompanied by an independent audit conducted by a certified public accountant licensed in Connecticut. The credit amount listed on the final voucher shall be reduced by any interim credits previously issued by the Commission. The tax credit certificate is based on total actual expenses incurred in Connecticut as determined by the independent audit and approved by the Commission.

**CLAIMING AND
ASSIGNING THE
TAX CREDITS**

The tax credits may be claimed against the tax imposed under chapter 208 (Business Tax) and chapter 207 (Insurance Company Premium) of the Connecticut General Statutes for the income year in which the eligible expenses were incurred and for three immediately succeeding income years. An eligible production company may sell, assign or transfer a credit in whole or in part. Subsequent transferees or assignees may also sell, assign or transfer the credit. A credit may not be sold, assigned or transferred, however, more than three times.

Written notification of all transfers must be submitted jointly by the transferors and the transferees in the form prescribed by the Commission to the Commission no later than thirty (30) days from the date of such transfer. The tax credits are nonrefundable.

**REGISTRATION
REQUIREMENTS**

The applicant must be qualified by the Connecticut Secretary of State to engage in business in the state. Any corporation, partnership, limited liability company or other business entity whether constituted in or outside of the state shall register with the Connecticut Secretary of State on-line at www.sots.ct.gov ("click on" Business and UCC Inquires). Once the applicant is registered it may obtain a certificate of legal existence by returning to the web site on-line at www.sots.ct.gov ("click on" "Business and UCC Inquires") ("click on" "Certificate of Legal Existence"). The certificate of legal existence is evidence of registration and will be mailed to the applicant.

Entities with whom the applicant has contracted with for the provision of individuals or personnel for the performance of services ("loan out companies") must also register with the State of Connecticut Department of Revenue services on line at www.ct.gov/drs ("click on" File/Register Online"). Once the loan out companies are registered, they too will receive by mail a registration confirmation notice as evidence of the registration.

**FREEDOM OF
INFORMATION ACT**

This application and all information submitted will become public records under the Freedom of Information Act, C.G.S. §1-200, et. seq. unless specifically exempted by the Act. Applicants may request that information contained in the application which are not exempt by the Act, C.G.S. §1-210, be exempt from public disclosure. Such requests will be taken under consideration by the Commission.

**SUBMITTING AN
APPLICATION**

Please submit two (2) copies of all the required documents organized and inserted in one three-ring binder with a table of contents and divider tabs. Submit Excel documents on a disk and insert in a folder inside the binder. Applications that do not follow this format will be considered incomplete and will not be reviewed. Submit to:

Connecticut Commission on Culture & Tourism, Film Division
Attention: George Norfleet, Film Division Director
One Constitution Plaza
2nd Floor
Hartford, CT 06103

**REQUIRED
INFORMATION
CHECKLIST**

Eligibility Application

1. Application Form - filed out completely and accurately
2. Authorized Contacts List
3. Detailed Production Budget
4. Certificate of Legal Existence from the State of Connecticut Secretary of State (www.sots.ct.gov/) [click on Business and UCC Inquires]
5. Registration Confirmation Notice from the State of Connecticut Department of Revenue Services (www.ct.gov/drs) (“click-on” file/Register Online)
6. Script

Production Tax Credit Voucher Application

1. Application Form - filled out completely and accurately
2. CCT Detailed Cost Report (Excel file; obtain from www.cultureandtourism.org)
3. Detailed Production Cost Report
4. Payroll Report – include names, address and amounts - redact Social Security Numbers
5. Vendor List
6. Connecticut Vendor List – include names, address and amounts paid – shall include actual Connecticut Vendors ONLY (*Physically located in CT or registered to do business in CT*)
7. Independent Auditor’s Report (pursuant to Audit Instructions)
8. Certificate of Legal Existence from the State of Connecticut Secretary of State (www.sots.ct.gov/) [click on Business and UCC Inquires]
9. Confirmation of Registration of loan-out companies issued by DRS
10. A notarized affidavit stating that the production does not contain any material or performance for which records are required to be maintained under 18 USC 2257 with respect to sexually explicit content.
11. A notarized affidavit stating that the applicant has reviewed the Audit Instructions and has presented all support documentation in compliance with said Instructions
12. Crew call sheets or production reports
13. Copy of final “shooting” script dated as of the date of the Independent Auditor’s Report
14. One copy of the final version of the production in DVD format