



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
MOTION PICTURE CREDITS

Name

SSN or FEIN

Part I - Investment in a qualified South Carolina motion picture project

- 1. Value of investment
2. Multiply line 1 by 20%
3. Credit limit
4. Enter the lesser of line 2 or line 3

Part II - Investment in a South Carolina motion picture facility

Check if:

- Investment in production facility
Investment in post-production facility

- 1. Value of investment
2. Multiply line 1 by 20%

Part III - Allowable credit

- 1. Investment in qualified project (from Part I, line 4)
2. Investment in qualified facility (from Part II, line 2)
3. Total credit for investments (add line 1 and line 2)
4. 50% of this year's Income Tax before all other credits
5. All other allowable credits for the tax year
6. Credit limit (subtract line 5 from line 4)
7. Available credit (lesser of line 3 and line 6)

Enter here and on the appropriate tax credit schedule.

Unused credits can be carried forward for 15 years.

INSTRUCTIONS

SC Code Section 12-6-3570 allows credits against Income Tax for 20% of investments in qualified motion picture projects or qualified motion picture production or post-production facilities.

Qualified motion picture projects

A motion picture project is a product intended for commercial use that produces a master negative motion picture for theatrical or television release in the United States. The project must incur at least \$250,000 of costs in South Carolina. At least 20% of total filming days of principal photography, not less than 10 filming days, must be filmed in the state. The South Carolina Department of Parks, Recreation, and Tourism (SCDPRT) will certify the motion picture project as eligible for the credit based on the recommendation of the South Carolina Film Commission.

To be a qualified South Carolina motion picture project, you must first provide all documentation of the credit requirements to the SCDPRT. Then, submit the credit documentation and a record of the allocation of credits to the SCDOR to be registered as a qualified project.

You may claim an Income Tax credit for 20% of your cash investment in a company that develops or produces a qualified South Carolina motion picture project. The credit is limited to \$100,000 in total for a project. You cannot claim more than one credit in connection with the production of the project.

Credits for investors in a motion picture equity fund are allocated first to the fund, based on 20% of its cash investment in a qualified project. The credits are then distributed to equity fund members based on their percentage of interest in the fund.

Cash invested must have been spent on services performed in the state, tangible personal property first used in the state, and/or real property located in the state.

Complete Part I to calculate the credit for a qualified project.

Qualified motion picture facility

A motion picture production facility is a location in South Carolina that contains soundstages designed for film and television production for both theatrical and video release. The production facility site must include:

- production offices
- construction shops/mills
- prop and costume shops
- storage areas
- parking for production vehicles

These locations must complement the production needs and orientation of the overall facility purpose. Television stations, recording studios, or facilities mainly used to produce videos, commercials, training films, or advertising films do not qualify as motion picture production facilities.

To qualify for the credit, the South Carolina investment in a production facility must be at least \$2 million, not including land costs.

A motion picture post-production facility is a location in South Carolina used to accomplish the post-production stage of film and television production for theatrical and video release. This includes the creation of visual effects, editing, and sound mixing. A post-production facility does not need to contain a soundstage or be located at or near soundstages.

To qualify for the credit, the South Carolina investment in a post-production facility must be at least \$1 million, not including land costs.

Apply to the SCDPRT for the credit for production or post-production facilities. You must provide documentation with your application showing that you have met the appropriate investment threshold.

You may claim an Income Tax credit for 20% of your investment in a company that constructs, converts, and/or equips a motion picture production or post-production facility. The total amount of credit that can be claimed by all taxpayers cannot be greater than \$5 million. You can only claim this credit once in connection with a single production facility and once in connection with a single post-production facility.

The amount invested includes cash and the fair market value of real property with any improvements. Cash invested must have been spent on services performed in the state, tangible personal property first used in the state, and/or real property located in the state. Real property invested must be located in South Carolina and must include the production or post-production facility. Real property invested includes the fair market value of any lease of real property with a term greater than 36 months, minus the fair market value of any consideration paid for the lease.

Complete Part II to calculate the credit for a motion picture production or post-production facility.

How to claim the credit

Add the credits from Part I and Part II to arrive at your total available credit in Part III. If you received the credits from a pass-through entity, begin with Part III and enter the total amount of credits shown on your SC K-1. The total credits, when combined with other state Income Tax credits allowed for the tax year, cannot reduce your Income Tax liability more than 50%. Any unused credit may be carried forward for 15 years.

If you file by paper, attach this form and the credit approval from SCDPRT to your Income Tax return. If you file electronically, keep copies with your tax records.

If the South Carolina motion picture project, motion picture production facility, or post-production facility does not meet the minimum investment requirements within three years from the end of the tax year in which you first claimed the credit, you must increase your Income Tax liability in the fourth year by the amount of credits claimed.

All documentation provided to the SCDOR in connection with claiming the credits is considered a tax return and is subject to the penalty provisions of SC Code Section 12-54-40(f).

Social Security Privacy Act Disclosure

It is mandatory that you provide your Social Security Number on this tax form if you are an individual taxpayer. 42 U.S.C. 405(c)(2)(C)(i) permits a state to use an individual's Social Security Number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SCDOR must provide identifying numbers, as prescribed, for securing proper identification. Your Social Security Number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the SCDOR is limited to the information necessary for the SCDOR to fulfill its statutory duties. In most instances, once this information is collected by the SCDOR, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.