

Name	Identifying Number
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<b>Part I Nonrefundable Film Production Services Credit</b>	
1 Fill in the amount of qualifying wages paid to Wisconsin residents for services in Wisconsin to produce an accredited production, subject to the limitations described in the instructions . . . . .	1
2 Multiply the amount on line 1 by .25 (25%) . . . . .	2
3 Fill in the amount of Wisconsin sales and use tax paid on the purchase of tangible personal property or taxable services used in producing an accredited production in Wisconsin. (Do not include county or special district sales or use taxes.) . . . . .	3
4 Add lines 2 and 3 . . . . .	4
5 Fill in nonrefundable film production services credit passed through from other entities. . . . .	5
6 Add lines 4 and 5. This is your 2008 nonrefundable credit . . . . .	6
<b>Part II Refundable Film Production Services Credit</b>	
7 Fill in the production expenditures paid to produce an accredited production . . . . .	7
8 Multiply the amount on line 7 by .25 (25%) . . . . .	8
9 Fill in refundable film production services credit passed through from other entities. . . . .	9
10 Add lines 8 and 9. This is your 2008 refundable credit . . . . .	10
<b>Part III Film Production Company Investment Credit</b>	
11 Fill in the purchase price of depreciable, tangible personal property used to establish a film production company in Wisconsin . . . . .	11
12 Fill in the amount expended to acquire, construct, rehabilitate, remodel, or repair real property in Wisconsin. . . . .	12
13 Add lines 11 and 12 . . . . .	13
14 Multiply the amount on line 13 by .15 (15%) . . . . .	14
15 Fill in the film production company investment credit passed through from other entities. . . . .	15
16 Add lines 14 and 15. This is your 2008 film production company investment credit. . . . .	16

**Instructions for 2008 Schedule FP**

**GENERAL INSTRUCTIONS**

**Purpose of Schedule FP**

Use Schedule FP to claim film production credits. The film production services credits are available to a film production company that operates an accredited production in Wisconsin and that received a commitment letter and list of approved expenses from the Wisconsin Department of Commerce as a result of filing an application. The film production company investment credit may be claimed where the Department of Commerce has certified in writing that the credits are for expenses related to establishing a film production company in Wisconsin.

For information on certification and approvals by the Department of Commerce, visit the Department of Commerce website at [www.commerce.wi.gov](http://www.commerce.wi.gov) or write to the Wisconsin Department of Commerce, PO Box 7970, Madison WI 53707-7970.

**Who is Eligible to Claim the Credit**

Any individual, estate, trust, partnership, limited liability company (LLC), corporation, or tax-exempt organization that is certified or approved by the Department of Commerce and that creates films, videos, electronic games, broadcast advertisements, or certain television productions may be eligible.

Tax-option (S) corporations, partnerships, and LLCs treated as partnerships cannot claim the credit at the entity level. However, the credit attributable to the entity's business operations passes through to the entity's shareholders, partners, or members in proportion to their ownership interest.

A film production company may claim the film production company investment credit only for the first three taxable years that the company is doing business in Wisconsin as a film production company.

## Credit is Income

The credit that you compute on Schedule FP is income and must be reported on your Wisconsin franchise or income tax return as income in the year computed.

## Carryover of Unused Credit

The film production services credit computed in Part I of Schedule FP and the film production company investment credit are nonrefundable. Any unused credit may be carried forward for 15 years. If there is a reorganization of a corporation claiming the credit(s), the limitations provided by Internal Revenue Code (IRC) sec. 383 may apply to the carryover of any unused credit.

## Definitions

“Accredited production” means a film, video, electronic game, broadcast advertisement, or television production, as approved by the Department of Commerce, for which the aggregate salary and wages included in the cost of the production for the period ending 12 months after the month in which the principal filming or taping of the production begins exceeds \$100,000 for a production that is 30 minutes or longer or \$50,000 for a production that is less than 30 minutes. “Accredited production” does not include any of the following, regardless of the production costs:

- News, current events, or public programming or a program that includes weather or market reports.
- A talk show.
- A production with respect to a questionnaire or contest.
- A sports event or sports activity.
- A gala presentation or awards show.
- A finished production that solicits funds.
- A production for which the production company is required under 18 USC 2257 to maintain records with respect to a performer portrayed in a single media or multimedia program.
- A production produced primarily for industrial, corporate, or institutional purposes.

“Film production company” means an entity that creates films, electronic games, broadcast advertisements, or television productions, not including the productions described above.

“Previously owned property” means real property that the claimant or a related person owned during the two years prior to doing business in Wisconsin as a film production company and for which the claimant may not deduct a loss from the sale of the property to, or an exchange of the property with, the related person under sec. 267 of the IRC, except that sec. 267 of the IRC is modified so that if the claimant owns any part of the property, rather than 50 percent ownership, the claimant is subject to sec. 267 of the IRC for purposes of the film production company investment credit.

“Production expenditures” means any expenditures that are incurred in Wisconsin and directly used to produce an accredited production, including expenditures for set construction and operation, wardrobes, make-up, clothing accessories, photography, sound recording, sound synchronization, sound mixing, lighting, editing, film processing, film transferring, special effects, visual effects, renting or leasing facilities or equipment, renting or leasing motor vehicles, food, lodging, and any other similar expenditure as determined by the Department of Commerce. “Production expenditures” include expenditures for music that is performed, composed, or recorded by a musician who is a resident of Wisconsin or published or distributed by an entity that has its headquarters in Wisconsin; air travel that is purchased from a travel agency or company that has its headquarters in Wisconsin; and insurance that is purchased from an insurance agency or company that has its headquarters in Wisconsin. “Production expenditures” do not include salary or wages or expenditures for the marketing and distribution of an accredited production.

## SPECIFIC INSTRUCTIONS

The film production services credits may be claimed by a film production company that operates an accredited production in Wisconsin, if the company owns the copyright in the accredited production or has contracted directly with the copyright owner or a person acting on the owner’s behalf and if the company has a viable plan, as determined by the Department of Commerce, for the commercial distribution of the finished production.

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### Part I Nonrefundable Film Production Services Credit

**Line 1.** Fill in the amount of wages or salary paid during the taxable year for services performed in Wisconsin to produce an accredited production, after applying the following limitations:

- The wages or salary must have been paid to employees who were residents of Wisconsin at the time they were paid.
- Include only salary or wages *directly* incurred to produce the accredited production.
- Do not include any amounts paid in 2008 for services rendered before January 1, 2008.
- Do not include the wages or salary of the claimant’s two highest paid employees who performed services in Wisconsin to produce the accredited production.
- You may include a maximum of \$25,000 for each employee that is not excluded by the limitations above.

**Line 3.** Fill in the amount of Wisconsin sales and use tax paid in the taxable year on the purchase of tangible personal property and taxable services that were used directly in producing an accredited production in Wisconsin, including all stages from the final script stage to the distribution of the finished production. **Caution:** Include only the 5%

Wisconsin sales and use tax paid. Do not include any county and special district sales and use taxes.

**Line 5.** If applicable, fill in the amount of nonrefundable film production services credit passed through from tax-option (S) corporations (from Schedule 5K-1), partnerships and LLCs treated as partnerships (from Schedule 3K-1), and estates and trusts (from Schedule 2K-1).

**Line 6.** For estates or trusts, show only the estate's or trust's portion of the credit on line 6, and show the beneficiaries' portion of the credit to the left of line 6. Label it "Beneficiaries' portion." Prorate the beneficiaries' portion among the beneficiaries on Schedule 2K-1. For tax-option (S) corporations, partnerships, and LLCs treated as partnerships, show the entire amount of credit on line 6 and prorate that amount among the shareholders, partners, or members on Schedule 5K-1 or 3K-1.

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## Part II Refundable Film Production Services Credit

**Line 7.** Fill in the production expenditures paid in the taxable year to produce an accredited production.

**Line 9.** If applicable, fill in the amount of refundable film production services credit passed through from tax-option (S) corporations (from Schedule 5K-1), partnerships and LLCs treated as partnerships (from Schedule 3K-1), and estates and trusts (from Schedule 2K-1).

**Line 10.** For estates or trusts, show only the estate's or trust's portion of the credit on line 10, and show the beneficiaries' portion of the credit to the left of line 10. Label it "Beneficiaries' portion." Prorate the beneficiaries' portion among the beneficiaries on Schedule 2K-1. For tax-option (S) corporations, partnerships, and LLCs treated as partnerships, show the entire amount of credit on line 10 and prorate that amount among the shareholders, partners, or members on Schedule 5K-1 or 3K-1.

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## Part III Film Production Company Investment Credit

The film production company investment credit is available to persons who do business in Wisconsin as a film production company. The expenses must be certified, in writing, by the Department of Commerce that the credits are for expenses related to establishing a film production company in Wisconsin.

**Line 11.** Fill in the purchase price of depreciable, tangible personal property that was paid in the taxable year to establish a film production company in Wisconsin. The tangible personal property must have been purchased after December 31, 2007, and the personal property used for at least 50 percent of its use in the claimant's business as a film production company.

**Line 12.** Fill in the amount expended to acquire, construct, rehabilitate, remodel, or repair real property.

Only amounts expended after December 31, 2007, for the physical work of construction, rehabilitation, remodeling, or repair, or any demolition or destruction in preparation for the physical work may be used. The completed project must have been placed in service after December 31, 2007.

"Physical work" does not include preliminary activities such as planning, designing, securing financing, researching, developing specifications or stabilizing property to prevent deterioration.

The credit may be claimed for an amount expended to acquire real property, if the property is not previously owned property and if the property is acquired after December 31, 2007, and the completed project is placed in service after December 31, 2007.

**Line 16.** For estates or trusts, show only the estate's or trust's portion of the credit on line 16, and show the beneficiaries' portion of the credit to the left of line 16. Label it "Beneficiaries' portion." Prorate the beneficiaries' portion among the beneficiaries on Schedule 2K-1. For tax-option (S) corporations, partnerships, and LLCs treated as partnerships, show the entire amount of credit on line 16 and prorate that amount among the shareholders, partners, or members on Schedule 5K-1 or 3K-1.

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## Required Attachments

File your completed Schedule FP with your Wisconsin franchise or income tax return. For the film production services credit, also file a copy of the commitment letter and list of approved expenses from the Department of Commerce. For the film production investment credit, file a copy of the certification from the Department of Commerce that the credits claimed are for expenses related to establishing a film production company in Wisconsin. Shareholders of tax-option (S) corporations, partners of partnerships, members of LLCs treated as partnerships, and beneficiaries of estates or trusts must file a copy of Schedule 5K-1, 3K-1, or 2K-1, as appropriate, with Schedule FP instead of the approved application and/or certification.