

Film Production Credits

File with Wisconsin Form 1, 1NPR, 2, 3, 4, 4T, 5, or 5S

2012

Wisconsin Department of Revenue

Read instructions before filling in this schedule

Name	Identifying Number
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Part I Refundable Film Production Services Credit		
1 Fill in the amount of refundable film production services credit released to you by the Department of Tourism in 2012	1	
2 Fill in the amount of refundable film production services credit passed through from other entities	2	
3 Add lines 1 and 2. This is your 2012 refundable film production services credit	3	
3a Fiduciaries - enter the amount of credit allocated to beneficiaries	3a	
3b Fiduciaries - subtract line 3a from line 3.	3b	
Part II Refundable Film Production Company Investment Credit		
4 Fill in the amount of film production company investment credit released to you by the Department of Tourism in 2012	4	
5 Fill in the amount of film production company investment credit passed through from other entities	5	
6 Add lines 4 and 5. This is your 2012 refundable film production investment credit	6	
6a Fiduciaries - enter the amount of credit allocated to beneficiaries	6a	
6b Fiduciaries - subtract line 6a from line 6.	6b	
Part III Nonrefundable Film Production Services Credit Certified Before June 29, 2009		
7 Carryover of unused film production services credit certified before June 29, 2009	7	
Part IV Nonrefundable Film Production Company Investment Credit Certified Before June 29, 2009		
8 Carryover of unused film production company investment credit certified before June 29, 2009 ...	8	

Instructions for 2012 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 Department of Tourism as a result of filing an application. The film production company investment credit may be claimed where the Department of Tourism 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 Tourism, visit the Department of Tourism web site at www.travelwisconsin.com or write to the Wisconsin Department of Tourism, PO Box 8690, Madison WI 53708-8690.

Who is Eligible to Claim the Credit

The film production credits are available to any individual, estate, trust, partnership, limited liability company (LLC), corporation, or tax-exempt organization that is certified or approved by the Department of Tourism.

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.

The film production services credit may be claimed by a film production company that operates an accredited production in Wisconsin. However, this credit is not available if less than 35 percent of the total budget for the accredited production is spent in Wisconsin.

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

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

For the nonrefundable credits in Parts III and IV, 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 Applicable Under 2009 Law

"Accredited production" means a film, video, broadcast advertisement, or television production, as approved by the Department of Tourism, 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 \$50,000. An "accredited production" also includes an electronic game, as approved by the Department of Tourism, for which the aggregate salary and wages included in the cost of production for the period ending 36 months after the month in which the principal programming, filming, or taping of the production begins exceeds \$100,000.

"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.

"Production expenditures" means any expenditures that are incurred in this state 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 tourism. "Production expenditures" do not include salary, wages, or labor-related contract payments.

"Film production company" means an entity that exclusively creates accredited productions.

SPECIFIC INSTRUCTIONS

Whether Part I, II, III, or IV of Schedule FP applies depends on when the company was certified by the Department of Commerce or the Department of Tourism. Several changes were made to the film production credits by 2009 Act 28, which was enacted on June 29, 2009. These changes are generally effective for taxable years beginning on or after January 1, 2009. These changes include:

- Making both the film production services credit and film production company investment credit refundable.
- Capping the total amount of credits awarded under the film production credits program in a fiscal year to \$500,000.
- Making various changes to the definitions of "accredited production," "film production company," and "production expenditures."

The instructions for companies certified by the Department of Commerce before June 29, 2009, are different from the instructions for companies certified on or after June 29, 2009. If you are unsure of the certification date of your company, contact the Department of Tourism. Instructions for each group of companies follow:

Companies Certified on or After June 29, 2009

Companies certified by the Department of Commerce or the Department of Tourism on or after June 29, 2009, are considered to be certified under 2009 law. The changes to the film production credits enacted by 2009 Act 28, summarized above, apply to these companies. Companies certified on or after June 29, 2009, complete Part I or Part II of Schedule FP, or both, as applicable.

For lines 2 and 5, fill in any amount of refundable film production services credit or film production company investment credit reported to you by a pass-through entity on Schedule 2K-1, 3K-1, or 5K-1.

For lines 3 and 6, enter the amount of film production services credit from line 3 on the appropriate line of Schedule CR and the amount of film production company investment credit from line 6 on the appropriate line of Schedule CR. See the following exceptions:

- If the claimant is a combined group member, enter the amount of credits on Form 4M instead of Schedule CR.
- Tax-option (S) corporations, partnerships, and LLCs treated as partnerships should prorate the amount of credit on line 3 and/or 6 among the shareholders, partners, or members based on their ownership interest. Show the credit for each shareholder on Schedule 5K-1 and for each partner or member on Schedule 3K-1.

- Fiduciaries who file Form 2 must complete lines 3a and 3b and/or lines 6a and 6b:

Line 3a or 6a - Prorate the credit from line 3 and/or line 6 between the entity and its beneficiaries in proportion to the income allocable to each. Show the beneficiaries' portion of the credit on line 3a and/or 6a. Show the credit for each beneficiary on Schedule 2K-1.

Line 3b or 6b - This is the estate's or trust's portion of the credit. Enter the amount of credit from lines 3b and 6b on the appropriate lines of Schedule CR.

Companies Certified Before June 29, 2009

Companies certified by the Department of Commerce before June 29, 2009, are considered to be certified under 2008 law. The changes to the film production credits enacted by 2009 Act 28 do not apply to these companies. Companies certified before June 29, 2009, may complete Part III or IV of Schedule FP, as applicable.

Enter the amount from lines 7 and 8 of Schedule FP on the appropriate lines of Schedule CR.

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 or the Department of Tourism. For the film production investment credit, file a copy of the certification from the Department of Commerce or the Department of Tourism 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.