

## MOTION PICTURE PRODUCTION FACILITY CREDIT

South Carolina Code §12-6-3570(B) provides an income tax credit equal to 20% of the taxpayer's investment in a company that constructs, converts, or equips a motion picture production facility or post production facility in South Carolina. The total credit claimed by all taxpayers for a single motion picture production facility or post production facility is limited to \$5 million for all years.

To qualify for the credit, a taxpayer and the project must meet the following criteria:

1. The taxpayer's investment is cash and/or the fair market value of real property, including any improvements. The taxpayer is the person who invests in the company that constructs, converts, or equips a qualified South Carolina motion picture production facility or post production facility.

2. Investments in cash must be expended for: (a) services performed in South Carolina, (b) tangible personal property dedicated for first use in South Carolina, or (c) real property in South Carolina. Investments in the form of real property must be in South Carolina and the facilities must be located on such property.

"Real property" can also include the fair market value of a 36 month or greater lease less the fair market value of any consideration paid for the lease.

3. The total investment in a motion picture production facility must be at least \$2 million, excluding land costs. The total investment in a post-production facility must be at least \$1 million, excluding land costs.

4. Application for the credit is made to the Film Commission. Documentation must be provided to the Film Commission to confirm the total amount invested. For credit application and certification procedures, contact the Film Commission at 803-737-0498.

5. A taxpayer may claim the credit only one time in connection with a single motion picture production facility and only one time for a single post production facility.

The terms "motion picture production facility" and "post production facility" are defined in South Carolina Code §12-6-3570(F). "Motion picture production facility" means a site in this state that contains soundstages designed for the express purpose of film and television production for both theatrical and video release. Production includes, but is not limited to, motion pictures, made for television movies, and episodic television to a national or regional audience. The motion picture production facility site must include production offices, construction shops/mills, prop and costume shops, storage areas, and parking for production vehicles, all of which complement the production needs and orientation of the overall facility purpose. The term does not include television stations, recording studios, or facilities predominately used to produce videos, commercials, training films, or advertising films.

"Post production facility" means a site in this state designated for the express purpose of accomplishing the post production stage of film and television production for both theatrical and video release including the creation of visual effects, editing, and sound mixing. A post production facility site is not required to contain a soundstage or be physically located at or near soundstages.

This credit, when combined with all the taxpayer's other South Carolina income tax credits, cannot exceed 50% of the taxpayer's South Carolina income tax liability. Any unused credit can be carried forward for 15 years. The credit is earned when the cash is spent or when qualifying real property is dedicated for use as part of a motion picture production facility or post production facility. If, however, the motion picture production facility or post production facility does not meet the statutory requirements within 3 years from the end of the taxpayer's tax year when the credit was first claimed, then the taxpayer must increase its income tax liability in the fourth year by the amount of the credits previously claimed. The credit is claimed on Form TC-25, "Motion Picture Credits."

See Sales and Use Tax Specific Provisions, Chapter 8, Section 17 for information on sales and use tax incentives available to the motion picture industry.

<https://www.sctax.org/NR/rdonlyres/EA88C542-AECD-423F-9B33-B2F164EC2F9A/0/Chapter2PartD.pdf>