

MOTION PICTURE PROJECT CREDIT

South Carolina Code §12-6-3570(A) provides an income tax credit equal to 20% of a taxpayer's cash investment in a company that develops or produces a qualified South Carolina motion picture project. For a motion picture equity fund created for the sole purpose of facilitating a slate of qualified South Carolina motion pictures projects, the credit is allocated to the fund based upon 20% of the cash value of its investment in a qualified South Carolina motion picture project. The credit is distributed to equity fund members based on their ownership interest.

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

1. The taxpayer must invest cash in a company that develops or produces a qualified South Carolina motion picture project intended for commercial exploitation. Only cash investments qualify for the credit. The taxpayer is the person who invests in a qualified South Carolina motion picture project. For purposes of a motion picture equity fund created for the sole purpose of facilitating a slate of qualified motion picture projects, the taxpayer is the person (e.g., investor, partner, member, or shareholder) who invests in the motion picture equity fund.
2. The motion picture project must submit all required documentation to the South Carolina Film Commission ("Film Commission") at the South Carolina Department of Parks, Recreation and Tourism. Upon recommendation of the Film Commission, the motion picture project will be certified as an eligible project. For credit application and certification procedures, contact the Film Commission at 803-737-0498.
3. The qualified South Carolina motion picture project must register with the Department of Revenue and submit a record of allocation of credits and documentation required to meet the credit requirements.
4. The project must incur at least \$250,000 of costs directly in South Carolina to produce a master negative motion picture for theatrical or television exhibition in the United States. At least 20% of the filming days of principal photography, but not less than 10 filming days, must be in South Carolina.
5. The cash investment 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.

A taxpayer's total credit for a single project is limited to \$100,000 for all years. 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. If the motion picture project 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 taxpayers who claimed the credit must increase their 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."

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