

Massachusetts Film Production Financial Incentives

4.3.12

This chart provides **general** information about film production incentives. For specific requirements, see page 4 for link to Department of Revenue directives and forms. Massachusetts General Laws and DOR directives prevail over information presented here.

The Massachusetts Advantage	<ul style="list-style-type: none"> • No project or annual caps • Credits are transferable • 90% cash-out option • Minimum qualified spend only \$50K • No residency requirements • Includes above and below the line • 2023 sunset date
Incentive Programs	<ul style="list-style-type: none"> • 25% payroll credit • 25% production credit • Sales tax exemption
General Eligibility Requirements for all Incentives	<p>Minimum spend: motion picture production company must spend \$50,000 or more in Massachusetts qualifying costs during a consecutive 12-month qualifying period. The 12-month qualifying period must be the same for sales tax exemption and tax credits. Qualifying period can cross taxable years.</p>
Eligible Projects	<p>Eligible: Feature-length film, video, digital media project, a TV series with a maximum of 27 episodes, a commercial for theatrical or TV viewing or as a TV pilot. Multiple episodes of a TV series or multiple commercials for the same client may be aggregated to qualify.</p> <p>Not eligible: individual TV series episodes, news, current events, weather and financial market reports; talk show; game show; sporting events; awards show or other gala event; fundraising production; long form production marketing product or service; corporate training and in-house corporate advertising; video games.</p>
Residency Requirements	<p>There are no residency requirements for vendors, crew, actors, etc.</p>
Film Students	<p>Students from accredited film schools are eligible for a sales tax exemption for production expenses.</p>

Applying for Incentives	<p>Incentive Sales tax exemption 25% payroll credit 25% production credit</p> <p>Apply to DOR Prior to production Post Massachusetts production Post Massachusetts production</p> <p>See specific application details below</p>
Sales Tax Exemption	Eligible: Purchase of tangible personal property, including meals. Not eligible: room occupancy taxes
Application	<p>Must file application with DOR and estimate expenditures prior to start of production. After conditional pre-approval, production company provides vendors with exempt use certificate. Application form may be emailed to patrick.shirley@dor.state.ma.us. Approval time is normally 1-2 days business days.</p> <p>Application form: http://www.mass.gov/dor/docs/dor/business/film-credit/2012/ste.pdf</p> <p>Exempt use certificate: http://www.mass.gov/dor/docs/dor/forms/wage-rpt/pdfs/st-12.pdf</p>
Payroll Credit	25% of qualifying aggregate payroll
Qualifying payroll	Payments that constitute Massachusetts source income to the recipient. Fringe benefits apply if included in Massachusetts source income to the recipient.
High Salary Employee	Entire salary of any employee whose total payments in connection with the production are \$1 million or greater is excluded from the qualifying aggregate payroll but is eligible for the production credit.
Tax Withholding	Production company and/or payroll services and loan-outs must be registered with the Department of Revenue for withholding of personal income tax. 5.3% personal income tax must be withheld to qualify for the credit.
Application	<p>Since credits are based on actual expenditures, the application is filed after Massachusetts production is completed.</p> <p>Application form: http://www.mass.gov/dor/docs/dor/business/film-credit/2012/fp.pdf</p>

Production Credit	25% of Massachusetts production and pre- and post- postproduction expenses directly related to the Massachusetts production. Exclusions include: qualifying payroll included in payroll credit, payroll services fees, loan fees, interest expenses, completion bond expenses, rights and script fees, insurance expenses, marketing and advertising, costs/licensing fees for stock footage and archival materials, and travel to and from Massachusetts. Other exclusions may apply.
Additional Eligibility Requirements	Production company's production expenses in Massachusetts must exceed 50% of all production expenses for the project. (Production expenses for this purpose include all qualifying payroll expenses.) or At least 50% of the production company's total principal photography days, exclusive of pre- or post-production, must take place in Massachusetts.
High Salary Employees	Qualifying salaries of High Salary Employees (\$1 million or greater) may be included in calculating the Massachusetts production expense, providing that 5.3% personal income tax is withheld.
Employer-paid Payroll Expenses	Employer-paid expenses, such as FICA, health insurance, pension contributions, are considered production expenses.
Application	Since credits are based on actual expenditures; the application is filed post production. Application form: http://www.mass.gov/dor/docs/dor/business/film-credit/2012/fp.pdf
Use of Payroll & Production Credits	
Tax Liabilities	Apply credits to tax liabilities. Unused credits may be carried forward for up to 5 taxable years.
Refund	After satisfying its tax liabilities, production company may request a refund of 90% of unused credits.
Transfer	Credits may be transferred to one or more buyers. Buyers are not eligible for credit refunds.
Other Options	Production company can transfer part of a credit and apply the remainder to its own tax liability or carry the credit forward. Production companies are not permitted to transfer part of a credit and request a refund of the remainder.

<p>Department of Revenue Forms and Directives</p> <p>Department of Revenue Contacts</p>	<p>http://www.massvacation.com/pdf/film.pdf</p> <p>Patrick Shirley, Supervisor, Film Tax Credit Division Patrick.shirley@state.ma.us; 617-887-6725</p> <p>John Lordan, Director, Film Tax Credit Division John.lordan@state.ma.us; 617-887-6885</p>
<p>Massachusetts Film Office Contacts</p>	<p>MFO Director Lisa Strout lisa.strout@state.ma.us 617-973-8400</p> <p>MFO online www.mafilm.org</p> <p>Production and location assistance Catherine Onosanya mafilminfo@state.ma.us 617-973-8400</p> <p>Tax incentives jonathan.hyde@state.ma.us 617-973-8505</p>