



# FOCUS ON PENNSYLVANIA'S FILM TAX CREDIT

FILM'S  
FINANCIAL  
ADVANTAGE

**MILLIGAN**  
Consultants & Certified Public Accountants

## Get Your Share of \$75 Million – Let Tax Credits Help Finance Your Production

Feature films, TV shows, series and commercials intended for national audiences are eligible for this tax break – just one of the many great reasons to choose Pennsylvania for your next location shoot. Here's how it works:

Each year, Pennsylvania issues \$75 million in tax credits to attract film, television and other production activities in the state. The Pennsylvania Film Office administers this “Creativity in Focus” incentive program designed to promote the film industry, create new jobs, support tourism and enhance Pennsylvania's economy.

Eligible projects receive great benefits, but not all projects qualify. Please check with the Pennsylvania Film Office to determine your eligibility.

### How to Use Your Tax Credits

Film tax credits can be used to reduce tax obligations for your Pennsylvania Corporate Net Income Tax, Personal Income Tax as well as the Capital Stock and Franchise Tax. Tax credits can be carried over for three years. Most tax credits are sold or assigned to third parties. No matter how you choose to use your tax credits, the results go straight to your bottom line.

## What Qualifies?

At least 60% of the project's budget must be used for production expenses incurred in Pennsylvania – this will be verified by an independent audit.

The tax award can be up to 25% of qualified Pennsylvania film production expenses which includes costs of construction, operations, editing, photography, sound synchronization, lighting, wardrobe and accessories, travel to and from Pennsylvania and the cost of rental or purchase of facilities and equipment.

Wages paid in Pennsylvania that are subject to Pennsylvania state tax also qualify. Up to \$15 million in payments to performing artists may also be included in determining qualified production expenses.

## The Process is Simple

Applications and detailed budgets must be submitted to the Pennsylvania Film Office no sooner than 90 days before principal photography starts in Pennsylvania.

Typically, applications are approved within 30 days of receipt of required information. The applicant enters into a formal agreement with Pennsylvania's Department of Community and Economic Development that outlines your Tax Credit Program's terms and conditions.

Tax Credit Certificates are usually issued within forty-five days after the Pennsylvania Film Office approves your audit and other required information.

## Your Role is Easy

- Provide evidence that production has started in Pennsylvania
- Provide monthly progress reports
- Deliver an independent audit report
- Provide economic impact information
- Include logo acknowledgment of the support of the Film Office

## Secure Your Tax Credit

Your formal agreement for the Tax Credit Program requires that an audit (or agreed upon procedures report) is submitted to the Film Office within 120 days after completion of production. This audit verifies what expenses are eligible for tax credits and must include all funds expended for your project during the entire contract period. The Production Company can choose which type of compliance they submit, as long as the audit or agreed upon procedures report is performed by a Certified Public Accountant.



## Why Choose Milligan?

As Pennsylvania's largest minority-owned consulting and certified public accounting firm, we are deeply rooted in our community and have a thorough understanding of the state's economic development, stimulus and tax advantaged programs. Our experience is unequalled in providing services to the organizations that take advantage of tax credit and other programs.

Milligan's tax credit specialists provide compliance services for federal and state programs that produce significant tax advantages to their participants. We specialize in programs that create mutual benefit for businesses, investors and local economies. Our goal is to maximize your available benefits while satisfying the rigorous compliance requirements that are typical of these programs.

## How Do We Get Started

Milligan is ready to assist you with your Film Tax Credit compliance and production accounting needs. We'll determine whether you require an audit or agreed upon procedures report and verify that your expenses are eligible. To find out more about our services and how to ensure your Pennsylvania Film Tax Credit, please contact Jovan Goldstein, CPA, at 215.496.9100 ext 104 or by email: [jgoldstein@milligancpa.com](mailto:jgoldstein@milligancpa.com)



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**MILLIGAN&COMPANY, LLC**  
Consultants & Certified Public Accountants

[www.milligancpa.com](http://www.milligancpa.com)

**Pennsylvania**

105 North 22nd Street  
Philadelphia, PA 19103  
Phone: 215 496-9100  
Fax: 215 496-0980

**New Jersey**

811 Church Road  
Suite 105  
Cherry Hill, NJ 08002  
Phone: 856 964-0049

**Maryland**

119 South Ann Street  
Baltimore, MD 21231  
Phone: 410 732-4626

**Washington DC**

1625 K Street, NW  
Suite 330  
Washington, DC 20006  
Phone: 202 223-5550