

FORM 318
(12-19)
2019

**NEW JERSEY CORPORATION BUSINESS TAX
FILM PRODUCTION TAX CREDIT**

Name as Shown on Return	Federal ID Number	Unitary ID Number, if applicable NU
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READ THE INSTRUCTIONS BEFORE COMPLETING THIS FORM

NOTE: This credit has expired with privilege periods and tax years commencing after July 1, 2015, under the provisions of section 3 of P.L. 2005. A new film and digital media production credit was established under P.L. 2018, c. 56. Complete Form 327 to claim the new credit.

RETURN FILING METHOD

- The taxpayer is included as a taxable member on a New Jersey combined return.
- The taxpayer is a separate return filer. Complete Parts I and II, as applicable. Do not complete Part III.

PART I QUALIFICATIONS

- Were the qualified film production expenses incurred during a privilege period beginning after January 12, 2006, or were the qualified digital media content production expenses incurred during a privilege period beginning on or after January 11, 2008?..... YES NO
- Were at least 60% of the total film production expenses, exclusive of post-production costs, or were at least \$2,000,000 of the digital media content production expenses incurred for services performed and goods used or consumed in New Jersey?..... YES NO
- Did the principal photography of the film begin within 150 days of the approval date of the tax credit application? Leave blank if qualified expenses relate only to digital media content production..... YES NO
- Is a copy of the approval for this tax credit included with the return?..... YES NO

NOTE: If the answer to any of the above questions is "NO," do not complete the rest of this form. The taxpayer does **not** qualify for this tax credit. Otherwise, go to Part II.

PART II CALCULATION OF THE ALLOWABLE CREDIT AMOUNT AND CARRYOVER

5. Film Production Tax Credit carried forward from the prior year	5.	
6. Enter tax liability from page 1, line 2 of CBT-100, CBT-100S, or BFC-1, or the member's column of Schedule A, Part III, line 5 of CBT-100U.....	6.	
7. Enter the required minimum tax liability as indicated in instruction (b) for Part II.....	7.	
8. Subtract line 7 from line 6.....	8.	
9. Enter 50% of the tax liability reported on line 6	9.	
10. Enter the lesser of line 8 or line 9.....	10.	
11. Tax credits used by taxpayer on current year's return (see instruction (c) for Part II):		
(a) _____		
(b) _____		
(c) _____		
(d) _____ Total	11.	
12. Subtract line 11 from line 10. If zero or less, enter zero	12.	
13. Allowable credit for the current tax period. Enter the lesser of line 5 or line 12 here and on Part I, Schedule A-3 of the CBT-100, CBT-100U, CBT-100S, or BFC-1	13.	
14. Film Production Tax Credit carryover (subtract line 13 from line 5)	14a.	
Combined return filers, see Part III before continuing.		
b) Amount of credit shared in current year from Part III, line 23, if applicable.....	14b.	
c) Amount of credit carryover to following year's return (subtract line 14b from line 14a)	14c.	

Name as Shown on Return	Federal ID Number	Unitary ID Number, if applicable NU
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PART III COMBINED RETURN FILERS SHARING CREDIT

15. Amount of Film Production Tax Credit being shared and FEIN of the taxable member of the combined group with which it is being shared (see instructions):.....								
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 30%; text-align: center;">_____</td> <td style="width: 40%;"></td> </tr> <tr> <td style="text-align: center;">Name</td> <td style="text-align: center;">Federal ID Number</td> <td></td> </tr> </table>	_____	_____		Name	Federal ID Number		15.	
_____	_____							
Name	Federal ID Number							
16. Enter the tax liability of member with which the credit is being shared from Schedule A, Part III, line 5 of CBT-100U	16.							
17. Minimum tax liability	17.	2,000						
18. Subtract line 17 from line 16.....	18.							
19. Enter 50% of the tax liability reported on line 16	19.							
20. Enter the lesser of line 18 or line 19	20.							
21. Tax credits used by this taxpayer on current year's return:								
(a) _____								
(b) _____								
(c) _____								
(d) _____								
Total	21.							
22. Subtract line 21 from line 20. If zero or less, enter zero	22.							
23. Allowable credit shared with this taxable member. Enter the lesser of line 15 or line 22 here and on Part II, line 14b and CBT-100U, Schedule A-3, Part I for the member receiving the shared amount.	23.							

REFERENCE ONLY

Instructions for Form 318 FILM PRODUCTION TAX CREDIT

PURPOSE OF THIS FORM – A new film and digital media production credit was established under P.L. 2018, c. 56, and is claimed on Form 327. Form 318 must be completed by any taxpayer claiming an unused, unexpired Film Production Tax Credit and/or credit carry-forward as provided for under the prior credit program, which expired for privilege periods or tax years after July 31, 2015, pursuant to prior N.J.S.A. 54:10A-5.39. In general, the previous credit is allowed in an amount equal to 20% of the qualified film production expenses paid by the taxpayer during the privilege period, provided that at least 60% of the total production expenses (other than post-production) were for services performed or goods used in New Jersey, and provided that the principal photography began within 150 days after the credit application was approved. A credit is also allowed in an amount up to 20% of the qualified digital media content production expenses provided that at least \$2,000,000 of the expenses were for services performed or goods used in New Jersey. This credit may be claimed for qualified film production expenses incurred on or after January 12, 2006, and/or qualified digital media content production expenses incurred on or after January 11, 2008. P.L. 2010, c.20 suspended the film and digital media credit of N.J.S.A. 54:10A-5.39 for Fiscal Year 2011.

DEFINITIONS:

Film means a feature film, a television series or a television show of 15 minutes or more in length intended for a national audience. "Film" shall not include a production featuring news, current events, weather and market reports, public programming, talk show, game show, sports event, award show or other gala event, a production that solicits funds, a production containing obscene material as defined under N.J.S. 2C:34-2 and N.J.S. 2C:34-3, or a production primarily for private, industrial, corporate, or institutional purposes.

Qualified Film Production Expenses means an expense incurred in New Jersey for the production of a film including post-production costs incurred in New Jersey. Qualified expenses include but are not limited to wages and salaries of individuals employed in the production of a film on which the New Jersey Gross Income Tax has been paid or is due; the costs of construction, operations, editing, photography, sound synchronization, lighting, wardrobe, and accessories; and the cost of rental of facilities and equipment. Qualified expenses do not include expenses incurred in marketing or advertising a film.

Total Film Production Expenses means costs for services performed and tangible personal property used or consumed in the production of a film.

Post-Production Costs means the cost of the phase of production that follows principal photography in which raw footage is cut and assembled into a finished film with sound synchronization and visual effects.

Qualified Digital Media Content Production Expenses means an expense incurred in New Jersey for the production of digital media content. Qualified expenses include but are not limited to wages and salaries of individuals employed in the production of digital media content on which New Jersey Gross Income Tax has been paid or is due; the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, and editing; and the rental of facilities and equipment. Qualified expenses shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be qualified digital media content production expenses.

Total Digital Media Content Production Expenses means costs for services performed and property used or consumed in the production of digital media content.

COMBINED RETURN FILERS – If filing a combined return, this form must be completed by the member that earned (purchased) the credit.

PART I – QUALIFICATIONS

The answer to all questions must be "YES." If the answer to any of the questions is "NO," the taxpayer is not entitled to the Film Production Tax Credit.

PART II – CALCULATION OF THE ALLOWABLE CREDIT AMOUNT AND CARRYOVER

- a) The allowable Film Production Tax Credit is calculated in Part II. The amount of this credit in addition to the amount of any other tax credits is limited to 50% of the taxpayer's total tax liability and cannot exceed an amount that would reduce the total tax liability below the statutory minimum. Taxpayers claiming multiple credits must list any credits already applied to the tax liability to ensure accuracy of the calculation for maximum credit allowable.

- b) The minimum tax is assessed based on the New Jersey Gross Receipts as follows:

New Jersey Gross Receipts	CBT-100/BFC-1	CBT-100U	CBT-100S
Less than \$100,000	\$500	\$2,000	\$375
\$100,000 or more but less than \$250,000	\$750	\$2,000	\$562
\$250,000 or more but less than \$500,000	\$1,000	\$2,000	\$750
\$500,000 or more but less than \$1,000,000	\$1,500	\$2,000	\$1,125
\$1,000,000 or more	\$2,000	\$2,000	\$1,500

If a taxpayer is filing a separate return and is a member of an affiliated or controlled group that has a total payroll of \$5,000,000 or more for the return period, the minimum tax is \$2,000. Tax periods of less than 12 months are subject to the higher minimum tax if the prorated total payroll exceeds \$416,667 per month.

- c) Line 11 – List the name and the related amount of any other tax credits claimed for the period covered by the return.
- d) The amount of the tax credit that cannot be applied to the current tax period due to the applicable limitations can be carried over to the seven privilege periods following the privilege period for which the credit was allowed.

PART III – COMBINED RETURN FILERS SHARING CREDIT

Taxable members of a combined group may share their tax credits and credit carryovers with other taxable members of the combined group that are included on the same New Jersey combined return. The decision to share (or not share) tax credits or carryovers remains with the taxable member who generated the tax credit or carryover. Tax credits and credit carryovers may be shared among members of the same combined group regardless of whether such taxable members were part of the same combined group when the tax credit or carryover was generated.

If the taxpayer shared the credit with another taxable member of the combined group, use this portion of the form to track the member with which the credit is being shared, calculate the allowable amount that can be shared, and calculate the amount of the credit that can be carried over for use in future privilege periods or tax years. A shared credit carryover belongs to the member that originally earned or purchased the credit. Generally the amount of unused tax credit may be carried forward to subsequent privilege periods or tax years as described in the instruction (d) for Part II.

Note: If the member that owns the credit is sharing a portion of their credit with multiple members, include a copy of this section for each member with which the credit is shared.