Tax Credit for Qualifying Expenses of a Film or Television Production Company
North Carolina Department of Revenue

General Instruction
This form is used to calculate the amount of income tax credit for qualifying expenses of a film or television production company. The credit is calculated on all of the taxpayer’s qualifying expenses incurred in this State in connection with a production, including expenses incurred in earlier years. The tax credit must be claimed in the taxable year in which the production activities are completed. If more than one production is completed during a taxable year, a separate Form NC-415 must be filed for each production.

Part 1. Production Information
 ENTER the name and a description of production ▶
 LIST all North Carolina counties used as sites in the production ▶

Part 2. Computation of Credit Amount for Qualifying Expenses of a Film or Television Production Company

1. Number of people employed in North Carolina with respect to the production

2. Total qualifying expenses spent in North Carolina for goods leased or purchased

3. Total qualifying expenses spent in North Carolina for services leased or purchased (Do not include amounts in excess of $1,000,000 paid to a highly compensated individual.)

4. Total qualifying expenses spent in North Carolina for compensation and wages paid (Do not include amounts in excess of $1,000,000 paid to a highly compensated individual.)

5. Total qualifying expenses spent in North Carolina for insurance coverage

6. Add Lines 2 through 5 (If $250,000 or less, stop here; you are not eligible for the credit.)

7. Credit Amount for Qualifying Expenses of a Film or Television Production
Multiply Line 6 by 15% (.15) and enter amount here; do not exceed $7,500,000 for a production that is a feature film.

8. Income tax credit adjustment (C corporations only)
Multiply Line 7 by 6.9%

9. Credit amount to be taken
Line 7 minus Line 8

Part 3. Certification
I certify that the taxpayer filing Form NC-415 meets the requirements for claiming the tax credit and that the information given is, to the best of my knowledge, accurate and complete.

Signature of Taxpayer or Authorized Agent

Date

MAIL TO: North Carolina Department of Revenue, Central Exams, Corporate Group Manager, PO Box 871, Raleigh, North Carolina 27602
A. Eligibility. A production company that has qualifying expenses of at least two hundred fifty thousand dollars ($250,000) with respect to a production is allowed a credit against income taxes equal to fifteen percent (15%) of the production company’s qualifying expenses.

To be eligible for the tax credit, the production company must file Form NC-415 with the Department of Revenue by the due date of the income tax return for the taxable year in which the production activities are completed. If the taxpayer is granted an extension of time to file its income tax return, the due date for Form NC-415 will be extended to correspond with the extended due date of the income tax return. Processing of the credit cannot begin until after the income tax return for the taxable year in which the production activities are completed is filed.

Taxpayers must claim the income tax credit for qualifying expenses on Form NC-415, not on the income tax return, for the taxable year in which the production activities are completed. Any tax liability for the tax year in which the tax credit is claimed must be paid to the Department of Revenue before the tax credit can be processed. Important. A pass-through entity that qualifies for this credit does not allocate the credit among its owners as is the general rule for credits earned by pass-through entities. Instead, the pass-through entity is considered the taxpayer for purposes of claiming the credit.

Double Benefit. An addition to federal taxable income must be made by C corporations for the amount of tax credit allowed against income tax (G.S. 106-130.5(a)(10)). In lieu of the addback of tax credit to federal taxable income, C corporations must reduce the amount of credit available by the current income tax rate. (See Part 2, Line 8.)

B. Limitations. The amount of tax credit allowed for a production that is a feature film may not exceed seven million five hundred thousand dollars ($7,500,000). There is no maximum credit for other types of productions. No credit is allowed for the following types of productions:

- Political advertisements.
- Television productions of a news program or live sporting event.
- Productions that contain material that is obscene, as defined in G.S. 14-190.1.
- Radio productions.

C. Substantiation. Taxpayers claiming this credit must maintain and make available for inspection any information or records required by the Department of Revenue. The burden of proving eligibility for the credit and the amount of credit rest upon the taxpayer. The Department of Revenue may consult with the North Carolina Film Office of the Department of Commerce and the regional film commissions to determine the amount of qualifying expenses.

D. Definitions. The following definitions apply:

1. Qualifying expenses - The sum of the following amounts spent in this State by a production company in connection with a production, less the amount in excess of one million dollars ($1,000,000) paid to a highly compensated individual:
   - Goods and services leased or purchased. For goods with a purchase price of twenty-five thousand dollars ($25,000) or more, the amount included in qualifying expenses is the purchase price less the fair market value of the good at the time the production is completed.
   - Qualifying expenses for goods. Spending for goods purchased or leased from North Carolina businesses is eligible for the tax credit. This includes fuel, food, airline tickets and other goods if purchased or leased from a business located in North Carolina.
   - Qualifying expenses for services. Spending for services is eligible for the tax credit, regardless of whether paid to residents or nonresidents, if the services are performed in North Carolina. The amount paid to an individual through a personal services corporation or an employee leasing organization is subject to the “highly compensated individual” limitations in calculating the allowable credit.

- Compensation and wages on which withholding payments are remitted to the Department of Revenue.
- Qualifying expenses for compensation and wages. Compensation and wages paid to employees for services performed in North Carolina on which withholding payments are remitted are eligible for the tax credit regardless of whether paid to residents or nonresidents. Payments for per diem, living allowances, and fringe benefits are eligible to the extent they are included in the recipient’s taxable wages subject to federal income tax withholding. The amount paid to an individual through a personal services corporation or an employee leasing organization is subject to the “highly compensated individual” limitations in calculating the allowable credit.

- The cost of production-related insurance coverage obtained on the production. Expenses for insurance coverage purchased from a related member are not qualifying expenses.

2. Highly compensated individual - An individual who directly or indirectly receives compensation in excess of one million dollars ($1,000,000) for personal services with respect to a single production. An individual receives compensation indirectly when a production company pays a personal service company or an employee leasing company that pays the individual.

3. Production company - A person engaged in the business of making original motion picture, television, or radio images for theatrical, commercial, advertising, or educational purposes.

4. Feature film - A movie made for initial distribution in theaters that is over 40 minutes long.

5. Live sporting event - A scheduled sporting competition, game, or race that is originated solely by an amateur, collegiate, or professional organization, institution, or association for live or tape-delayed television or satellite broadcast. A live sporting event does not include commercial advertising, an episodic television series, a television pilot, a music video, a motion picture, or a documentary production in which sporting events are presented through archived historical footage or similar footage taken at least 30 days before it is used.

6. Related member - Defined in G.S. 105-130.7A.