Special form for 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
4. Total qualifying expenses spent in North Carolina for compensation and wages paid (Do not include amounts paid to highly compensated individuals. See reverse for definition.)
5. Add Lines 2 through 4 (If $250,000 or less, stop here; you are not eligible for the credit.)
6. Credit Amount for Qualifying Expenses of a Film or Television Production
   - Multiply Line 5 by 15% (.15) and enter amount here; do not exceed $7,500,000 for a production that is a feature film.

**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.

**MAIL TO:** North Carolina Department of Revenue, Central Exams Section, W.S. # 4709, PO Box 871, Raleigh, North Carolina 27602
A. Eligibility. Effective for taxable years beginning on or after January 1, 2005 for qualifying expenses incurred on or after July 1, 2005, a taxpayer that is 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.

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 total amount spent in this State for the following by a production company in connection with a production:

   - Goods and services leased or purchased by the production company. 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.

2. Highly compensated individual - An individual who receives compensation in excess of one million dollars ($1,000,000) with respect to a single production.

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, music video, motion picture, or documentary production where any sporting events are presented through archived historical footage or similar footage depicting earlier live sporting events that originated more than thirty days before the time of such usage.

E. No Double Benefit. Taxpayers cannot claim both a tax credit for qualifying expenses and a income tax deduction for the same expenses. Taxpayers claiming a credit for qualifying expenses must make an addition to federal taxable income for the expenses used to calculate the credit as provided in G.S. 105-130.5(a)(18) and G.S. 105-134.6(c)(10).