



Georgia Department of Revenue

Informational Bulletin CRED-2013-2-13, revised December 20, 2021

Film Tax Credit

1) Purpose: This informational bulletin provides examples of vendors that do not qualify as a Georgia Vendor under Revenue Regulation 560-7-8-.45 Film Tax Credit and provides the effective date for the Georgia vendor provisions in Revenue Regulation 560-7-8-.45.

2) Supersedes: All previous documents and any oral directives in conflict herewith.

3) Authority:

The pertinent parts of Revenue Regulation 560-7-8-.45 are as follows:

(6)(c)1. This term [production expenditures] shall not include:

(i) Postproduction expenditures for footage shot outside of Georgia, marketing, publicity, story rights, or distribution;

(ii) Any expenditure for work or services not conducted or rendered in Georgia. Expenditures for services not performed at the filming site shall only qualify if the vendor is a Georgia vendor. Expenditures for services conducted or rendered both in Georgia and outside Georgia shall only qualify to the extent the service is conducted or rendered in Georgia;

(iii) Expenditures for goods that were not purchased or rented or leased in this state from a Georgia vendor. Goods are not considered purchased or rented in Georgia if the goods are shipped or delivered from the Georgia vendor's location outside of Georgia unless more than a de minimis amount of the type of goods held and shipped or delivered from outside Georgia are normally held in inventory in the ordinary course of business in Georgia by the Georgia vendor. Expenditures for goods shall only qualify to the extent such goods are used in Georgia. A vendor that acts as a conduit to enable purchases or rentals to qualify that would not otherwise qualify shall not be considered a Georgia vendor with respect to such purchases, rentals, or leases;

(iv) Freight or shipping charges incurred relating to a non Georgia vendor; or

(v) Any transaction subject to taxation under Chapter 8 or Chapter 13 of Title 48 of the Official Code of Georgia for which taxes have not been demonstrably paid. For purposes of Chapter 8, use tax paid by the production company itself will be considered to have been demonstrably paid for purposes of this subparagraph provided the other requirements of O.G.C.A § 48-7-40.26 and this regulation are met.

(6)(f)2. Except as otherwise provided in this regulation, expenditures for services which are not performed at the filming site (such as insurance, service fees paid to a payroll company including workers compensation if the service fees include such, editing and related services, digital or tape editing, film processing, transfers of film to tape or digital format, sound mixing, computer graphics services, special effects services, animation services, etc.) will be allowed if the vendor is a Georgia vendor and will be attributed to Georgia if and only to the extent the service is rendered in Georgia. If the production company or qualified interactive entertainment production company is unable to track the cost of the services rendered in Georgia, then some other reasonable method which approximates the cost of the services rendered in Georgia may be used to determine the amount attributable to Georgia but such approximation will be subject to adjustment by the Department. In the event the services are subcontracted to a company that would not otherwise qualify and/or such subcontracted company renders the services outside Georgia, the expenditure for such services shall not be considered to have been incurred in this state.

(6)(f)3. Purchases and rentals of property. In order to include production expenditures for purchases and rentals of property, the property must have been used in Georgia and purchased or rented from a Georgia vendor. Goods are not considered purchased or rented in Georgia if the goods are shipped or delivered from the Georgia vendor's location outside of Georgia unless more than a de minimis amount of the type of goods held and shipped or delivered from outside of Georgia are normally held in inventory in the ordinary course of business in Georgia by the Georgia vendor. Purchase receipts, invoices, contracts, packing slips, or other documentation shall be used to determine this.

(6)(f)4. Georgia Vendor. For purposes of this rule, a Georgia vendor is a vendor that:

(i) Sells or rents a type of property of which more than a de minimis amount is regularly held in their inventory in the ordinary course of business in Georgia, or provides a service not performed at the filming site, which is the subject of the production expenditure, in their ordinary course of business;

(ii) Has a physical location in Georgia with at least one individual working at such location on a regular basis, including home-based businesses that otherwise meet the requirements of a Georgia vendor. Registering with the Georgia Secretary of State or appointing a registered agent in Georgia does not establish a physical location in Georgia.

However, a vendor that acts as a conduit to enable purchases and rentals to qualify that would not otherwise qualify shall not be considered a Georgia vendor with respect to such purchases and rentals;

(iii) Is registered with the Department for collection of sales and use tax when required by Chapter 8 of Title 48;

(iv) Has a local Georgia business license. The production company is required to obtain a copy of the license from any Georgia vendor where the total amount of purchases exceed \$10,000 for such vendor during the taxable year on the Department of Economic Development's certificate for the project; and

(v) For services rendered on set, such persons or vendors providing such services, are identified on the daily production reports or other reasonable evidence that such services were rendered on set is provided;

Failure to provide documentation in this subparagraph when requested will result in the purchases from the vendor being disqualified.

4) Issue:

a) Examples of vendors that do not qualify as a Georgia Vendor.

5) Discussion of Issue:

a) The following examples help to illustrate which vendors do and do not qualify as a Georgia Vendor. For purposes of all examples it is assumed that each company has a physical location in Georgia with at least one individual working at such location on a regular basis; is registered with the Department for collection of sales and use tax when required by Chapter 8 of Title 48; and has a local Georgia business license:

1. Company A has an inventory of costumes that it rents and sells to production companies. A production company places an order for a type of costume that Company A does not regularly hold in its Georgia inventory. Company A rents/buys the costume from a company that is not a Georgia vendor in order to fulfill the order from the production company. Company A would not be considered a Georgia Vendor for this costume because more than a de minimis amount of this type of costume is not regularly held in their inventory and therefore the amount paid to Company A by the production company for the costume would not qualify as a production expenditure for purposes of the Film Tax Credit.
2. Company B has a regular inventory of cameras that it rents and sells to production companies. A production company places an order for a costume, which is not a good that Company B regularly holds in its inventory. Company B rents/buys the costume from a company that is not a Georgia vendor in order to

fulfill the order from the production company. Company B would not be considered a Georgia Vendor for costumes and the amount paid to Company B by the production company for the costume would not qualify as a production expenditure for purposes of the Film Tax Credit.

3. Company C performs services for production companies. A production company places an order for a costume. Company C rents/buys the costume from a company that is not a Georgia vendor in order to fulfill the order from the production company. Company C would not be considered a Georgia Vendor for costumes and the amount paid to Company C by the production company for the costume would not qualify as a production expenditure for purposes of the Film Tax Credit.
4. Company D performs the service of obtaining purchased and rented goods for production companies. It does not hold a regular inventory of these goods. A production company places an order for a costume. Company D rents/buys the costume from a company that is not a Georgia vendor in order to fulfill the order from the production company. Company D would not be considered a Georgia Vendor for costumes and the amount paid to Company D by the production company for the costume would not qualify as a production expenditure for purposes of the Film Tax Credit.

(b) Georgia Real Property Exception. For the rental of Georgia real property or property that is affixed to such property (such as a stage), the vendor does not have to meet the Georgia vendor requirements. Note if other services are rendered by the provider, the normal rules would still apply.

6) Scope: An informational bulletin is intended to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers. An informational bulletin does not have the force or effect of law, and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

FOR MORE INFORMATION

- **For forms and other information, please visit our website (www.dor.georgia.gov).**
- **Regulation 560-7-8-.45 is available on the Georgia Secretary of State's website.**
- **You may also contact the Taxpayer Services Division at 877-423-6711 from 8:00 am to 4:30 pm ET, Monday through Friday, excluding holidays.**
- **Persons with hearing or speech impairments may call our TDD number at 404-417-4302.**