



### 2011 Film Production Credit

15-31-901 through 15-31-911, MCA

Name (as it appears on your Montana tax return) \_\_\_\_\_

Social Security Number --

OR Federal Employer Identification Number -

If this credit is passed through to you from a partnership or S corporation, enter the entity's name, FEIN and the percentage used to report the corporation's or partnership's income or loss for Montana income tax purposes.

Name \_\_\_\_\_ FEIN - Percentage \_\_\_\_\_ %

Film Certification Number issued by the Montana Department of Commerce \_\_\_\_\_

#### Employment Production Credit

1. Enter your 2011 employment production credit from Schedule I, Column E, line 19 here. **This is your employment production credit.** ..... 1. \_\_\_\_\_

**Employment Production Credit Election:** The taxpayer can make a one-time election to claim the employment production credit as follows:

- the credit may be refunded, or
- the credit may be applied against the 2011 corporation license tax or the individual income tax liability with any unused credit carried forward for the four succeeding tax years.

If the production company is a C corporation or sole proprietorship, the election is made by the production company. If the production company is an S corporation, a partnership, or a limited liability company taxed as an S corporation or partnership, the election is made by each of the shareholders, partners or members for their share of the credit, and not by the entity.

Mark  the box below for your election.

- Carryover Credit       Refundable Credit

#### Qualified Expenditures Credit

2. Enter your 2011 qualified expenditures credit from Schedule II, Column D, line 23 here. **This is your qualified expenditures credit.**..... 2. \_\_\_\_\_

The qualified expenditures credit portion of your film production credit is required to be refunded for tax year 2011 if your tax liability is less than the amount of the credit.

#### Total Film Production Credit

3. Add lines 1 and 2 and enter the result here. **This is your total film production credit.** ..... 3. \_\_\_\_\_

▶ You are required to complete a separate Form FPC for each qualifying production for which you are applying for the production credit.

#### Where to Report Your Credit

- ▶ Individuals: Form 2, Schedule V
- ▶ S corporations: Form CLT-4S, Schedule II
- ▶ C corporations: Form CLT-4, Schedule C
- ▶ Partnerships: Form PR-1, Schedule II

If you file your Montana tax return electronically, you do not need to mail this form to us unless we ask you for a copy. When you file electronically, you represent that you have retained the required documents in your tax records and will provide them upon the department's request.





**Schedule I, Employment Production Credit**

- ▶ If you have more than 16 cast and crew members participating in a qualified production, you may use a document formatted similar to Schedule I as a substitute for Schedule I.
- ▶ Do not include the compensation listed below as a deduction when computing your net income for corporation license tax or individual income tax purposes.

Column A	Column B	Column C	Column D	Column E
Enter the names alphabetically, by last name, of all Montana residents who are participating as a cast or crew member in the production.	Enter the participant's Social Security Number.	Declaration of residency (Form FPC-RD) on file? Mark "yes" or "no."	Enter the total amount of compensation paid during your production to each resident listed in Column A.	If the participant is a Montana resident and you marked "yes" in Column C, enter the first \$50,000 or less of actual compensation paid to each Montana resident. (Do not enter an amount in Column E if the participant is not a Montana resident.)
1. Enter on line 1, column E, the aggregate amount of compensation paid to Montana residents previously reported at the completion of principal photography. Include a copy of your previously submitted Form FPC-PP with this application. .... 1.				
2.		<input type="checkbox"/> yes <input type="checkbox"/> no		
3.		<input type="checkbox"/> yes <input type="checkbox"/> no		
4.		<input type="checkbox"/> yes <input type="checkbox"/> no		
5.		<input type="checkbox"/> yes <input type="checkbox"/> no		
6.		<input type="checkbox"/> yes <input type="checkbox"/> no		
7.		<input type="checkbox"/> yes <input type="checkbox"/> no		
8.		<input type="checkbox"/> yes <input type="checkbox"/> no		
9.		<input type="checkbox"/> yes <input type="checkbox"/> no		
10.		<input type="checkbox"/> yes <input type="checkbox"/> no		
11.		<input type="checkbox"/> yes <input type="checkbox"/> no		
12.		<input type="checkbox"/> yes <input type="checkbox"/> no		
13.		<input type="checkbox"/> yes <input type="checkbox"/> no		
14.		<input type="checkbox"/> yes <input type="checkbox"/> no		
15.		<input type="checkbox"/> yes <input type="checkbox"/> no		
16.		<input type="checkbox"/> yes <input type="checkbox"/> no		
17.		<input type="checkbox"/> yes <input type="checkbox"/> no		
18. Add the amounts in Column E and enter the result here..... 18.				
19. Multiply the amount in Column E, line 18 by 0.14 (14%) and enter the results here and on page 1, line 1. <b>This is your employment production credit.</b> ..... 19.				





**Schedule II, Qualified Expenditures Credit**

- ▶ If you have more than 20 qualified expenditures, you may use a document formatted similar to Schedule II as a substitute for Schedule II.
- ▶ Do not include the expenditures listed below as a deduction when computing your net income for corporation license tax or individual income tax purposes.

Column A	Column B	Column C	Column D
Enter the name of the business or individual to which a qualified expenditure was made.	Enter a brief description of the qualified expenditure (i.e. lumber, lodging, meals, maintenance, etc).	Enter the date of the qualified expenditure	Enter the total amount of the qualified expenditure.
1. Enter in line 1, column D, the aggregate amount of expenditures previously reported at the completion of principal photography. Include a copy of your previously submitted Form FPC-PP with this application. .... 1.			
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22. Add the amounts in Column D and enter the result here. .... 22.			
23. Multiply the amount in Column D, line 22 by 0.09 (9%) and enter the result here and on page 1, line 2. <b>This is your qualified expenditures credit.</b> ..... 23.			

**Certification Statement**

I, \_\_\_\_\_, certify under penalty of false swearing, as provided in 15-31-908(2)(b), MCA, that each Montana vendor has been paid in full for all goods and services purchased in connection with the state-certified production.

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Corporate Officer, Partner, or Member

\_\_\_\_\_ Printed Name and Title



## Form FPC General Instructions

### What is a “state-certified production?”

A state certified production is a production that is certified by the Montana Department of Commerce and is produced by a production company that has a national or regional distribution plan that includes, but is not limited to, a major theatrical exhibition, film festival, television network, cable television programming, magazine advertising, or video or internet distribution.

### How do I certify my production and obtain a Film Certification Number?

To obtain certification, you have to file an application with the Montana Department of Commerce. You can request an application form by contacting the Montana Department of Commerce Film Office at (406) 841-2876 (in Montana) or 800-553-4563 (out-of-state), or e-mail them at [montanafilm@mt.gov](mailto:montanafilm@mt.gov). Once the Montana Film Office reviews and approves your application, they will assign a certification number to your production and notify the Montana Department of Revenue.

### How do I determine the amount of compensation I paid to a Montana resident when calculating my employment production credit?

You should include the salaries, wages and any other compensation, including related taxable benefits that are reported as social security wages or taxable benefits on federal Form W-2. Do not include amounts paid to independent contractors for contract labor that are reportable on federal Form 1099-MISC. Include all compensation that is paid to Montana residents during your production, which may not necessarily be on a calendar year basis.

### How do I determine the amount of my qualified expenditures when calculating my qualified expenditures credit?

The expenditures that qualify for this credit are those made by you in Montana that are directly related to your state-certified production. This includes, but may not be limited to, expenses for lodging, restaurant and food expenses, location fees, lumber and construction materials, rental of production equipment and vehicles, and supplies and materials that will be used in the production.

### The employment production credit is based on the amount of compensation that I paid to Montana residents. How do I determine if the individual I employ is a Montana resident?

During the hiring process, the production company is required to obtain a declaration of residency form, Form FPC-RD, for each Montana resident. The form, along with the supporting evidence listed, must be retained in your company records. See Form FPC-RD for detailed information defining a Montana resident.

### As a pass-through entity, how do I complete Form FPC and report the credit information to the owners of my pass-through entity?

An S corporation, partnership or limited liability company, completes Form FPC, along with Schedules I and II, but does not make the Employment Production Credit Election. The election is made by each of the owners of your pass-through entity for their portion of the credit. Attach Form FPC to your Montana Information Return Form CLT-4S or PR-1.

On the Montana Schedule K-1, provide your owners' shares of the credit, compensation and expenses relating to these credits. The amount of film production credits, compensation and qualified expenditures that are required to be added back to income are allocated to each of your owners based on the same proportion that is used to report their income or loss for state tax purposes.

### How do I complete Form FPC and obtain the credits when I am an owner in a pass-through entity?

As a shareholder of an S corporation, a partner of a partnership, or a member of a limited liability company that has qualified for the film production credit, you are entitled to apply the portion of the credit that has been passed through to you against your tax liability.

You are only required to complete your personal information on page 1 of Form FPC and lines 1 through 3, reporting the amount of your credit and making the election to have any unused employment production credit refunded or to have it carried forward and applied against your tax liabilities in the next succeeding four years.

## Film Production Credit

A production company will first need to complete Form FPC, Schedules I and II, before it can calculate the film production credit.

### Schedule I Employment Production Credit

**Column E, Line 1** – If you submitted a list of qualified compensation to the Department of Revenue at the completion of your principal photography, you do not have to recreate this list. Enter on Column E, line 1, the total amount of qualified compensation previously submitted, and include a copy of your previously submitted Form FPC-PP with the application.

**Column A** – Enter the names alphabetically by last name of all resident cast and crew members who were employed by the production company during the production. Do not include in this list any Montana residents and their compensation that you have elected to treat as qualified expenditures. You also do not need to include nonresidents who did not perform services in Montana.

If you have more than 16 cast and crew members participating in the qualified production, you may use a document formatted similar to Schedule I as a substitute for Schedule I.

**Column B** – Enter the social security number of each cast or crew member.

**Column C** – Before you can claim the cast or crew member as a Montana resident, you will need to have the individual complete Montana Form FPC-RD, Montana Declaration of Residency. You are required to maintain the forms in your company records and provide us a copy if requested.

**Column D** – Enter the total amount of compensation that you paid to each individual during your production.

Include the amount of social security wages and taxable benefits that is reported on federal Form W-2. Do not include amounts paid to independent contractors for contract labor that are reportable on federal Form 1099-MISC.

**Column E** – Your employment production credit is limited to 14% of the first \$50,000 of compensation paid to each Montana resident. Add the amounts in Column E and enter on line 18. Multiply the amount by 0.14 (14%) and enter the result on line 19. Enter the result on page 1, line 1 of Form FPC, page 1, line 1. This is your employment production credit.

### **Schedule II Qualified Expenditures Credit**

**Column D, Line 1** – If you submitted a list of qualified expenditures to the Department of Revenue at the completion of your principal photography, you do not have to recreate this list. Enter on Column D, line 1, the total amount of qualified expenditures previously submitted, and include a copy of your previously submitted Form FPC-PP with the application.

**Column A** – Enter the name of the business or individual that you paid. Do not include any expenses that you previously submitted and reported on line 1. Refer to page 1 of the instructions for a definition of qualified expenditures.

**Column B** – Enter a brief description of the qualified expenditures (i.e. lumber, lodging, meals, maintenance, etc.).

**Column C** – Enter the date you paid the qualified expenditure.

**Column D** – Enter in Column D, the total amount of each qualified expenditure. Add the amounts in Column D and enter on line 22. Multiply the amount by 0.09 (9%) and enter the result on line 23. Enter the result on Form FPC, page 1, line 2. This is your qualified expenditures credit.

### **Total Film Production Credit**

**Line 1** – Enter your employment production credit from Schedule I, Column E, line 19 on line 1.

If the production company is a C corporation or sole proprietorship, the election is made by the production company. If the production company is an S corporation, a partnership, or a limited liability company, the election is made by each of the shareholders, partners, or members for their share of the credit, and not by the entity.

The election is a one time irrevocable election to treat any unused employment production credit as a carryforward credit that can be carried forward up to four succeeding tax years and applied against any further tax liabilities or to have it refunded to you upon filing this year's tax return.

**Line 2** – Enter your qualified expenditures credit from Schedule II, Column D, line 23 on line 2.

**Line 3** – Add the amount on lines 1 and 2 and enter the result on line 3. This is your combined film production credit.

**Recapture of previously claimed credits.** If the Department of Commerce revokes a production company's state certification the production company is required to refund any amount of the employment production or qualified expenditures credit claimed and to pay penalties and accrued interest as if the amount required to be refunded is unpaid tax.

**Questions?** Call us toll free at (866) 859-2254 (in Helena, 444-6900).