

# MASSACHUSETTS FILM OFFICE

## PRODUCTION STEP BY STEP GUIDE

*NOTE: this document is intended solely as a guide; only the Massachusetts Department of Revenue (DOR) has the authority to determine eligibility and interpret the law governing the Film Production Tax Credit program*

FOR YOUR INTERNAL TRACKING PURPOSES ONLY - DO NOT SEND TO MFO

### INITIAL CONTACT

<p><input type="checkbox"/> <b>STEP 1</b> <b>DETERMINE ELIGIBILITY</b></p>	<p>Review the basic requirements to qualify for the Massachusetts film incentive program: <b>Does your production meet the definition of a motion picture production?</b> Feature-length films, videos, digital media projects, TV series with a maximum of 27 episodes, TV pilots and commercials</p> <p>Then answer the following:</p> <ul style="list-style-type: none"> <li>➤ Are you a production company?</li> <li>➤ Is this production intended for theatrical exhibition, television viewing, or is it a TV pilot?</li> <li>➤ Do you plan to spend a <b>minimum of \$50,000</b> in Massachusetts?</li> <li>➤ 50% Test: Do you plan to shoot 50% or more of principal photography days in Massachusetts?</li> </ul> <p style="text-align: center;"><b>OR</b></p> <p>Will your Massachusetts budget exceed 50% of your total project budget?</p> <p><b>Fast Facts</b> provides additional eligibility details. <i>If you are not certain if you will qualify for one or all three of the film production tax incentives, contact :</i></p> <p style="text-align: center;"><b>Rules and Regulations</b> - <a href="mailto:rulesandregs@dor.state.ma.us">rulesandregs@dor.state.ma.us</a></p>
<p><input type="checkbox"/> <b>STEP 2</b> <b>CONTACT THE MFO</b></p>	<p>Contact the <b>Massachusetts Film Office (MFO)</b> at (617) 973-8400 to discuss your production. Fill out the MFO's <b>Film Production Registration Form</b> (<a href="https://goo.gl/gzW3xf">https://goo.gl/gzW3xf</a>). If you do not yet have a local production office, this part can be left as a "TBD."</p>
<h3>PRIOR TO PRODUCTION</h3>	
<p><input type="checkbox"/> <b>STEP 3</b> <b>REGISTER WITH SEC. OF STATE &amp; DEPT. OF REVENUE (DOR)</b></p>	<p>If you are a "foreign" LLC or corporation (i.e. not domiciled in Massachusetts) register with the Massachusetts Secretary of State's Office. <b>Please note:</b> Loan-outs are also required to register.</p> <p><i>Are you an LLC?</i> - <b>Registration Instructions and Form</b> (<a href="https://goo.gl/wHi7zH">https://goo.gl/wHi7zH</a>)</p> <p><i>Are you a Corporation?</i> - <b>Registration Instructions and Form</b> (<a href="https://goo.gl/SDMxtm">https://goo.gl/SDMxtm</a>)</p> <p>Also, you must file an <b>annual report</b>. (<a href="https://goo.gl/uSSmbB">https://goo.gl/uSSmbB</a>)</p> <p>In addition, you <b>MUST register with the Department of Revenue</b> (<a href="https://mtc.dor.state.ma.us/mtc/">https://mtc.dor.state.ma.us/mtc/</a>) to manage your Massachusetts state tax obligations.</p> <p><b>"Foreign" Loan-Outs</b> are also required to follow the same registration procedures.</p>
<p><input type="checkbox"/> <b>STEP 4</b> <b>SALES TAX EXEMPTION</b></p>	<p>If you meet the 50% requirement described in Step 1, prior to making purchases in Massachusetts, apply to the (DOR) for your <b>Sales Tax Exemption (STE)</b> (<a href="https://goo.gl/cZxQnG">https://goo.gl/cZxQnG</a>), then download the <b>Sales Tax Exempt Certificate</b> (<a href="https://goo.gl/wUDD9Q">https://goo.gl/wUDD9Q</a>) and provide each vendor with a completed certificate.</p>

*Continued...*

<p>☐ <b>STEP 4</b> <b>SALES TAX EXEMPTION CONT.</b></p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center; background-color: #e0e0e0;">Sales Tax Exemption:</th> </tr> <tr> <th style="width: 50%; text-align: center;">Eligible:</th> <th style="width: 50%; text-align: center;">Ineligible</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Production expenses including sales and meals taxes only</td> <td style="padding: 5px;">Room occupancy taxes</td> </tr> </tbody> </table> <div style="background-color: #fff9c4; padding: 10px; margin-top: 10px;"> <p style="text-align: center;"><b>NEW Requirements for the STE</b></p> <p>There is an additional step to the STE filing. A spreadsheet is to be submitted electronically to DOR, listing your employees' name, address, SSN, estimated gross wages, and whether they are hired by the production or through a loan out.</p> </div> <p><b>Note:</b> The date that your STE form is filed with DOR is the start date of the 12-month period in which your production is eligible for the Payroll and/or Production Tax Credits. <i>(The actual applications for the tax credits are not filed until you have completed all work on this production on the ground in MA including post production.)</i></p> <p>For tax questions, refer to our <a href="http://www.mafilm.org/faqs/">FAQs</a> (<a href="http://www.mafilm.org/faqs/">http://www.mafilm.org/faqs/</a>) For more information, please contact:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><b>Massachusetts Department of Revenue</b> Film Credit Unit 200 Arlington Street, Room 4300 Chelsea, MA 02150</p> </td> <td style="width: 50%; vertical-align: top;"> <p><b>Sharen Brown, Director</b> <b>Casey Chmielecki, Unit Supervisor</b> Business Income Audit Bureau Phone: (617) 887-6974 Fax: (617) 660-9897 Email: <a href="mailto:chmieleckc@dor.state.ma.us">chmieleckc@dor.state.ma.us</a></p> </td> </tr> </table>	Sales Tax Exemption:		Eligible:	Ineligible	Production expenses including sales and meals taxes only	Room occupancy taxes	<p><b>Massachusetts Department of Revenue</b> Film Credit Unit 200 Arlington Street, Room 4300 Chelsea, MA 02150</p>	<p><b>Sharen Brown, Director</b> <b>Casey Chmielecki, Unit Supervisor</b> Business Income Audit Bureau Phone: (617) 887-6974 Fax: (617) 660-9897 Email: <a href="mailto:chmieleckc@dor.state.ma.us">chmieleckc@dor.state.ma.us</a></p>
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<p>☐ <b>STEP 5</b> <b>LOAN OUTS</b></p>	<p>In order for loan-outs and personal services corporations to qualify for the Tax Credit, MA personal income tax <b>must be withheld</b> and you <b>must file a <a href="#">Loan-Out Affidavit/Allocation Form</a></b> for each loan-out or personal service company. For more information: <a href="#">Directive 07-01</a>, <a href="#">TIR 7-15</a>, <a href="#">Motion Picture Production Company Withholding</a> and <a href="#">Loan Out Guide</a>.</p>								
<p>☐ <b>STEP 6</b> <b>TAX AND ACCOUNTING EXPERTS</b></p>	<p>Figuring out who will be on your tax and accounting team will help you set up your systems properly, making the “back end” of the process much easier. At this juncture, it may be in your best interest to:</p> <ul style="list-style-type: none"> <li>• Determine who you will hire as your Production Accountant (or who will act in this capacity) <a href="https://goo.gl/6qQYQt">Local Accountants</a> (<a href="https://goo.gl/6qQYQt">https://goo.gl/6qQYQt</a>)</li> <li>• Determine which Payroll Company you will hire (if you are hiring one), <a href="https://goo.gl/xxYKAv">Local Payroll Companies</a> (<a href="https://goo.gl/xxYKAv">https://goo.gl/xxYKAv</a>)</li> <li>• Choose and speak with the MA licensed CPA who will perform your audit or Agreed Upon Procedures (required if your budget is over \$250,000 – but many productions hire a MA CPA, regardless) <a href="https://goo.gl/q7Vr3c">Local CPAs/Auditors</a> (<a href="https://goo.gl/q7Vr3c">https://goo.gl/q7Vr3c</a>)</li> </ul>								
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<p>☐ <b>STEP 7</b> <b>FILM YOUR PRODUCTION</b></p>	<p>Make your movie, TV show, commercial or digital media project! Be sure to keep all receipts, purchase orders, shipping and travel info as you may need it as proof, should the DOR ask for back up or justification. Don't hesitate to contact the MFO if you need any assistance, we're here to help.</p>								
<b>AFTER ALL SPEND/WORK IN MA INCLUDING MA POST PRODUCTION IS COMPLETED</b>									
<p>☐ <b>STEP 8</b> <b>AUDIT/AGREED UPON PROCEDURES</b></p>	<p>If your project is over \$250,000, you <b>MUST</b> get an independent audit from a MA licensed CPA or have your CPA complete the <a href="https://goo.gl/v8lFZX">Agreed Upon Procedures Form</a> (<a href="https://goo.gl/v8lFZX">https://goo.gl/v8lFZX</a>).</p> <p>For a list of MA CPAs, <a href="https://goo.gl/UMJIwC">click here</a>. (<a href="https://goo.gl/UMJIwC">https://goo.gl/UMJIwC</a>)</p>								

<p>☐ <b>STEP 9</b> <b>PROOF OF PAID UNEMPLOYMENT TAXES</b></p>	<p>You <b>MUST</b> also verify that the production company and/or the payroll company has paid the requisite unemployment taxes. The 940 Certification is generated from your online <b>UI account</b>. (<a href="https://goo.gl/VFyT5L">https://goo.gl/VFyT5L</a>)</p> <ul style="list-style-type: none"> <li>➤ <b>TIR 15-4</b> (<a href="https://goo.gl/htXATI">https://goo.gl/htXATI</a> )</li> <li>➤ <b>Certification Requirements</b> (<a href="https://goo.gl/h0XuJG">https://goo.gl/h0XuJG</a>)</li> <li>➤ <b>Instructions</b> (<a href="https://goo.gl/EuT79b">https://goo.gl/EuT79b</a>)</li> </ul> <p>The 940 Certification must include all the production company’s Massachusetts payroll, not just payroll associated with the specific film project. In some cases, that will require a 940 Certification from the payroll company, if applicable, and a 940 Certification from the production company. You will also be handing in a certificate from the Department of Unemployment Assistance.</p> <p style="text-align: center;"><i>Questions? Contact Enforcement Staff at (617) 626-5770</i></p>
<p>☐ <b>STEP 10</b> <b>FILING FOR YOUR TAX CREDITS</b></p>	<p>File for the appropriate Tax Credits on <b>FORM FP</b> (<a href="https://goo.gl/t3ryXN">https://goo.gl/t3ryXN</a>) with the DOR. Include completed <b>Loan-Out Affidavit Forms</b> (<a href="https://goo.gl/JVMMvr">https://goo.gl/JVMMvr</a>) for each Loan-Out, 940 Certifications(s), and Audit/AUP if applicable, and read the <b>Instructions on FORM FP</b> (<a href="https://goo.gl/BLWjp6">https://goo.gl/BLWjp6</a>) for additional documents need.</p>
<p>☐ <b>STEP 11</b> <b>END CREDITS</b></p>	<p>Motion pictures filmed or produced in the Commonwealth shall include: <b>“Filmed in the Commonwealth of Massachusetts”</b> in the end credits, <b>as well as the Massachusetts Film Office logo*</b>.</p> <p><i>*Contact the Massachusetts Film Office for details and an appropriate digital version of the logo.</i></p>