



FREQUENTLY ASKED QUESTIONS

When should I apply?

A qualified production company may submit a program application to the OFE for the purpose of determining qualification for an award of tax credits within 180 days before the first day of principal photography or project start date.

How soon after I submit my application will I learn if I have been certified?

Within twenty business days after receipt of the complete application and support documents the OFE/OTTED will complete its review of each application and notify the applicant of its determination.

What is a queue?

The yearly tax credit allocation is divided into three separate "production type" queues for qualified productions.

Do all productions qualify for the same queue?

No

What are the three queues and what determines which queue the productions apply?

General Production Queue: All qualified productions that demonstrate a minimum of \$625,000 in qualified expenditures.

Commercial and Music Video Queue: All qualified national or regional commercials and music videos with a minimum of \$100,000 in qualified expenditures per commercial/music video that exceed a combined threshold of \$500,000 during the fiscal year.

Independent and Emerging Media Production Queue: All qualified productions that demonstrate a minimum of \$100,000 but not more than \$625,000 in qualified expenditures.

Are there any caps to the tax credits that a qualified production company can earn?

Yes. The maximum tax credit award for the General Production Queue is \$8 million, Commercial and Music Video Queue is \$500,000 and the Independent and Emerging Media Queue is \$125,000.

Who is the applicant?

The applicant is a qualified production company (corporation, limited liability Company, partnership or other legal entity) engaged in one or more qualified productions in the state.

What does a “qualified production” mean?

A production in this state meeting the requirements of the statute, the minimum qualified expenditures, and the requirements of its appropriate queue. Based on your Florida qualified expenditures and applicable percentage the OFE will determine the maximum tax credit award that the production can earn if tax credits are available.

What does a “certified production” mean?

A production in this state meeting the requirements of the statute, the minimum qualified expenditures, and the requirements of its appropriate queue that have tax credits allocated (set aside) for that particular production.

What is a contingency fee?

Contingency fees are typically listed in a production budget to cover any unexpected expenses.

Do “contingency fees” qualify?

No

Is there a certain percentage of Florida crew that I must hire in order to qualify?

A qualified production in this state must hire a minimum of 50 % Florida residents (excluding Digital Media Projects) that make up its production cast including extras) and below the line production crew.

In the case of digital media projects, a minimum of 75 % of such positions must be filled by Florida residents.

Who is considered a Florida Resident?

Any person who has established a domicile in the State of Florida and provides a complete signed Declaration of Florida Residency Form and a valid Florida driver’s license, Florida voter registration card or other acceptable information showing intent on maintaining a permanent residence in Florida.

What is the definition of a “Florida Vendor”?

A Florida vendor is one that is registered with the Department of State or the Department of Revenue, has a physical location in Florida, and employs one or more legal Florida residents.

Are there any salary/wage caps?

Yes, payments to legal Florida residents in the form of salary, wages, or other compensation are capped at a maximum of \$400,000 per resident.

Does the company apply and become certified on a per project basis?

Yes. An application must be submitted for each specific project.

What are fringes?

The term "fringe benefits" means those employee expenses which are paid by the employer. It includes payments paid by the employer to the government (FICA, Medicare, FUTA and SUI). Other examples include PHW, union dues, health insurance, pension plans and workers compensation (when premiums are paid to a Florida corporation through a Florida broker).

Are fringes a qualified expense?

Yes, fringes that are paid on behalf of a Florida resident employee as part of their compensation are considered a qualified expenditure.

Are Florida resident salaries qualified expenditures if I take them out of state?

No, only work and services performed in Florida is considered qualified payroll expenses.

Do loan out companies qualify?

Yes, if the work or service is performed by a legal Florida resident. A complete signed Declaration of Florida Residency Form along with an acceptable form of Florida residency must be provided.

Do purchases made over the internet qualify?

Yes, if the company you are ordering from has a "bricks and mortar" presence in the state and is a qualified Florida vendor. (e.g. Office Depot)

Are per diems considered a qualified expense?

Yes, if paid to a Florida resident and the work or service is performed in Florida.

Is airfare a qualified expense?

Yes, if purchased through a Florida Travel agency.

Do music licensing fees qualify?

No, rights fees are considered a cost of distribution.

Do hotels costs qualify? If so, what hotel costs qualify?

Yes, if the hotel is located in Florida. Only room and appropriate taxes qualify.

Do insurance costs qualify?

Yes, if insurance is purchased through a Florida based insurance provider. Errors & Omissions (E&O) insurance is NOT a qualified expenditure (considered a cost of distribution).

Are expenses paid prior to certification eligible for a tax credit award?

No, except for productions that qualify for the commercial and music video queue.

I have finished my production, now what do I do to get my tax credit award?

Once a certified production has made all of its qualified net expenditures it must submit all documentation to an independent registered Florida certified public accountant to perform a compliance audit. Such accountant must substantiate each qualified expenditure and submit the results as a report, along with the required substantiating data, to the OFE for final review. The OFE will review the accountant's submittal and report to OTTED the final verified amount of actual qualified expenditures made by the certified production. OTTED shall determine and approve the final tax credit award amount and shall notify both the applicant and the DOR the final amount of the tax credit award.

Does the cost of the CPA compliance audit count as a qualified expense?

No

What do I do if I don't have any Florida tax liability?

The certified production company may transfer/sell the tax credit to any entity that has a sales and use tax or corporate income tax liability. Tax credits applied against sales and use tax (chapter 212) can be transferred one time to one transferee. Tax credits applied towards corporate income tax (chapter 220) may be transferred one time to no more than 4 transferees and must occur in the same taxable year.

Can I apply for both the Sales Tax exemption and the Entertainment Industry Financial Incentive Program?

Yes

Does a certain percentage of my project need to be produced in Florida to qualify for the incentive?

No, only the costs of tangible and intangible property used for, and services performed primarily and customarily in, pre-production, production and postproduction in Florida qualify for the tax credit award.

Do payroll handling fees qualify?

Yes, if the payroll is processed through a Florida payroll company.

Do gratuities qualify?

No

Will shipping qualify?

Only packages sent from Florida will qualify. The shipping company must be a Florida vendor.

Is parking a qualified expense?

Payments for a lot rental for production vehicles, crew parking would qualify. Hotel parking, metered parking do not qualify.

Does the cost of a completion bond qualify?

Yes, if purchased from a Florida completion bond company.