



FREQUENTLY ASKED QUESTIONS

Revised 7/1/11

When should I apply?

*A qualified production company may submit an application to the OFE for the purpose of determining qualification for an award of tax credits no earlier than 180 days before the first day of principal photography or project start date. **NEW: Once a High-Impact Television Series has been certified, it may submit applications for two successive seasons.***

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/DSBD will complete its review of each application and notify the applicant of its certification determination.

NEW: Will I need to provide proof of financing when I apply?

Productions applying for credits in the General Production Queue must provide proof of financing within 90 days of applying or prior to the start of principal photography or the project start date (if principal photography is not involved), whichever is earlier. Note that if you withdraw your project and wish to re-apply you must provide proof of financing prior to re-applying.

What are the three queues and what determines in which queue the production should apply?

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

Commercial and Music Video Queue: *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 (July 1 – June 30).*

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

NEW: What percentage of my qualified expenditures can I apply to receive tax credits for?

Florida offers a base tax credit of 20% of qualified expenditures. This can increase up to 30% of the qualified expenditures if the production applies for and meets the requirements of the following bonus opportunities:

- *5% Off Season Bonus (for certain production types)*
- *5% Family Friendly Bonus (for certain production types)*

- 5% [Underutilized Region](#) Bonus (for General Production Queue only)
- 5% Qualified Production Facility Bonus (for General Production Queue, on expenditures associated with production activity at a qualified production facility)
- 15% Florida Student/Recent Graduate (for General Production Queue, on student/recent grad wages and other compensation)

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

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

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 qualified production is a production in this state that meets the requirements of the statute, the minimum qualified expenditures, and the requirements of its appropriate queue.

What does a “certified production” mean?

A certified production is a qualified production that has tax credits allocated to it by DSBD based on the production’s estimated qualified expenditures.

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) to make up its production cast (including extras) and below the line production crew. On July 1, 2012, the percentage increases to a minimum of 60% Florida residents.

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 Worker?

Any person who is either (a) a legal resident of the State, as demonstrated by a valid Florida driver’s license or other State-issued identification accompanied by a completed and signed [Declaration of Florida Residency Form](#), or (b) a student enrolled full-time in a film-and-entertainment-related course of study at an institution of higher education in the State.

What is the definition of a “Florida Qualified Vendor”?

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

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 are 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.

NEW: Do purchases with pass-through companies qualify?

No – re-billed goods or services provided by an in-state company from an out-of-state vendor or supplier are not qualified expenditures.

Do purchases made over the internet qualify?

Yes, if the company you are ordering from is a qualified Florida vendor.

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 Florida-based and Florida-licensed certified public accountant (CPA) to perform a compliance audit. This 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 DSBD the final verified amount of actual qualified expenditures made by the certified production. DSBD shall determine and approve the final tax credit award amount and shall send the applicant a tax credit Award Letter with cc: to the DOR, indicating the final amount of the tax credit award.

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

No

NEW: How do I indicate what type of tax my credits can be used toward?

You will receive a Tax Credit Election Form with your tax credit Award Letter. The form must be completed and filed with the OFE within 14 days. The form allows the recipient to indicate how much and to which type of tax (Sales and Use and/or Corporate) the credits will be used against. A copy of the form is provided the DOR. This is an irrevocable election which means transferees must also apply any credits they purchase from a certified production in the same manner.

NEW: What if I can't use all my tax credits at one time?

If you can't use them in the taxable year you are awarded them, you can carry the balance of the credits forward to successive tax period up to five years after the date the credit is awarded.

What 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.

NEW: Can transferees sell tax credits they purchase from a certified production company?

Yes – Initial transferees are permitted a one-time transfer of unused credits to no more than two subsequent transferees. Such transfers must occur in the same taxable year as the credits were received by the initial transferee.

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 and metered parking do not qualify.

Does the cost of a completion bond qualify?

Yes, if purchased from a Florida completion bond company.