

**NEW JERSEY CORPORATION BUSINESS TAX  
FILM PRODUCTION TAX CREDIT  
FOR RETURN PERIODS BEGINNING AFTER JULY 1, 2005**

Name as Shown on Return	Federal ID Number	NJ Corporation Number
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**READ THE INSTRUCTIONS BEFORE COMPLETING THIS FORM**

**PART I QUALIFICATIONS**

1. Were the qualified film production expenses incurred during a privilege period beginning after January 12, 2006 . . . .  YES  NO
  
2. Were at least 60% of the total production expenses, exclusive of post-production costs, incurred for services performed and goods used or consumed in New Jersey? . . . . .  YES  NO
  
3. Did the principal photography of the film begin within 150 days of the approval date of the tax credit application? . . .  YES  NO
  
4. Is a copy of the approval for this tax credit attached to the return? . . . . .  YES  NO

NOTE: If the answer to either of the above questions is "NO", do not complete the rest of this form. The taxpayer does **not** qualify for the film production tax credit, otherwise, go to Part II.

**PART II CALCULATION OF THE FILM PRODUCTION TAX CREDIT**

5. Enter the amount of the qualified film production expenses incurred during the period covered by the return . . . . .	5.	
6. Enter 20% (.20) of line 5 . . . . .	6.	
7. Enter the film production tax credit carried forward from the prior year . . . . .	7.	
8. Total film production tax credit - Add lines 6 and 7 . . . . .	8.	

**PART III CALCULATION OF THE ALLOWABLE CREDIT AMOUNT**

9. Enter tax liability from page 1, line 11 of CBT-100 or BFC-1, or line 9 of CBT-100S . . . . .	9.	
10. Enter the required minimum tax liability . . . . .	10.	
11. Subtract line 10 from line 9 . . . . .	11.	
12. Enter 50% (.50) of the tax liability reported on line 9 . . . . .	12.	
13. Enter the lesser of line 11 or line 12 . . . . .	13.	
14. Tax Credits taken on current year's return (see instruction (c) for Part III):		
a) _____ . . . . .		
b) _____ . . . . .		
c) _____ . . . . .		
d) _____ . . . . .		
e) _____ . . . . .		
. . Total	14.	
15. Subtract line 14 from line 13 . . . . .	15.	
16. Allowable credit for the current tax period. Enter the lesser of line 8 or line 15 here and on Schedule A-3 of the CBT-100, the CBT-100S or the BFC-1 . . . . .	16.	

**PART IV FILM PRODUCTION TAX CREDIT CARRYOVER**

Complete this schedule if the allowable tax credit is less than the total credit available for the current year or if a tax credit was carried forward from a previous tax year. Read the instructions for Part IV before completing this schedule.

	A 2006	B 2007	C 2008	D 2009	E 2010	F 2011	G 2012	H 2013
1. Enter the tax credit calculated for each tax year*								
2. Enter the amount used in tax year:								
a) 2006								
b) 2007								
c) 2008								
d) 2009								
e) 2010								
f) 2011								
g) 2012								
h) 2013								
3. Carryover amount - Line 1 minus Lines 2(a) through 2(h)								
4. Total tax credit carryover, total of line 3, columns A through H . . . . .								
* Exclude the amount of any tax credit carried over from a prior tax year.								

## Instructions for Form 318

### FILM PRODUCTION TAX CREDIT

**PURPOSE OF THIS FORM** - This schedule must be completed by any taxpayer claiming a Film Production Tax Credit and/or credit carry forward as provided for in P.L. 2005, c.345. In general, the credit is allowed in an amount equal to 20% of the qualified film production expenses paid by the taxpayer during the privilege period, provided that at least 60% of the total production expenses (other than post-production) were for services performed or goods used in New Jersey, and provided that the principal photography began within 150 days after the credit application was approved. The credit may be claimed for qualified film expenses incurred on or after January 12, 2006 and may be claimed on returns for privilege periods beginning on and after July 1, 2005, and expires with privilege periods beginning after July 1, 2015.

**NOTE:** Only complete the applicable lines from Parts II, III and IV where the full amount of the film production tax credit claimed on the current return is the result of a sheltered workshop tax credit carried forward from a previous tax year.

#### DEFINITIONS:

**Film** - means a feature film, a television series or a television show of 15 minutes or more in length, intended for a national audience. "Film" shall not include a production featuring news, current events, weather and market reports or public programming, talk show, game show, sports event, award show or other gala event, a production that solicits funds, a production containing obscene material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a production primarily for private, industrial, corporate or institutional purposes.

**Qualified Film Production Expenses** - means an expense incurred in New Jersey for the production of a film including post-production costs incurred in New Jersey. Qualified expenses include but are not limited to wages and salaries of individuals employed in the production of a film on which the New Jersey Gross Income Tax has been paid or is due; the costs of construction, operations, editing, photography, sound synchronization, lighting, wardrobe and accessories and the cost of rental of facilities and equipment. Qualified expenses do not include expenses incurred in marketing or advertising a film.

**Total Production Expenses** - means costs for services performed and tangible personal property used or consumed in the production of a film.

**Post-production Costs** - means the cost of the phase of production that follows principal photography, in which raw footage is cut and assembled into a finished film with sound synchronization and visual effects.

#### PART I - QUALIFICATIONS

The answer to all questions must be "YES". If the answer to any of the questions is "NO", the taxpayer is not entitled to the film production tax credit.

#### PART II - CALCULATION OF THE FILM PRODUCTION TAX CREDIT

Follow the instructions on lines 5 through 8 to calculate the total film production tax credit.

#### PART III - CALCULATION OF THE ALLOWABLE CREDIT AMOUNT

a) The allowable film production tax credit is calculated in Part III. The amount of this credit in addition to the amount of any other tax credits is limited to 50% of the taxpayer's total tax liability and cannot exceed an amount which would reduce the total tax liability below the statutory minimum.

b) The minimum tax is assessed based on the New Jersey Gross Receipts as follows:

New Jersey Gross Receipts	Minimum Tax
Less than \$100,000	\$500
\$100,000 or more but less than \$250,000	\$750
\$250,000 or more but less than \$500,000	\$1,000
\$500,000 or more but less than \$1,000,000	\$1,500
\$1,000,000 or more	\$2,000

provided however that for a taxpayer that is a member of an affiliated or controlled group which has a total payroll of \$5,000,000 or more for the return period, the minimum tax shall be \$2,000. Tax periods of less than 12 months are subject to the higher minimum tax if the prorated total payroll exceeds \$416,667 per month.

c) Line 14 - List the name and the related amount of any other tax credits claimed for the period covered by the return. Credits must be taken in the following priority: 1) HMO Assistance Fund Tax Credit, 2) New Jobs Investment Tax Credit, 3) Urban Enterprise Zone Tax Credit, 4) Redevelopment Authority Project Tax Credit, 5) Recycling Equipment Tax Credit, 6) Manufacturing Equipment and Employment Investment Tax Credit, 7) Research and Development Tax Credit, 8) Smart Moves for Business Program Tax Credit, 9) Small New Jersey-Based High-Technology Business Investment Tax Credit, 10) Neighborhood Revitalization State Tax Credit, 11) Effluent Equipment Tax Credit, 12) Economic Recovery Tax Credit, 13) Remediation Tax Credit, 14) AMA Tax Credit, 15) Business Retention and Relocation Tax Credit, and 16) Sheltered Workshop Tax Credit. Refer to Regulation N.J.A.C. 18:7-3.17.

#### PART IV - FILM PRODUCTION TAX CREDIT CARRYOVER

The amount of the tax credit that cannot be applied to the current tax period due to the applicable limitations can be carried over to the seven privilege periods following the privilege period for which the credit was allowed. Complete Part IV to validate the tax credit carryover amount.