

1 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE
Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***

*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION
CHAPTER 7. CORPORATION BUSINESS TAX ACT

N.J.A.C. 18:7 (2008)

Title 18, Chapter 7 -- Chapter Notes

CHAPTER AUTHORITY: *N.J.S.A. 54:10A-27*.

CHAPTER SOURCE AND EFFECTIVE DATE:

R.2004 d.367, effective September 1, 2004.

See: *36 N.J.R. 1680(a)*, *36 N.J.R. 4484(a)*.

CHAPTER EXPIRATION DATE:

Chapter 7, Corporation Business Tax Act, expires on September 1, 2009.

CHAPTER HISTORICAL NOTE:

Chapter 7, Corporation Business Tax Act, was filed and became effective prior to September 1, 1969.

Subchapter 9, Assets Allocation Factor, was repealed by R.1979 d.45, effective February 6, 1979. See: *11 N.J.R. 40(d)*, *11 N.J.R. 150(b)*.

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1984 d.95, effective March 19, 1984. See: *16 N.J.R. 229(a)*, *16 N.J.R. 746(c)*.

Subchapter 15, Urban Enterprise Zones Act, was adopted as R.1984 d.496, effective November 5, 1984. See: *16 N.J.R. 1325(a)*, *16 N.J.R. 3057(a)*.

Subchapter 16, International Banking Facilities, was adopted as R.1984 d.453, effective October 15, 1984. See: *16 N.J.R. 1327(a)*, *16 N.J.R. 2827(a)*.

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1989 d.196, effective March 14, 1989. See: 21 N.J.R. 14(a), 21 N.J.R. 1019(b).

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1994 d.186, effective March 14, 1994, and Subchapter 6, Valuation, was repealed by R.1994 d.186, effective April 18, 1994. See: 26 N.J.R. 761(a), 26 N.J.R. 1696(b).

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1999 d.116, effective March 12, 1999. See: 31 N.J.R. 266(b), 31 N.J.R. 893(a).

Subchapter 17, Partnerships; Subchapter 18, Alternative Minimum Assessment; and Subchapter 19, Filing Fee Payments by Professional Corporations were adopted as special new rules by R.2003 d.135, effective February 27, 2003. Subchapters 17, 18, and 19 were adopted as R.2003 d.370, effective August 22, 2003. See: 35 N.J.R. 1573(a), 35 N.J.R. 4310(a).

Chapter 7, Corporation Business Tax Act, was readopted as R.2004 d.367, effective September 1, 2004. See: Source and Effective Date. See, also, section annotations.

Subchapter 3B, Film Tax Credits, was adopted as new rules and Subchapter 15, Urban Enterprise Zones Act, was recodified as Subchapter 3A by R.2007 d.203, effective July 2, 2007. See: 39 N.J.R. 848(a), 39 N.J.R. 2540(b).

2 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE

Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***

*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION CHAPTER 7. CORPORATION BUSINESS TAX ACT SUBCHAPTER 3B. FILM TAX CREDITS

N.J.A.C. 18:7-3B.1 (2008)

§ 18:7-3B.1 Applicability and scope

The rules in this subchapter are promulgated by the New Jersey Division of Taxation in consultation with the New Jersey Motion Picture and Television Development Commission and the New Jersey Economic Development Authority to implement P.L. 2005, c. 345. That act establishes a corporation business tax and gross income tax benefit and certificate transfer program not in excess of \$ 10,000,000 per year, for fiscal years 2006 through 2015 for up to 20 percent of certain film production expenses.

NOTES:

Chapter Notes

3 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE

Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***

*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION
CHAPTER 7. CORPORATION BUSINESS TAX ACT
SUBCHAPTER 3B. FILM TAX CREDITS

N.J.A.C. 18:7-3B.2 (2008)

§ 18:7-3B.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Authority" means the New Jersey Economic Development Authority.

"Buying business" means a taxpayer with the financial ability to purchase unused tax credits.

"Certificate" means the certificate issued by the Division of Taxation certifying to the selling business amounts of film tax credit being sold. The certificate shall state that the transferor waives its right to claim the credit shown on the certificate. The certificate shall show the program year to which it is applicable and the vintage year in which the expenses were paid. Certificates may be issued annually.

"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 fea-

turing 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.A. 2C:34-2* and 3, or a production primarily for private, industrial, corporate or institutional purposes.

"Film Commission" means the New Jersey Motion Picture and Television Commission.

"Loan out company" means a personal service corporation that employs an actor or actress, hired by a production company. The loan out company is owned or controlled by the actress or actor being hired. Such production company expenditures paid to a loan out company may appear to be a different type of production expenditure, but some or all of the expenditure may actually constitute a payment for the employment of the actor or actress.

"Post-production costs" means the costs 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. Such costs include, but are not limited to, insurance, publicity, product placement, general expenses, insurance claims, and completion costs contingency.

"Principal photography" means the filming of major and significant portions of a qualified film that involves the lead actors or actresses.

"Privilege period" means the calendar or fiscal accounting period for which a tax is payable under the Corporation Business Tax Act. See *N.J.S.A. 54:10A-4(j)*.

"Production phases for an animated film" means generally that time after the preproduction phase when models are drawn on paper and then created in the computer, and the actual production phase begins when the models are finished and the staff begins to choreograph, animate, and render the animations. However, much of the post-production work may be done simultaneously with the work done in the production phase because the two are so interlinked.

"Program" means the Film Production Expenses Tax Certificate Transfer Program.

"Program year" means the fiscal year of the State during which the program is in operation. For example, July 1, 2005 through June 30, 2006 is Program year 2006; July 1, 2006 through June 30, 2007 is Program year 2007.

"Qualified film production expenses" means expenses incurred in New Jersey for the production of a film, including post-production costs incurred in New Jersey. Such expenses shall include, but shall not be limited to:

1. Wages and salaries of individuals employed in the production of a film on which the tax imposed by the New Jersey Gross Income Tax Act, *N.J.S.A. 54A:1-1* et seq., has been paid or is due;

2. The costs of construction, operations, editing, photography, sound synchronization, lighting, wardrobe and accessories and the cost of rental of facilities and equipment;

3. Payments made for the story and other rights, writing, producer and staff, director and staff, talent, and fringe benefits, provided that the seller of the property or service is subject to income or franchise taxation in New Jersey; and/or

4. Payments made to a loan out company, authorized to do business in New Jersey, that are attributable to acting, writing, or directing but not payments made to a loan out company that are attributable to marketing or advertising. In-State loan out companies do qualify, as long as the star is on call within the State. If the star spends any part of the day in-State, that constitutes a day. A business telephone call made from outside the State does not qualify, unless the star also is physically present in the State.

Qualified film production expenses shall not include expenses incurred in marketing or advertising a film.

"Selling business" means a taxpayer that has unused tax credits, which it wishes to sell.

"Taxable year" means the calendar or fiscal accounting period for which a tax is payable under the Gross Income Tax Act. See *N.J.S.A. 54A:1-2(k)*.

"Taxation" means the New Jersey Division of Taxation.

"Tax credit vintage year" means the applicant's last taxable year or privilege period in which the expenses were incurred. Seller's and Buyer's vintage years are not equated.

"Total production expenses" means costs for services performed and tangible personal property used or consumed in the production of a film.

NOTES:

Chapter Notes

4 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE
Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***

*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION
CHAPTER 7. CORPORATION BUSINESS TAX ACT
SUBCHAPTER 3B. FILM TAX CREDITS

N.J.A.C. 18:7-3B.3 (2008)

β 18:7-3B.3 Eligibility

(a) A taxpayer shall be eligible to apply to the program if the Authority finds that:

1. The taxpayer will incur qualified film production expenses during a privilege period, provided that at least 60 percent of the total production expenses, exclusive of post-production costs, will be incurred for services performed and goods used or consumed in New Jersey; and
2. Principal photography within 150 days after the approval of the application for the credit.

NOTES:

Chapter Notes

5 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE
Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***
*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION
CHAPTER 7. CORPORATION BUSINESS TAX ACT
SUBCHAPTER 3B. FILM TAX CREDITS

N.J.A.C. 18:7-3B.4 (2008)

β 18:7-3B.4 Application to the program

(a) Applications shall be submitted to the Authority and shall be considered for approval on a first in time basis.

(b) A completed application shall include, but not be limited to, the following:

1. A projected budget for the film project with a breakout of costs, including post-production costs;
2. A breakout of costs, including post-production costs, to be incurred for services performed and goods used or consumed in New Jersey;
3. A breakout of costs, including post-production costs, to be incurred in New Jersey;

4. If a film project will extend to more than one privilege period or taxable year, applications shall be submitted with the information required in (b)1, 2, and 3 above for each such privilege period or taxable year;

5. A description of the project, which must include:

- i. A plot summary;
- ii. The genre and subject matter;
- iii. The anticipated film rating, if applicable;
- iv. Principals;
- v. Actors; and
- vi. Filming locations;

6. The filming schedule;

7. The anticipated or actual date of commencement of principal photography;

8. If the applicant is a partnership or limited liability company, a list of members or owners applying for a tax credit under this program, including the percentage of ownership interest of each; and

9. The applicant's New Jersey privilege period or taxable year.

(c) The overestimation of qualified production expenses will decrease the credit by the amount of the overestimation.

NOTES:

Chapter Notes

6 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE

Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***

*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION
CHAPTER 7. CORPORATION BUSINESS TAX ACT
SUBCHAPTER 3B. FILM TAX CREDITS

N.J.A.C. 18:7-3B.5 (2008)

§ 18:7-3B.5 Award of tax credits

(a) Film production tax credits shall be awarded subsequent to the occurrence of each and all of the following:

1. Receipt by the Authority of written confirmation from the Film Commission that principal photography commenced within 150 days of approval;

2. Receipt by the Authority of actual budgets and proof of qualified film production expenses, including a listing of the name of the company or person paid, his, her or its Federal identification number and a certified public accountant's certification that expenses claimed by the applicant were incurred in New Jersey;

3. Verification by Taxation of partners or members of pass through entities such as partnerships or LLCs; and

4. Final approval of the credit by Taxation and the Board of the Authority, taking into account the applicant's full compliance with applicable tax laws and with the law and rules relating to the application process.

(b) Taxation shall issue tax credit certificates within 30 days of receipt from the Authority evidencing its final approval.

1. In the case of entities taxed as partnerships for New Jersey purposes, the certification shall be issued to the entity, and the names of the partners will appear on the certificate. The credit shall be allocated to the partners based on profit and loss sharing agreements. Each partner shall claim its proportionate share of its credit on its own tax return.

(c) Only the members of the Authority can deny an applicant's eligibility for the program established by P.L. 2005 c. 345. (Eligibility criteria for the Program are set forth in *N.J.A.C. 18:7-3B.2*.)

(d) When the members of the Authority deny a request, the minutes of the meeting at which such denial occurs are submitted to the Governor.

(e) The members' action is effective 10 working-days after the Governor's receipt of the minutes, provided no veto has been issued.

(f) An applicant may appeal the Board's action by submitting in writing to the Authority, within 20 days from the date of the Board's action, an explanation of how the applicant has met the program criteria. The Authority cannot consider any new information about the project developed after the June 30 submission deadline. Only that information that clarifies the application filed shall be reconsidered. In the event the company is reconsidered as eligible, its application shall be presented at the next available Board meeting.

(g) The amount of the credit applied under *N.J.S.A. 54:10A-5.39* against the corporation business tax for a privilege period, when taken together with any other credits allowed against that tax, shall not exceed 50 percent of the tax liability otherwise due and shall not

reduce the tax liability to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L. 1945, c. 162.

(h) The priority in which credits allowed pursuant to this section and any other credits shall be taken shall be determined by the Director of the Division of Taxation.

(i) The amount of the credit otherwise allowable under this section which cannot be applied for the privilege period due to the limitations of the section or under other provisions of the corporation business tax, may be carried over, if necessary, to the seven privilege periods following the privilege period for which the credit was allowed.

NOTES:

Chapter Notes

7 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE
Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***

*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION
CHAPTER 7. CORPORATION BUSINESS TAX ACT
SUBCHAPTER 3B. FILM TAX CREDITS

N.J.A.C. 18:7-3B.6 (2008)

§ 18:7-3B.6 Transfer of tax credits; evaluation process

(a) When all of the required information is received, the Authority shall perform its review based on the following minimum criteria:

1. The threshold criteria of eligibility shall be the applicant's expenses meeting the definition of qualified film production expenses and principal photography beginning within 150 days of approval.

2. If a taxpayer wishes to sell tax credits that it is entitled to claim, then within 60 days of the completion of the film, the taxpayer shall provide the Authority with:

- i. A certification of the actual expenditures incurred for the film;
- ii. A statement that the credit has not and will not be claimed on a tax return;

- iii. A signed request that a tax transfer certificate should be issued; and
- iv. An executed buy-sell agreement showing the party to whom the taxpayer has agreed to sell the credits, the value agreed to between them, and the name of the buyer of the credits.

(b) After completing its review under (a) above, the Authority shall make a preliminary determination of the merits of the request and the applicant's adherence to the statutory requirements of the program. Upon this determination being made, the applicant shall receive notification of preliminary approval that will state the conditions that must be met before the Authority will issue final approval, if any. The notification of preliminary approval shall state that the Authority will forward the application to Taxation only upon receipt of the following:

1. A Buying Business/Taxpayer Information Sheet, which identifies the buyer, the amount of tax benefits to be sold, and the selling price;
2. A Tax Benefit Identification Form on which the applicant has listed the amount of tax benefits it wishes to sell and the years in which film production expenses were incurred; and
3. An executed form of the standard selling agreement, with the Private Financial Assistance Form attached as an exhibit.

(c) Within 30 days of receipt of a completed transfer request, the Authority shall review the buy-sell agreement and other documentation supporting the transfer request. If the Authority approves the transfer request, then the Authority shall provide Taxation a copy of the signed agreement and a statement advising Taxation of the amounts of the expenditures that are creditable to specific fiscal years of the State of New Jersey. If the transfer certificate is being issued to a partnership, the names of all partners must be furnished to Taxation. The tax transfer certificate is issued in the name of the partnership or buying business. If the Authority finds that the documentation supporting the transfer request is incomplete, insufficient or unresponsive, it shall issue a letter to the requestor stating that the request has been denied.

(d) Taxation shall issue the new credit certificate in the name of the buying business and its partners, if it is taxed as a partnership.

(e) The amount of consideration from a buying business to a selling business for a tax credit certificate must be at least 75 percent of the value of the tax credit as determined by the Division of Taxation, and the consideration is deemed to be taxable business income for New Jersey gross income tax purposes and corporation business tax purposes.

NOTES:

Chapter Notes

8 of 8 DOCUMENTS

NEW JERSEY ADMINISTRATIVE CODE
Copyright (c) 2008 by the New Jersey Office of Administrative Law

*** THIS FILE INCLUDES ALL REGULATIONS ADOPTED AND PUBLISHED
THROUGH THE ***

*** NEW JERSEY REGISTER, VOL. 40, NO. 6, MARCH 17, 2008 ***

TITLE 18. DEPARTMENT OF TREASURY--TAXATION
CHAPTER 7. CORPORATION BUSINESS TAX ACT
SUBCHAPTER 3B. FILM TAX CREDITS

N.J.A.C. 18:7-3B.7 (2008)

§ 18:7-3B.7 Examples of prioritization of credits among applicants

The following examples illustrate the method used to make credits available to applicants:

Example 1 On the first day that applications may be submitted, five companies submit applications totaling \$ 10 million, which are all accepted and approved.

Company A applies for a credit with \$ 2 million in eligible expenses.

Company B applies for a credit with \$ 2 million in eligible expenses.

Company C applies for a credit with \$ 2 million in eligible expenses.

Company D applies for a credit with \$ 2 million in eligible expenses.

Company E applies for a credit with \$ 2 million in eligible expenses.

Each company begins principal photography within 150 days of acceptance, and when reviewed each company's actual budgets and documentation pass the 60 percent test.

Since the total applications received and approved do not exceed the \$ 10 million cap per State fiscal period, each applicant is awarded tax credits of \$ 2 million.

Example 2 On the first day that applications may be submitted for fiscal year (FY) 2007, three companies submit applications totaling \$ 8 million, which are all accepted and approved. No other applications are received during the remainder of the State's FY 2007 period.

Company A applies for a credit with \$ 2 million in eligible expenses.

Company B applies for a credit with \$ 3 million in eligible expenses.

Company C applies for a credit with \$ 3 million in eligible expenses.

Each company begins principal photography within 150 days of acceptance and when reviewed each company's actual budgets and documentation pass the 60 percent test.

Company C's actual eligible expenses for the period are \$ 4 million.

Since the total applications received and approved do not exceed the \$ 10 million cap for FY 2007, each applicant is awarded tax credits as requested of \$ 2 million for Company A, \$ 3 million for Company B, and \$ 3 million for Company C. Even though credit funds are still available, Company C is only entitled to claim a credit up to the amount projected and tentatively approved on its original application of \$ 3 million.

Since no prior FY-period-approved applications are pending, the remainder of the \$ 10 million for FY 2007 of \$ 2 million is not available to be used.

Example 3 On the first day that applications may be submitted for FY 2007, three companies submit applications for total credits of \$ 6 million. They are all accepted and approved.

Company F applies for a credit with \$ 2 million in eligible expenses.

Company G applies for a credit with \$ 2 million in eligible expenses.

Company H applies for a credit with \$ 2 million in eligible expenses.

Company J applies for a credit with \$ 7 million in eligible expenses on day two.

Since the total credit applications received and approved on day one do not exceed the \$ 10 million per FY cap of \$ 10 million, Companies F, G, and H are each given a tentative approval for a credit of up to \$ 2 million.

Company J is given a tentative approval of up to \$ 4 million for the FY 2007, the balance of the \$ 10 million cap, and a tentative approval of up to \$ 3 million for the FY 2008 period.

All companies begin principal photography within 150 days of acceptance.

Companies F and G's actual expenditures meet the 60 percent test and eligible expenditures meet the \$ 2 million limit. As such companies F and G can each claim a \$ 2 million film tax credit in their corresponding tax period.

Company H meets the 60 percent test but its eligible expenses are only \$ 1.5 million. As such Company H can only claim a credit of \$ 1.5 million in its corresponding tax period.

The State will notify Company J that an additional \$ 500,000 in tax credits from the FY 2007 period is available for it to use.

Company J meets the 60 percent test and its qualified expenses are at least \$ 7 million.

Company J can claim its FY 2007 credit of \$ 4.5 million in its corresponding tax period and the balance of its tax credit of \$ 2.5 million in its tax period that corresponds with the State's FY 2008 period.

Example 4 On the first day that applications may be submitted for FY 2007, five companies submit applications for total credits of \$ 20 million, which are all accepted and approved.

Company A applies for a credit with \$ 2 million in eligible expenses.

Company B applies for a credit with \$ 6 million in eligible expenses.

Company C applies for a credit with \$ 4 million in eligible expenses.

Company D applies for a credit with \$ 3 million in eligible expenses.

Company E applies for a credit with \$ 5 million in eligible expenses.

All of the companies begin principal photography within 150 days of acceptance, and their eligible expenses meet or exceed that projected in their applications.

Each applicant will receive tentative approval for the FY 2007 on a prorated amount based on the total credits tentatively approved multiplied by the total amount of credits available for the FY of \$ 10 million.

Company A for FY 2007 will receive a tentative credit approval of \$ 1 million.

$\$ 2 \text{ million} / \$ 20 \text{ million} \times \$ 10 \text{ million} = \$ 1 \text{ million}$

The balance of \$ 1 million is carried forward to FY 2008.

Company B for FY 2007 will receive a tentative credit approval of \$ 3 million.

$\$ 6 \text{ million} / \$ 20 \text{ million} \times \$ 10 \text{ million} = \$ 3 \text{ million}$

The balance of \$ 3 million is carried forward to FY 2008.

Company C for FY 2007 will receive a tentative credit approval of \$ 2 million.

$\$ 4 \text{ million} / \$ 20 \text{ million} \times \$ 10 \text{ million} = \$ 2 \text{ million}$

The balance of \$ 2 million will be carried forward to FY 2008.

Company D for FY 2007 will receive a tentative credit approval of \$ 1.5 million.

$\$ 3 \text{ million} / \$ 20 \text{ million} \times \$ 10 \text{ million} = \$ 1.5 \text{ million.}$

The balance of \$ 1.5 million will be carried forward to FY 2008.

Company E for FY 2007 will receive a tentative credit approval of \$ 2.5 million.

$\$ 5 \text{ million} / \$ 20 \text{ million} \times \$ 10 \text{ million} = \$ 2.5 \text{ million.}$

The balance of \$ 2.5 million will be carried forward to FY 2008.

The excess application amounts above the \$ 10 million cap for FY 2007 are carried forward to FY 2008. Companies A, B, C, D, and E remain in their same sequence in FY 2008 as they occupied in FY 2007. Each of these companies will receive the balance of their credits in FY 2008 totaling \$ 10 million. Any applications received in FY 2008 will be approved in the order received, but the tentative credits approved will not be available until FY 2009.

Example 5 A corporation that operates on a fiscal reporting period ending November 30 applies for a film credit of \$ 5 million and receives tentative approval from the Authority on April 1, 2007, for a FY 2007 credit of \$ 1.5 million and a FY 2008 credit of \$ 3.5 million. Filming begins May 1, 2007, and is completed on November 1, 2007. The project meets the 60 percent test and eligible expenses for the project exceed \$ 5 million.

The corporation on its New Jersey CBT-100 for tax year ending November 30, 2007 can claim a film credit of up to \$ 5 million, since its tax year bridges both FY 2007 and FY 2008.

Example 6 A corporation that operates on a fiscal reporting period ending April 30 applies for a film credit of \$ 5 million and receives tentative approval from the Authority on February 1, 2007 for a FY 2007 credit of \$ 1.5 million and a FY 2008 credit of \$ 3.5 million. Filming begins March 1, 2007, and is completed on November 1, 2007. The project meets the 60 percent test and eligible expenses for the project exceed \$ 5 million.

The corporation on its New Jersey CBT-100 for tax year ending April 30, 2007, can claim a film credit of up to \$ 1.5 million only since its tax period ends within FY 2007. On its CBT-100 for tax year ending April 30, 2008, it can claim any unused portion of the FY 2007 credit and the FY 2008 credit of \$ 3.5 million.

NOTES:

Chapter Notes