

**FORM 318  
2022**

**New Jersey Corporation Business Tax  
Film Production Tax Credit**

Name as Shown on Return	Federal ID Number	Unitary ID Number, if applicable <b>NU</b>
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**Read the instructions before completing this form**

**Note:** This credit has expired with privilege periods and tax years commencing after July 1, 2015, under the provisions of section 3 of P.L. 2005. A new film and digital media production credit was established under P.L. 2018, c. 56. Complete Form 327 to claim the new credit.

**Combined Return Filers**

The taxpayer is included as a taxable member on a New Jersey combined return. See instructions.  
Fill in oval if member is **not** sharing its credit with other members of the group.

**Part I Qualifications**

1. Were the qualified film production expenses incurred during a privilege period beginning after January 12, 2006, or were the qualified digital media content production expenses incurred during a privilege period beginning on or after January 11, 2008?.....  YES  NO
2. Were at least 60% of the total film production expenses, exclusive of post-production costs, or were at least \$2,000,000 of the digital media content production expenses 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? Leave blank if qualified expenses relate only to digital media content production.....  YES  NO
4. Is a copy of the approval for this tax credit included with the return?.....  YES  NO

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

**Part II Calculation of the Allowable Credit Amount and Carryover  
(Combined return filers DO NOT complete Part II. Continue with Part III.)**

5. Film Production Tax Credit carried forward from the prior year .....	5.	
6. Enter tax liability from page 1, line 2 of CBT-100, CBT-100S, or BFC-1 .....	6.	
7. Enter the required minimum tax liability (see instructions) .....	7.	
8. Subtract line 7 from line 6.....	8.	
9. Enter 50% of the tax liability reported on line 6 .....	9.	
10. Enter the lesser of line 8 or line 9.....	10.	
11. Other tax credits used by taxpayer on current year's return (see instructions):		
(a) _____		
(b) _____		
(c) _____		
(d) _____		
..... Total	11.	
12. Subtract line 11 from line 10. If zero or less, enter zero .....	12.	
13. Allowable credit for the current tax period. Enter the lesser of line 5 or line 12 here and on Part I, Schedule A-3 of the CBT-100, CBT-100S, or BFC-1 .....	13.	
14. Amount of credit carryover to following year's return (subtract line 13 from line 5) .....	14.	



## Instructions for Form 318 Film Production Tax Credit

### Purpose of this Form

A new film and digital media production credit was established under P.L. 2018, c. 56, and is claimed on Form 327. Form 318 must be completed by any taxpayer claiming an unused, unexpired Film Production Tax Credit and/or credit carryforward as provided for under the prior credit program, which expired for privilege periods or tax years after July 31, 2015, pursuant to prior N.J.S.A. 54:10A-5.39. In general, the previous 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. A credit is also allowed in an amount up to 20% of the qualified digital media content production expenses provided that at least \$2,000,000 of the expenses were for services performed or goods used in New Jersey. This credit may be claimed for qualified film production expenses incurred on or after January 12, 2006, and/or qualified digital media content production expenses incurred on or after January 11, 2008. P.L. 2010, c.20 suspended the film and digital media credit of N.J.S.A. 54:10A-5.39 for Fiscal Year 2011.

Parts II and III are used to calculate the allowable credit and carryover. Taxpayers filing Forms CBT-100, CBT-100S, or BFC-1 complete Part II and CBT-100U filers complete Part III.

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.

### 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, 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 Film 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.

**Qualified Digital Media Content Production Expenses** means an expense incurred in New Jersey for the production of digital media content. Qualified expenses include but are not limited to wages and salaries of individuals employed in the production of digital media content on which New Jersey Gross Income Tax has been paid or is due; the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, and editing; and the rental of facilities and equipment. Qualified expenses shall not include expenses incurred in marketing, promotion, or advertising digital media or other costs not directly related to the production of digital media content. Costs related to the acquisition or licensing of digital media content by the taxpayer for distribution or incorporation into the taxpayer's digital media content shall not be qualified digital media content production expenses.

**Total Digital Media Content Production Expenses** means costs for services performed and property used or consumed in the production of digital media content.

### Combined Return Filers

If filing a combined return, this form must be completed by the member that earned (purchased) the credit. All combined return filers must check the combined return filers box at the top of the form and complete Part III, Section A.

**Members Opting Not to Share.** In general, tax credits are earned by a member of the combined group and are shareable with the combined group. However, members are not required to share their credits. See N.J.S.A. 54:10A-4.6.i and TB-90(R), *Tax Credits and Combined Returns*. In addition to Section A, members that choose not to share must also complete Part III, Section B and fill in the oval at the top of the form to indicate they are not sharing the credit.



Taxpayers must include the appropriate credit form in the year the credit was earned even if they are not claiming the credit on their tax return.

### 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 Allowable Credit Amount and Carryover (for CBT-100, CBT-100S, and BFC-1 Filers only)

For CBT-100, CBT-100S, and BFC-1 filers, the allowable Film Production Tax Credit for the current tax period is calculated in Part II. Combined return filers do not complete Part II, and must complete Part III instead. 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 that would reduce the total tax liability below the statutory minimum.

**Line 7** – The minimum tax is assessed based on the New Jersey Gross Receipts as follows:

New Jersey Gross Receipts	CBT-100/BFC-1	CBT-100S
Less than \$100,000	\$500	\$375
\$100,000 or more but less than \$250,000	\$750	\$562
\$250,000 or more but less than \$500,000	\$1,000	\$750
\$500,000 or more but less than \$1,000,000	\$1,500	\$1,125
\$1,000,000 or more	\$2,000	\$1,500

If a taxpayer is filing a separate return and is a member of an affiliated or controlled group that has a total payroll of \$5,000,000 or more for the return period, the minimum tax is \$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.

**Line 11** – Taxpayers claiming multiple credits must list any credits already applied to the tax liability to ensure accuracy of the calculation for maximum credit allowable.

## Part III – Calculation of the Allowable Credit Amount and Carryover for Combined Return Filers

For CBT-100U filers, the allowable Film Production Tax Credit for the current year is calculated in Part III. All combined return filers must complete Section A. Members that choose not to share their credit must also complete Section B.

### Section A – To be completed by ALL combined return filers

This section calculates the amount of credit allowable for the group. If a member chooses not to share their credit with the group, Section A must still be completed to ensure the credit allowed for the member does not exceed the amount that would otherwise be allowed against the group tax liability.

The amount of the credit calculated in this section cannot exceed 50% of the group tax liability otherwise due and cannot reduce the tax liability to an amount less than the aggregate statutory minimum tax of the group members.

**Line 17** – Multiply the number of taxable group members by \$2,000 and enter the result.

**Line 21** – Combined groups claiming multiple credits must list any credits already applied to the group tax liability to ensure accuracy of the calculation for maximum credit allowable.

### Section B

This section is used to calculate the amount of credit allowable for members that choose not to share their credit with the group. Section B is completed based on the member's share of the group tax liability. The amount of the credit calculated in this section cannot exceed 50% of the member's tax liability otherwise due and cannot reduce the tax liability to an amount less than \$2,000. The amount of the credit is also limited to the amount that would otherwise be allowed against the group tax liability if the member had been sharing the credit.

**Line 30** – Members claiming multiple credits must list any credits already applied to the member's tax liability to ensure accuracy of the calculation for maximum credit allowable.