Film Incentives

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Special Project Deductions & Tax Incentives

These apply specifically to the costs of producing a film, TV show, or other qualifying project.

1. **Section 181 Deduction (Crucial Federal Incentive)** This is the primary federal tax incentive for film and television. It allows you to **deduct up to $15 million of a production's costs in the year they are incurred**, instead of capitalizing them over many years

. There is an important deadline: this provision applies to productions **that begin filming by December 31, 2025**, and may expire after that unless Congress extends it

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- **Qualified Costs**: Include wages for actors and crew, payments for property rights, and costs like completion bond premiums
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- **Key Requirement**: At least 75% of the total compensation (excluding residuals) must be for services performed in the United States

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- **Bonus Depreciation** For costs exceeding the Section 181 limit, you can use bonus depreciation. The applicable percentage is **40% for productions placed in service in 2025**

. The remaining costs are then depreciated using other methods- .

- **State Film Incentives** Most states offer additional tax credits, rebates, or grants. These are separate from federal deductions and can significantly reduce your final tax bill or even result in a cash refund

. For example, California offers a base credit of 35% on qualified expenditures, while Georgia offers a 20% base credit.

State Film Incentives

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State	Incentive Type	Credit/Benefit Details	Annual Cap / Limits	Key Notes
2.PUBLIC/0.locScore/States/Georgia	Transferable Tax Credit	20% base + 10% bonus for Georgia logo usage; applies to production & post-production costs	No annual cap	No salary caps; credits can be sold; includes resident & non-resident payroll
2.PUBLIC/0.locScore/States/California	Film & TV Tax Credit Program 4.0	Up to 30% credit; cap increasing from $330M to $750M starting July 2025	$750 million (proposed)	Large program with tiered credits; significant changes coming mid-2025
2.PUBLIC/0.locScore/States/New York	Film & TV Tax Credit	25% base + bonuses; new 10% credit for long-term studio partners; independent film credit at 30%	$800 million annually	Tiered payout removed; extended through 2036; ATL cap removed
Louisiana	Film Tax Credit	25% credit on qualified expenditures	$125 million (reduced from $150M in July 2025)	Annual cap reduced due to budget constraints
New Mexico	Refundable Tax Credit	25% base + up to 15% bonuses (TV series, facilities, rural areas, non-resident crew)	$130 million (FY24), rising to $160M by FY28	Credits can reach up to 40%; Film Partner status grants unlimited funds
New Jersey	Transferable Tax Credit	30%–35% transferable tax credit + bonuses for qualified productions	$300 million general, +$250 million for studios	Strong program with bonuses for studio partners

Montana	Film Tax Credit (proposed)	Significant increase in annual cap from $12M to $350M	$350 million (proposed)	Aims to boost film industry growth
Nevada	Film Tax Credit (proposed)	Up to $80 million in infrastructure credits; non-infrastructure credits raised from $10M to $25M	$80 million infrastructure, $25 million others	Includes diversity hiring mandates
Massachusetts	Payroll & Production Credit	25% payroll credit + 25% production credit + sales tax exemption	No annual or project cap	Requires 75% of expenses or principal photography in state
Alabama	Film Tax Credit	Credit on first $20 million of qualifying expenditures	$20 million cap	Minimum $500,000 spend required
Arizona	Refundable Tax Credit	Base credit + 2.5% bump for Arizona resident labor + 2.5% for use of qualified production facility	Not specified	Requires primary shooting and hiring in Arizona
Arkansas	Transferable Tax Credit	Credit on development, pre-production, production, post-production costs; excludes commercials, talk shows	Not specified	Eligible for animation, documentaries, feature films, scripted TV
Minnesota	Refundable Tax Credit	Increased cap from $5 million to $25 million; extended 8 years	$25 million	
Texas	Filming Grant	Increased from $45 million to $200 million	$200 million	
Colorado	Refundable Tax Credit	Changed from cash rebate to refundable tax credit starting 2024	Not specified	
Missouri	Film Tax Credit	20% base credit + up to 40% with boosts	Not specified	Program reinstated recently
Mississippi	Cash Rebate	35% cash rebate on payroll paid to resident cast and crew	Not specified	Payroll must be subject to Mississippi income tax

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