Film Taxes

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> **Current-law note, checked 19 August 2026:** The summary below predates major federal changes and is not a safe basis for a current production or investor offering. See Ohio Film Tax Planning, Film Investor Tax Limits, and Film Gear and Asset Tax Records for current, source-linked guidance. Do not promise that a passive investor can deduct a film loss against wages, and confirm any Section 181 or bonus-depreciation treatment with a CPA before filing.

For a film production business, you can write off two main categories of expenses: ongoing business costs deducted annually and project-specific production costs, often benefiting from special tax incentives. Here is a summary of the most common write-offs:

Common Annual Business Deductions

These are typical expenses for running your business, which you can usually deduct in the year they're paid.

Expense Category	Examples
Equipment & Supplies	Cameras, lenses, lighting, sound gear, computers, software subscriptions, memory cards, gaffer tape.
Operational Costs	Home office/studio space, utilities, website hosting, cloud storage, business insurance.
Professional Services	Fees for CPAs, lawyers, agents, and business incorporation.
Marketing & Promotion	Website design, business cards, demo reels, festival submission fees.
Travel & Research	Flights, hotels, and car rentals for location shoots; movie tickets and streaming services for research (requires clear business justification).
Meals & Entertainment	Business meals with clients or crew (typically 50% deductible), wrap parties.

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.
   - **Qualified Costs**: Include wages for actors and crew, payments for property rights, and costs like completion bond premiums.
   - **Key Requirement**: At least 75% of the total compensation (excluding residuals) must be for services performed in the United States.
2. **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.
3. **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.

(!) Important Considerations & Next Steps

- **"Ordinary and Necessary" Rule**: All deductions must be ordinary and necessary for your business. **Immaculate record-keeping is essential**.
- **Consult a Professional**: Tax laws, especially incentives like Section 181, are complex and subject to change. It is highly recommended to **work with a Certified Public Accountant (CPA) or tax attorney** who specializes in the entertainment industry.

- **Don't Miss Deadlines**: The Section 181 election must be made by the due date (with extensions) of the tax return for the year you first incur production costs.

To ensure you maximize your write-offs correctly and comply with all regulations, your next step should be to find a qualified entertainment industry CPA or tax advisor.

I hope this information provides a strong foundation. If you are considering a production in a specific state and want to know more about its local incentives, feel free to ask.