

## Frequently Asked Questions

### Minnesota Film Production Tax Credit Program

#### **What is the definition of a "film"?**

Film is defined by Minn. Stat. 116U.26 (b)(2). Film means a feature film, television or Internet pilot, program, series, documentary, music video, or television commercial, whether on film, video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under U.S. Code Title 18 Sec. 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

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#### **What is the definition of "above the line" for film production?**

Above the line (ATL) in film production refers to the costs of making a movie associated with the major creative talent. The people in these positions make major decisions about the look and feel of the project. Above the line personnel typically includes the director, principal actors, writers, and producers.

Applicants will provide line-item detail for all above the line positions when completing the project's Budget Overview section of the application. The program administrator may limit the number of individuals listed as ATL on a case-by-case basis.

Published October 4, 2022

Rev. January 1, 2025

#### **Does my production company need to be organized or incorporated in Minnesota?**

No. However, the business must be registered and in good standing to conduct business in Minnesota. Information on how to register your business is published by the [Minnesota Secretary of State](#).

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#### **Do loan outs need to register?**

Yes. Loan outs must be registered to conduct business in Minnesota. Information on how to register is published by the [Minnesota Secretary of State](#).

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#### **Are non-resident expenses eligible for the tax credit?**

Above the line compensation paid to all non-resident principal acting talent is eligible. Eligible expense is capped at the first \$1M in wages for each individual in those roles provided that required Minnesota withholding taxes are remitted. Above the line compensation paid to one non-resident producer and one non-resident director (one per episode if episodic production) is capped at \$500,000 in wages for each individual in those roles provided that required Minnesota withholding taxes are remitted. Individuals holding more than one position only qualify once. Below the line compensation paid to non-residents of Minnesota employed in the production of

a film are eligible for a 20% incentive provided that required Minnesota withholding taxes are remitted.

Revised January 1, 2025

**When the forms and procedures refer to days, are these calendar days or business days?**  
Calendar days.

**My project has been issued a Credit Allocation Certificate, but the project has been delayed. Can this project be granted an extension?**

Projects that are delayed must notify the Incentives Specialist and may request one 30-day extension by written request at <mailto:mnfilmtaxcredit.tour@state.mn.us>.

Failure to begin the project on time or request an extension may result in revocation of the Credit Allocation Certificate. Credit Allocation Certificates that have been revoked are returned to the available credit pool. An applicant that had their Credit Allocation Certificate revoked may reapply; this application will be evaluated as a new application without priority.

Revised February 2, 2024

**Will Minnesota purchase or facilitate the purchase of a Tax Credit Certificate?**

No, it is the responsibility of the credit recipient to utilize or assign (transfer) the tax credit.

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**I received a Film Production Tax Credit Certificate. How do I claim the credit?**

The recipient of a Tax Credit Certificate claims the credit upon filing a Minnesota income tax return for the year the eligible expenses were incurred. The recipient of a Tax Credit Certificate may, in the alternative, assign (transfer) the certificate to another taxpayer before any amount of the credit is claimed. An assignment is not valid unless the assignee files an assignment within 30 days of the date the assignment is made. A confirmation letter will be issued after the administering agency has processed the assignment.

- C Corporations report the credit on Form M4, *Corporation Franchise Tax Return*
- S Corporations report the credit on Form M8, *S Corporation Return*, or distribute the credit to their shareholders on Schedule KS.
- Partnerships report the credit on Form M3, *Partnership return*, or distribute the credit to their partners on Schedules KPI or KPC.
- Fiduciaries report the credit on Form M2, *Income Tax Return for Estates and Trusts*, or distribute the credit to their beneficiaries on Schedule KF.
- Individuals report the credit on Schedule M1C, *Other Nonrefundable Credits*
- Insurance companies report the credit on Form M11 – *Insurance Premium Tax Return for Property and Casualty Companies*, M11L – *Insurance Premium Tax Return for Life and Health Companies*, or M11T – *Insurance Premium Tax Return and Firetown Report for Township Mutual Companies*.
- HMO (Health Maintenance Organizations) report the credit on Form M11H - *Insurance Premium Tax Return for HMO's*.

The Minnesota Department of Revenue oversees the assignment and claiming of credits. For questions on claiming the credit, visit [Film Production Credit](#) at the Department of Revenue or email [businessincome.tax@state.mn.us](mailto:businessincome.tax@state.mn.us).

Revised October 28, 2022

**With whom should I inquire about the status of my tax credit certificate?**

After a tax credit certificate is issued, we notify the recipient by email. If you are unable to access your tax credit certificate, contact [jill.johansen@state.mn.us](mailto:jill.johansen@state.mn.us).

Revised February 2, 2024

**With whom should I inquire about the status of my state tax return?**

Only the Minnesota Department of Revenue can provide this information. Please visit the [web page](#) for information on how to assign (transfer) the credit, file your tax return, or check the status of a filed tax return.

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**A Minnesota based employee who is a Minnesota resident will be traveling outside of the state to work on a production. Are their wages and travel expenses considered Minnesota qualified spend?**

Wages for the Minnesota resident on the day they are in travel status is considered a Minnesota qualified expense. Wages for work performed on subsequent days outside of Minnesota is a non-qualified expense.

Intrastate transportation and parking costs including travel by airplane, taxicab, train, bus, mileage reimbursements, leased vehicles, and fuel used and consumed in leased vehicles is a qualified expense.

All interstate travel is a non-qualified expense.

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**What are the display requirements for the static or animated logo?**

Approved projects are required to promote Minnesota by visibly displaying a static or animated logo approved by Explore Minnesota Film in the end credits for the life of the project. Approved logos are published on the program page under the More Information tab in the Approved Project Logos section.

The approved logo must be prominently displayed and can share the viewable image with other images or text. Superimposing the approved logo is acceptable only with the program administrator's prior written approval. To obtain approval, send a high-resolution visual mock-up that includes five seconds before and after the displayed image.

Television commercials are exempt from logo requirements.

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**How do I find an auditor to produce an independent audit report for my completed project?**

Certified public accountants (CPA) licensed in Minnesota are encouraged to list their services in the Minnesota Production Resources Guide.

The [Minnesota Board of Accountancy](#) has an online tool that can be used to validate that the CPA firm or individual licensed as a CPA that you selected holds an active license.

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**Is the Minnesota Film Production Tax Credit transferable (assignable)?**

Yes. Film Production Tax Credits should be claimed for the tax year of issuance. The recipient of a Film Production Tax Credit Certificate may, in the alternative, assign the certificate to another taxpayer; this assignment must be made prior to claiming any of the credit.

A credit assignee may not assign the credit to another taxpayer. Minn. Stat. 116U.27 subd. 3 allows only the credit certificate recipient to assign the credit to another taxpayer, it does not allow an assignee to assign the credit.

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**I am an employee who has a labor issue/dispute over wages. Who do I contact for assistance?**

If there is an instance of non-payment, Explore Minnesota Film must be notified in a timely manner. Our authority in non-payment issues is limited to the verification of expenditures claimed by the program applicant. For issues concerning labor disputes, wage theft, and non-payment, please contact:

Minnesota Department of Labor Standards

Phone: 651.284.5075 or 800.342.5354

[dli.laborstandards@state.mn.us](mailto:dli.laborstandards@state.mn.us)