

ALERTS

Georgia Department Of Revenue Releases Proposed Regulations On Tax Credits

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On Dec. 10, 2015, the Georgia Department of Revenue released another set of revisions to its regulations governing filmed and interactive entertainment tax credits under OCGA §48-7-40.26 (the proposed regulations). The proposed regulations are the second for the year. They include the addition of a new definition for “accounting wrap date,” electronic filing of form IT-TRANS, and the addition of a new requirement to file an informational report with the Georgia Department of Revenue within 30 days after the “accounting wrap date.” The proposed regulations only affect tax credits claimed after Jan. 1, 2016. A hearing on the proposed regulations will occur Jan. 14, 2016. Any comments must be submitted by 10 a.m. on the date of the hearing.

In subparagraph (3)(a), the proposed regulations posit a new definition “accounting wrap date,” which is defined as “the date when the production accountant finishes the accounting work for the state certified production. The accounting work is finished by the production accountant when the production accountant determines the base investment or excess base investment in this state to turn over to the post production accountant.” This deadline seems subjective and arbitrary in light of practice in the industry. Many times, the amount of the base investment is not determined until the audit is completed, which would be later than the “accounting wrap date.”

In subparagraph (13)(d), the proposed regulations also require that after Jan. 1, 2016, all form IT-Trans be filed electronically through the [Georgia Tax Center](#). This applies to both filmed entertainment and interactive entertainment.

In paragraph (16), a new deadline is introduced for filmed entertainment. This subparagraph requires a production company to prepare a report through the Georgia Tax Center, which includes information about the base investment, film tax credit percentage and Department of Economic Development (DED) certification number, and a copy of the certification from DED.

The clear intent under the proposed regulations is to provide a mechanism to track the film tax credits. The electronic filing requirement does make sense and will likely aid in the process of tracking film tax credits. However, the time period of the “accounting wrap date” seems vague and subject to the debate.

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