



New Jersey Film and Digital Media Tax Credit Program

Frequently Asked Questions (FAQ)

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New Jersey Film Tax Credit Program

Frequently Asked Questions (FAQ)

The New Jersey Film Tax Credit Program provides a base tax credit of 35% of qualified film production expenses incurred after July 1, 2018 for the preproduction, production, and post-production of certain “films” in New Jersey. The film tax credit is reduced to 30% for qualified film production expenses incurred for services performed and tangible personal property purchased for use at a sound stage or other location that is located within the 30-mile radius of Columbus Circle. The base 35% would be applied to all qualified wages and salary expenses incurred statewide, including qualified payments to loan outs.

GENERAL PROGRAM

1. What is the difference between a total film production expense and a qualified film production expense? Why is this an important distinction?

As part of eligibility for tax credits under the NJ Film Tax Credit Program, a film must meet at least one of two expense eligibility thresholds:

- **Total Film Production Expenses:** A minimum of 60% of the film’s total production expenses (excluding post-production expenses) must be incurred after July 1, 2018 for services performed, and goods purchased, through vendors authorized to do business in New Jersey; or
- **Qualified Film Production Expenses:** The qualified film production expenses, in a single period for the applicant must exceed \$1,000,000 for services performed, and goods purchased, through vendors authorized to do business in New Jersey

Qualified Film Production Expenses is defined as: expenses incurred in New Jersey for the production of a film including pre-production costs and post-production costs incurred in New Jersey; and includes but not be limited to: the wages and salaries and other compensation of individuals employed in the production of a film on which the tax imposed pursuant to N.J.S.A. 54A:1-1 et seq., has been paid or is due, and any wages and salaries and other compensation of individuals employed in the production of a film that are not subject to tax pursuant to the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., due to the provisions of a reciprocity agreement with another state; and the costs for tangible personal property used and services performed, directly and exclusively in the production of a film, such as expenditures for film production facilities, props, makeup, wardrobe, film processing, camera, sound recording, set construction, lighting, shooting, editing, and meals.

However, qualified film production expenses do **not** include: *costs for intangible personal property incurred after February 26, 2024; expenses incurred in marketing or advertising a film; expenses for a story, script, or scenario to be used for a film, except that qualified film production expenses may include script costs, including the cost of script purchase, for a studio partner or film-lease production company; reality show, game show, and competition show prizes or awards; any costs included in an another program application submitted to the Authority; payment in excess of \$750,000 to a highly compensated individual for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines.*

Please note that total film production expenses and qualified film production expenses have different definitions, and total film production expenses are used only as a means of determining eligibility for the program for those that meet the minimum 60% threshold.

Once a film project is deemed eligible for tax credits, the amount of tax credits a project will receive is based entirely on a percentage of the film’s qualified film production expenses.

2. What defines a “film” for the purposes of this program?

“Film” or “film project” means a feature film, a television series, or a television show of 22 minutes or more in length, intended for a national audience, or a television series or a television show of 22 minutes or more in length intended for a national or regional audience, including, but not limited to:

1. A documentary feature film, documentary television series, or documentary television show{s};
2. A game show;
3. A talk show;
4. A competition or variety show filmed before a live audience; or
5. An award show or other gala event filmed and produced at a nonprofit arts and cultural venue receiving State funding.

“Film” shall not include a production featuring news, current events, weather, and market reports or public programming, or sports events, a production that solicits funds, a production containing obscene material, a production primarily for private, industrial, corporate, or institutional purposes, or include an award show or other gala event that is not filmed and produced at a nonprofit arts and cultural venue receiving State funding.

For completed applications submitted after June 30, 2025, “film” shall not include a reality show, except if except if the production company of the reality show has obtained a minimum **four-episode** order from, and is commissioned and scheduled to premiere on, a major linear network or streaming service.

3. What does “incurred in New Jersey” mean?

Incurred in New Jersey is a standard used to determine if an expense is a qualified film production expense under the NJ Film Tax Credit Program.

“Incurred in New Jersey” is defined as: service performed in New Jersey and tangible personal property used or consumed in New Jersey. A service is performed in New Jersey to the extent that the individual performing the service is physically located in New Jersey while performing the service. Notwithstanding where the property is delivered or acquired, rented tangible property is used or consumed in New Jersey to the extent that the property is located in New Jersey during its use or consumption and is rented from a vendor authorized to do business in New Jersey {or, at the Authority's discretion,} and the film production company provides to the Authority the vendor's information in a form and manner prescribed by the Authority. Purchased tangible property is not used and consumed in New Jersey unless it is purchased from a vendor authorized to do business in New Jersey and is delivered to or acquired in New Jersey; provided, however, that if a production is also located in another jurisdiction, the purchased tangible property is used and consumed in New Jersey, to the extent that the property is located in New Jersey during its use or consumption, if the acquisition and delivery of purchased tangible property is located in either New Jersey or another jurisdiction where the production takes place. Payment made to a homeowner for the use of a personal residence located in the State for filming shall be deemed an expense incurred in New Jersey, notwithstanding the fact that such homeowner is not a vendor authorized to do business in New Jersey, provided that the approved applicant has made the withholding required by N.J.S.A. 54:10A-5.39b.g and 54A:4-12b.h and N.J.A.C. 19:31T-1.3(c). To qualify the expense, productions are required to withhold 6.37% from all payments made to a homeowner for the use of their personal residence and remit that to the state.

****Important Note:** A New Jersey business or vendor must be fully authorized to do business in the state and hold a [Business Registration Certificate \(BRC\)](#) to qualify any non-payroll expense under the NJ Film Tax Credit Program. The best way to ensure a business is registered to do business in New Jersey is to obtain a copy of the BRC prior to incurring any expenses. These documents should be retained and will be needed during the CPA Certification process.

For an expense to be incurred in the State:

Rental Equipment: Must be rented from a vendor authorized to do business in New Jersey. If the equipment is initially acquired in another state, the expenses can be counted as incurred in New Jersey, on a prorated basis for its use in New Jersey.

Tangible Personal Property must be purchased from a vendor authorized to do business in New Jersey. The property must be purchased in New Jersey, or, if from an out-of-state vendor, shipped by the vendor to New Jersey. However, if the production is also shooting in another state, the expenses for personal property incurred in or delivered to that other state, can be counted in New Jersey, on a prorated basis, for its use in New Jersey.

Services must be performed by authorized vendors and be performed in New Jersey.

Travel (i.e. Airfare) must be purchased through an authorized New Jersey vendor and one leg of the trip must touch New Jersey.

Fees: Any fee incurred for the final CPA Certification review or fees associated with the tax credit application are not eligible expenses regardless of where the service is performed.

Payroll Handling Fees: the payroll company must be an authorized vendor with employees performing the payroll services within the State.

Intangible Property: Expenses incurred for Intangible property after February 26, 2024 are NOT QUALIFIED. These include rights fees, license fees, copyrights, etc...

4. What are the application, approval and issuance processes like? What is the timeline for approval and issuance?

The applicant will navigate to www.njeda.gov/film and fill out the online application found on the website. We recommend taking a look at the checklist and other supplemental documentation found under the blue 'Film Tax Credit' dropdown bar found on the website before filling out the online application. Applications are not considered submitted and added to the approval queue until all supplemental documentation is received and approved by member of the film tax credit team. Once complete, EDA will notify the applicant by email that the file has advanced and is in the approval queue.

After an application is submitted, the application advances to the underwriting stage where the application undergoes a budget review by a 3rd party and the applicant entity undergoes sister agency checks. Once the underwriting stage is complete, the approval fee invoice and the invoice for the 3rd party budget review are issued to the applicant. When these are paid, an approval letter is issued for execution by both NJEDA and the applicant. This typically takes 2-3 months from the point of a fully complete application submission. Projects seeking more than \$12m in tax credits must go to NJEDA Board for approval, which can add 1-2 months to the approval process.

From this point, the applicant must complete the film and finish incurring all production expenses before a 3rd party CPA can certify the production expenses according to the Agreed Upon Procedures for the program. The applicant would then submit the CPA's report along with other required closing documentation to our Tax Credit Relationship Management team for review.

Tax credit issuance typically takes around 5-6 months from a complete CPA Certification submission.

5. Can a pass-through entity apply for the credit?

A pass-through entity can apply for the credit but cannot use the tax credit directly on its tax return. The credit flows through to the business entity's members, partners, or shareholders. Examples of such pass-through entities are partnerships, LLCs (including a Single Member Limited Liability Company (SMLLC) or single member foreign Limited Liability Company (LLC) qualified to do business in New Jersey), S corporations, and sole proprietorships.

6. Do qualified production expenses include pre-production and post-production costs?

Yes, qualified film production expenses can include pre-production and post-production costs incurred in New Jersey after July 1, 2018. Projects that are filmed outside of New Jersey but whose post-production services are performed in New Jersey are eligible for the Digital Media Post-Production credit. See further below for more information.

7. What is a loan out company?

“Loan out company” means:

For applications submitted after July 10, 2024: a personal service corporation or other entity authorized to do business in New Jersey that is contracted with by the approved applicant to provide specified individual personnel, such as artists, crew, actors, producers, or directors for the performance of services used directly in a production. "Loan out company" shall not include entities contracted with by the approved applicant to provide goods or ancillary contractor services such as catering, construction, trailers, equipment, or transportation.

8. Are payments made to a loan out company or to an independent contractor considered qualified film production expenses?

Payments made to a loan out company or to an independent contractor shall not be a “qualified film production expense” unless the payments are made in connection with a trade, profession, or occupation carried on in New Jersey or for the rendition of personal services performed in New Jersey and the taxpayer has made the withholding required by N.J.A.C. 19:31-21.3(c).

Qualified film production expenses and qualified digital media content production expenses shall include any payments made by the taxpayer to a loan out company for services performed in New Jersey by individuals who are employees of the loan out company and whose wages and salaries are subject to withholding but not subject to tax under the “New Jersey Gross Income Tax Act” due to the provisions of a reciprocity agreement with another state.

All payments made to independent contractors and loan out companies providing services used directly in the production would require a **6.37%** withholding to be considered qualified.

Loan out companies must be authorized to do business in New Jersey.

9. Do payments to loan out companies qualify as an expense for wages and salary or as a vendor payment for services performed?

Payments made to loan outs whether through payroll or direct payments would be considered a wage and salary expense as long as the loan out is authorized to do business in the State, and the required withholdings are made. These payments are also subject to the \$750k ATL wage/salary cap.

10.If a production pays an independent contractor providing services, does that contractor need to be registered to do business in New Jersey?

If the payment is a payroll expense, the required withholding needs to be made. If the expenses are accounts payable vendor expenses, the vendor would need to be fully authorized to do business in New Jersey and provide a Business Registration Certificate.

For more information on how to classify an employee vs and independent contractor, please visit:

[Division of Employer Accounts | For employers: Independent contractors vs. employees](#)

11.How does a Vendor / Loan out register in New Jersey?

It is a two-step process.

STEP 1: Forming or Authorizing the entity → **STEP 2:** Registering for tax purposes (*Sole Proprietors would only do step 2, the NJ-REG form)

Link below to the Treasury business registration site:

<https://www.nj.gov/treasury/revenue/gettingregistered.shtml>

Once properly registered, the vendor or loan out would be able to obtain a Business Registration Certificate from the portal below: https://www1.state.nj.us/TYTR_BRC/jsp/BRCLLoginJsp.jsp

Productions are required to file an annual NJ-W3-FTC form to report all payments to loan outs and their employees. Please visit the following link for more information:

[NJ Division of Taxation - Garden State Film and Digital Media Jobs Act Credit FAQs](#)

12.Will the NJ sales and use tax exemption program continue with the film incentive?

New Jersey Productions applying for the Film Tax Credit may still be eligible for the Sales and Use Tax Exemption program.

13. Is there an annual cap per project?

There is no defined cap per project, however the annual allocation for film projects is \$100 million per State Fiscal Year (July – June). The annual allocation for digital media projects is \$30 million per State Fiscal Year.

For projects submitted by Studio Partners, the annual allocation is \$150 million per State Fiscal Year.

For projects submitted by Film-lease Production Companies, the annual allocation is \$150 million per State Fiscal Year.

14. Are tax credits earmarked on a first-come, first-served basis based on date of initial application?

Yes, assuming the project meets the eligibility requirements for the program, tax credits are available on a first-come, first-served basis, based on the date/time a fully completed application is received by the NJEDA.

If an incomplete application is received, the NJEDA will notify the applicant, who will be required to provide the additional information until the application is deemed to be complete.

Once an application is deemed complete, if the amount of available credits is oversubscribed for a given state fiscal year, we will continue to approve projects based on the subsequent state fiscal year credit allocation. Projects approved for a future fiscal year allocation cannot be issued a tax credit before the first day of that fiscal year for which they were approved.

15. What happens if my project is approved with allocations from a future fiscal year?

Projects approved with allocation amounts from a future fiscal year will have to wait until we are in that fiscal year to be issued the tax credit.

Example: NJ SFY runs July-June. A project approved in SFY 2026 with funds from SFY 2027 – would have to wait until July 1, 2026 (SFY 2027) to be issued a credit from taxation.

See Question 32 for impact on vintage year.

16. What constitutes a fully completed application?

Please visit www.njeda.gov/film for a checklist of required items that must be provided in order for an application to be considered fully completed. This includes but is not limited to, a detailed project synopsis, the NJEDA budget template, shooting locations and schedule, and certain ownership and registration documents.

17. Does the tax credit amount approved at initial application limit the maximum possible credit a project can receive? For example, if a film application is approved for a tax credit of \$6.5 million, and the production company goes over budget and incurs qualified film production expenses beyond what the tax credit approval was based upon, is the production company limited to the \$6.5 million tax credit that was initially approved?

Yes – the initial approval provided by the NJEDA Board will be a not to exceed amount. If the project goes over budget and certifies qualified expenses beyond what was originally estimated, the award will be limited to the amount approved initially by the NJEDA Board.

In a scenario where a project is approved for more tax credits than the production ultimately spends and can certify, the project will receive an amount of tax credits based upon the actual amount spent/certified to during the CPA Certification.

18. What happens if I need to update the budget submitted with the application to capture an increase in spend?

If the application has already been deemed complete, and the initial budget was reviewed by the consultant, the production would need to withdraw the initial application and resubmit a new application with updated numbers. This application would be treated as an entirely new application, and all required fees would need to be paid again – including the original budget review fee.

If the initial application had not yet been deemed complete, reviewed by the budget consultant – or if the Authority requests updated information - the production may be able to update the initial budget submitted.

19. How should a television series that is looking for a multi-year commitment for tax credits apply for the program?

Television series spanning multiple years should file individual applications for the program on a per- season or per-episode basis, as there are no multi-year commitments under the program.

20. Understanding that tax credits can be sold and transferred, can the credits be transferred multiple times or just once? Can the credits be transferred to multiple parties?

The credits may be transferred only by the initial applicant, subject to a non-refundable transfer fee. The credits may be transferred to an individual or business entity that has Corporation Business Tax (CBT), Gross Income Tax (GIT), or Insurance Premiums Tax liability in New Jersey. The credits can also be sold to multiple entities; however, each transfer will be subject to the transfer fee, and the purchaser must have a valid tax clearance.

21. Is there a link to access the tax credit transfer application?

The Transfer Application is available and can be found at www.njeda.gov/film/

22. Where is a document outlining the Agreed Upon Procedures?

The Agreed Upon Procedures can be found at www.njeda.gov/film/

Based on new law and program rules, the EDA is in the process of updating its Agreed Upon Procedures.

Projects approved by the EDA Board on or after July 1, 2021 must use the 2021 Agreed Upon Procedures.

23. Is sampling allowed in a CPA's review of a production company's Qualified Film Production Expenses?

Please see the Agreed Upon Procedures documents linked above for details relating to the verification of costs.

24. Is there still a need to certify a production company's total film production expenses in the instance where it is qualifying for the program on the basis of incurring more than \$1 million in qualified film production expenses?

Projects need to be fully complete prior to completing the CPA certification.

In the event that the project qualifies for the program on the basis of incurring qualified film production expenses of more than \$1 million for services performed and goods purchased, through vendors authorized to do business

in New Jersey, the CPA verification report need only verify the qualified film production expenses, not the total film production expenses.

25. For projects that include expenses incurred for use at a sound stage or other location within a 30-mile radius of Columbus Circle, NYC (30% credit), AND outside the 30-mile radius (35% credit), what procedure(s) need to be followed to track this?

At application, if the applicant anticipates incurring expenses for use within the 30-mile radius, they will need to fill out Schedule D on the budget template. This schedule will include the anticipated or known location where the expense will be used. To the extent a line item on the budget is incurred for use at locations both within and outside the 30-mile radius, the expense should be prorated based on its use within the zone on Schedule D. Expenses for wages and salaries, including payments of compensation to loan outs and independent contractors providing services used directly in the production would be eligible for the 35% credit, provided the required withholdings were made, regardless of shooting location. Wages and salary expenses would not appear on Schedule D.

26. Is “vendor authorized to do business in New Jersey” defined? Does the vendor need to be physically located in New Jersey?

The regulations define “vendor authorized to do business in New Jersey” as a vendor that has obtained authorization to conduct business in this State by filing the appropriate documents with the State of New Jersey Department of the Treasury, Division of Revenue and Enterprise Services. All qualified expenses must be incurred through Vendors authorized to do business in New Jersey. Important Note: The best way to ensure a business is registered to do business in New Jersey is to verify a company’s NJ Business Registration Certificate before any purchases are made through them.

27. Are there any exceptions to the vendor registration requirements?

The AUP provides for an exception for the CPA from the vendor registration verification requirement for de minimis purchases as follows:

For projects with approved tax credit awards of less than \$2.5 M- purchases up to \$1,000

For projects with approved tax credit awards from \$2.5 M to \$5 M- purchases up to \$2,500

For projects with approved tax credit awards greater than \$5 M- purchases up to \$5,000

For example, a project that has been awarded a \$3M film tax credit must verify vendor registration for all purchases greater than \$2,500.

However, a production who only qualifies for the \$1MM threshold, may be required to provide evidence of vendor registration for all vendor expenses, regardless of amount, up to the first \$1MM. Productions are advised to obtain BRC's from all vendors to ensure full compliance with the program. These exceptions are for the CPA performing the certification.

28. For the vendor verification thresholds listed above, are the limits for individual purchases or an aggregate of all purchases through one vendor?

The schedule above applies to each individual transaction. For example, if a production is approved for \$1 million in tax credits and has 10 purchases of \$120 through a single vendor, vendor registration verification may not be required by the CPA during the CPA certification.

29. What is the best way for a production to determine if a vendor is “authorized to do business in New Jersey”? Do vendors need to be authorized at the time of the expenses, or can they register at a later date?

The production should obtain a Business Registration Certificate for each vendor from the link below:

https://www1.state.nj.us/TYTR_BRC/jsp/BRCLoginJsp.jsp

Vendors (including Loan outs) need to be authorized to do business at the time the expense is incurred.

Productions should obtain valid BRCs and W9s from all vendors they do business with for their records.

Projects are subject to future audits and are required to maintain these records and documents.

30. Would productions need to provide evidence of vendor registration if the expenses are paid to New Jersey State, County, or municipal government?

No, these entities would not need to provide a BRC.

31. Production companies will need to submit a Tax Clearance Certificate throughout the process. Where can one be obtained?

Go to: New Jersey Tax Clearance - [Premier Business Services Portal](#) for information and instruction to use the Premier Business Services Portal.

32. How do I know what my application fees are?

The following tables show the application fees for each project:

Tier of Project	Qualified Spend
Micro / Indie	\$0 - \$999,999
Small	\$1M - \$5,999,999
Medium	\$6M - \$14,999,999
Large	\$15M - \$29,999,999
Mega	\$30M +

Tier	Application Fee	Approval Fee	Issuance Fee	Credit Transfer Fee (per transfer)
Micro / Indie	\$100	\$100	\$100	\$1,000
Small	\$250	\$500	\$500	\$5,000
Medium	\$2,000	\$5,000	\$5,000	\$5,000
Large	\$5,000	\$12,000	\$12,000	\$5,000
Mega	\$10,000	\$25,000	\$25,000	\$5,000

Application Fees are non-refundable and due at application submission.

Approval Fees are non-refundable (unless the project is declined) and due prior to project approval.

Issuance Fees are non-refundable and due prior to tax credit issuance.

Credit Transfer Fees are non-refundable and due at tax credit transfer application submission and are per transfer.

*Each project is also subject to a non-refundable third-party budget review fee due prior to project approval.

\$609.97 for film applications with less than \$6MM in Qualified Expenses (QE)
 \$737.97 for film applications with greater than \$6MM in QE
 \$391.98 for all digital media applications

*Application fees are subject to change if submitted budget amounts change prior to approval

*Applicants must also hire a 3rd party NJ licensed CPA at their own cost to certify the production expenses after the project is complete.

33. Is there a hiatus rule? For example, if a production company were to shoot at least one day of principal photography within the 180-day period after application submission, could the production company resume a couple of months later and still qualify for the tax credit?

There is no rule prohibiting a hiatus. Unless NJEDA provides otherwise, the required CPA certification must be submitted to NJEDA no later than four years after the NJEDA's initial approval if the applicant is seeking a credit against the tax imposed pursuant to section 5 of P.L. 1945, c. 162 and three years after the NJEDA's initial approval if the applicant is seeking a credit against the tax imposed pursuant to the N.J.S.A. 54A:1-1 et seq. Applicants that expect to undertake a hiatus following principal photography should also be aware of the following:

- At application, the applicant will be required to provide an estimated completion date for the film. If the project expects to undertake hiatus following principal photography, the applicant should account for this anticipated hiatus when providing an estimated completion date at application.
- Following approval of a tax credit, the project will be required to provide progress reports throughout the duration of the project, which will detail the progress of the project relative to the estimated completion date that was provided at application. Failure to submit timely, periodic reports that demonstrate satisfactory progress may lead to the forfeiture of the tax credit.

Projects will be issued tax credits that are dated with a tax year corresponding to the applicant's Fiscal Year in which the Authority gives final approval of the CPA Certification. The tax credit can be used on the tax return for that tax year or any of the seven subsequent years

34. How is the vintage year of the tax credit determined?

For applications submitted before June 30, 2025: The vintage year of the tax credit is based on the tax year the Authority issued the initial approval of the application. This is the tax year the credit must be used initially. Once the cumulative total amount of tax credits, and tax credit transfer certificates, allowed to applicants exceeds the amounts of tax credits available in a fiscal year, the "tax credit vintage year" shall mean the next subsequent tax year of the applicant in which tax credits are available.

For example, a calendar year filer who is approved in June 2024, would receive a tax credit with a 2024 vintage year. Vintage year is not related to the state fiscal year or the allocation year the project is approved under.

For applications submitted on or after January 1, 2026, "vintage year" means the approved applicant's privilege period or taxable year in which the Authority gives final approval of the CPA Certification.

For applications that received initial approval prior to January 1, 2026, but have not yet received final approval, the approved applicant may elect on or after January 1, 2026 upon written notice to the Authority to use the later tax credit vintage year defined in the previous rules.

35. How are the tax credits calculated based on expense type and where the cost was incurred?

Regardless of project type and location, qualified wage and salary expenses would be at the base credit for the application type. This includes payments to loan out companies and independent contractors providing services primarily involved in the production.

For Legacy Film: 35% base credit, 30% for goods and services used in NJ within a 30-mile radius of Columbus Circle.

For Studio Partner Projects (including Post Only): 40% base credit

Film-lease Production Companies: 40% base credit, 35% for goods and services used in NJ within a 30-mile radius of Columbus Circle

Digital Media: 30%, 35% for goods and services incurred through vendors whose primary place of business is in a southern NJ county.

Post-Only Incentive for work at a Film-lease Partner Facility: 40% base credit

Other Post Only Incentive: 35% base credit

36. What is the definition of a reality show?

Content that is centered around the filming of people in purported real-life, predominantly unscripted or soft-scripted, situations. The New Jersey Motion Picture and Television Commission makes eligibility determinations based on the specific content of the project.

37. When is a film considered complete? What is the cutoff after which no expenses incurred can be qualified?

A “film” is considered to be complete 30 days after the process of post-production of the film has been finished and a final composite answer print, delivery air master, HD air master, interoperable master format (IMF), digital cinema files, or industry equivalent of the film is completed.

For completed applications submitted on or after January 1, 2026, total film production expenses shall not include any costs incurred after film completion, except that deferred compensation, when eligible, may be incurred after film completion.

38. Can I still apply for the Diversity Bonus?

No. The diversity bonus was removed from the program when new legislation was passed on July 1, 2025 and replaced with the NJ Hiring Bonus.

39. What is the NJ Hiring Bonus and what are the eligibility requirements?

Applicants can apply for a bonus tax credit of four percent of the qualified film/digital production expenses for applications that are accompanied by an approved hiring plan which outlines the specific hiring goals of the production for hiring New Jersey employees who are residents of an economically disadvantaged area in the State, a distressed municipality as that term is defined in N.J.S.A. 34:1B-323, or land owned by the federal government on or before December 31, 2005. To qualify for the bonus, the hiring plan must include a hiring goal of at least 25%.

40. What is the definition of an “economically disadvantaged area”?

“Economically disadvantaged area” means a New Jersey municipality that contains a federal population census tract that was eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. § 1400Z-1.

41. Where can I find the list of towns to hire from for the NJ Hiring Bonus?

You can find the full list of towns on the Hiring Bonus tab under the dropdown “Program Basics” at our website www.njeda.gov/film

ADDITIONAL QUALIFIED FILM PRODUCTION EXPENSE QUESTIONS

Please refer to the first two questions of this FAQ document to review the difference between a total film production expense and a qualified film production expense, as well as how NJEDA will be determining whether a qualified film production expense has been incurred in New Jersey.

For a list of qualifying expenses please see the second tab on the budget template. Please note that this list is not exhaustive and is provided for general guidance purposes only and can be updated at any time without notice. Specific facts and circumstances relating to the purchase and usage may be examined to determine whether a cost may qualify.

1. Are there certain types of expenses that are not considered qualified film production expenses? Is there a cap on qualified wage and salary payments?

Qualified film production expenses do not include:

- Costs for intangible personal property incurred after February 26, 2024
- Expenses incurred in marketing or advertising a film
- Expenses for a story, script, or scenario to be used for a film, except for a studio partner or certain film-lease production companies
- Reality show, game show, and competition show prizes or awards
- Payments in excess of \$750,000 to a highly compensated individual for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines

2. If an individual is performing multiple ATL job functions, is the \$750,000 cap per jobs function?

For applications submitted before July 10, 2024: No, the cap is \$500,000 per individual. If a producer is also an actor, only the first \$500,000 would be a qualified film production expense.

For applications submitted after July 10, 2024 but before June 30, 2025: Legacy films project cap was increased to \$750,000. Studio Partner and Film-lease Production Company projects are still capped at \$500,000.

For applications submitted after June 30, 2025: Studio Partner and Film-Lease Production Company project cap was increased to \$750,000. The cap is still per individual.

3. Would all employer paid taxes (FICA, FUI, SUI) qualify for all resident and nonresident cast/crew?

These expenses would qualify as long as the qualified labor was incurred in New Jersey and the required withholdings were met.

4. Would qualified fringes (SUI, FUI, FICA, etc) and per diems count towards the \$750,000 cap?

These fringes or per diems would not count towards the ATL cap.

5. Are legal costs associated with forming the production entity and maintaining its status with the State considered a qualified film production expense?

No, these legal costs are not considered a qualified film production expense.

6. Are filing and similar fees in connection with forming and registering the film production company with the State considered a qualified film production expense?

No, these fees are not considered a qualified film production expense.

7. Are union dues considered qualified film production expenses?

If these expenses are allocable to wages or salaries of individuals employed in the production of a film on which New Jersey Gross Income Tax is due, then these expenses would be considered qualified film production expenses.

If these expenses are separate and in addition to wages or salaries of individuals employed in the production of a film on which New Jersey Gross Income Tax is due, then the applicant must satisfactorily demonstrate that the expense was incurred in New Jersey and that the expense is direct and exclusive to the film seeking tax credits.

8. Are New Jersey Corporate Business Tax and Income Tax Return preparation fees considered a qualified film production expense?

No, these preparation fees are not considered a qualified film production expense.

9. Are bank fees (monthly fees, wire transfer fees, etc.) considered a qualified film production expense?

No, bank fees are not considered a qualified film production expense.

10. Are per diems or allowances for living, travel, or meals considered qualifying film production expenses?

If these expenses are allocable to wages or salaries of individuals employed in the production of a film on which New Jersey Gross Income Tax is due, then these expenses would be considered qualified film production expenses.

If these expenses are a separate benefit provided to individuals employed in the production of a film on which New Jersey Gross Income Tax is due, they are subject to the ability of the applicant to satisfactorily demonstrate that the expense was incurred in New Jersey and that the per diem or allowance was used directly and exclusively for the film seeking tax credits. Direct purchases of travel or meals by the production company may qualify.

Interstate Ridesharing and taxi expenses could qualify as long as one leg of the trip is in New Jersey and the ride was for the exclusive use of the production.

11. Are expenses for tolls considered a qualified film production expense?

Intrastate tolls would be considered qualified, but interstate tolls would not be eligible. Tolls for all bridges and tunnels leaving NJ are interstate tolls and are not qualified.

12. Are expenses for Box or Kit Rentals considered a qualified film production expense?

If the expenses are a non-wage expenses, then the expense must be incurred through a vendor authorized to do business in New Jersey. If the expense is allocable as wages, the required withholding must be made on the expense.

13. Are expenses for per diems or box / kit rentals considered a qualified film production expense? Are they treated as a wage payment?

Box rentals/ Kit rentals and per diems/ allowances are treated differently depending on how they are paid and who is receiving the payment. Payments to loan outs and independent contractors require a 6.37% withholding to be considered qualified.

For W-2 Employees:

Taxable kit rentals (which are paid on W2 and have WH) are considered compensation are still qualified but count towards the 500k cap – These would be considered part of the wage or salary expenses.

Nontaxable kit rentals (paid outside of wages) that are reimbursements not compensation is qualified and do not count towards the \$500k cap.

Taxable Per Diems (amounts over the GSA limits) are qualified but must have WH and count towards the 500k and considered part of compensation under wage and salary payments.

Non-taxable Per Diems (amounts under GSA limits) are qualified, no withholding required and do not count towards the \$500k cap.

14. Are expenses for location rentals including renting private property, considered a qualified film production expense?

For the expense to be qualified, the entity receiving payment must be authorized to do business in New Jersey. If the location is a private residence, the homeowner would not need to be authorized to do business, but the production must withhold and remit 6.37% on the fee paid to the individual homeowner. These expenses would still be considered vendor expenses, not payroll expenses. Productions should confirm the payee is the homeowner through a copy of a deed or other information.

15. Is liability insurance, completion bonds, errors & omissions insurance, or real property insurance considered qualified film production expenses? And if the vendor is registered with NJ, is it necessary for the insurance to be purchased from an insurance company / agency located in NJ as well?

Only general liability or construction insurance policies would be eligible. In order to be considered a qualified film production expense, the insurance policy must be purchased through a vendor authorized to do business in NJ, the policyholder must be the film production company seeking/approved for tax credits, and the policy must be directly for and exclusive to the film for which the production company is seeking/approved for tax credits. The insurance company/agency does not need to have a brick-and-mortar NJ location, but the definition of incurred in NJ for a service would still need to be met.

Completion bond premiums or fees and errors and omission insurance policies would not be eligible production expenses.

16. Would workers' compensation insurance qualify as an eligible expense?

Workers' compensation premiums can qualify if the vendor providing the coverage is authorized to do business in New Jersey and the expense is for qualified New Jersey wage and salary expenses.

17.If an item is purchased online, such as a costume or prop, can it be considered a qualified film production expense?

If the vendor is authorized to do business in New Jersey, and the item is shipped by the vendor to New Jersey, the expense can be a qualified film production expense. If the item is shipped to another state, the expense can be considered a qualified expense, as long as the production is also filming in that state, and the expense is prorated based on its used in New Jersey.

18.For an equipment company based out-of-State that will be supplying cameras, props, wardrobe, etc., would those expenses be considered qualified film production expenses if the equipment company has a New Jersey address and is registered to do business in New Jersey?

The vendor renting the equipment must be authorized to do business in New Jersey. If the production picks up the equipment from the out-of-state vendor that is fully authorized to do business in NJ, the expense can be considered a qualified film production expenses if the production is also filming in that state, and the expense is prorated based on its use in New Jersey.

19.Are donations made to a non-profit or other entity considered a qualified film production expense?

Donations are not considered a qualified film production expense.

20.Shipping: Do shipping costs of documents or items (FedEx, UPS, USPS, etc) qualify?

If the shipping expense is directly related to the production and is incurred in New Jersey from a vendor authorized to do business in New Jersey, the shipping expense may qualify.

21.Is contingency a qualified film production expense?

Contingency is not a qualified expense and there is no specific line item on the budget template.

22. Do personal cell phone reimbursements qualify for cast and crew?

No, these reimbursements would not qualify.

23. Are wrap parties a qualified film production expense?

Wrap parties are not a qualified film production expense.

24. Would gifts, e.g., welcome gifts to actors coming on board or expressing thanks at the end of production such as flowers, or perks for actors/directors such as an espresso machine for the actor's lodging, be considered a qualified film production expense?

Gifts are not a qualified film production expense.

25. Would gratuities, e.g., tips paid for delivery service (including deliveries to film sets and elsewhere), dining, etc. be considered a qualified film production expense?

Documented tips may be considered as qualified film production expense.

26. Would personal items for talent, e.g., pharmacy purchases, sundries, doctor visits, be considered a qualified film production expense?

No, personal items for talent would not be considered a qualified film production expense.

27. Would meals, car service, and other costs in connection with meeting with financiers (both equity and debt) be considered a qualified film production expense?

No, these costs would not be considered a qualified film production expense.

28. Would expenses for cast and crew PPE, and lodging for potential quarantine reimbursements qualify?

PPE and lodging could qualify as long as the purchase was incurred in New Jersey through a vendor authorized to do business in New Jersey.

29. Would Uber / car service cancellation fees be considered a qualified film production expense?

The service was not performed so the cancellations fees would not be considered a qualified film production expense.

30. When are qualified rideshare / taxi service costs counted as an in-zone expense vs out-of-zone?

If one leg of the trip is within the 30-mile radius of Columbus Circle- the entire expense qualifies as an in-zone expense.

31. Would game show prizes, e.g., tangible goods or cash prizes, be considered a qualified film production expense?

Game show prizes (cash or other) would not be qualified regardless of the contestant's residency.

32. Would parking tickets and similar fines be considered a qualified film production expense?

No, parking tickets, moving violations, and similar fines would not qualify as a qualified film production expense.

33. Is there a requirement that the film project must end up being distributed in order to submit the CPA certification and receive a tax credit?

There is no distribution requirement, however, the project needs to be fully complete and the NJ logo credit requirements satisfied as determined by the NJ Film Commission prior to the completion of the the CPA Certification.

34. Do payments made through escrow agreements qualify?

If you're making payments through an escrow agreement, your third-party CPA will need to verify the transaction between your production entity, the escrow account, and the talent for those payments to qualify.

There must be clear proof that your production entity is the one ultimately funding the escrow account to pay the talent. We recommend checking with your CPA to confirm how they can substantiate this.

Please note that any fees related to the escrow or escrow agent are not considered qualified expenses.

Additionally, for the payments to qualify, the talent must perform their services in New Jersey, and the required 6.37% withholding must be applied.

Lastly, escrow entities must be registered in New Jersey and have a valid Business Registration Certificate (BRC).

STUDIO PARTNER, FILM-LEASE PRODUCTION COMPANY, AND FILM-LEASE PARTNER FACILITY DESIGNATION QUESTIONS

1. What is a Studio Partner?

A studio partner is an EDA-designated production company that has made a commitment to produce films or commercial audiovisual products in New Jersey and has developed, purchased, or executed a 10-year contract to lease a production facility of \$250,000 square feet or more. Studio Partners would first apply to the Authority for the designation and then submit subsequent applications for each film project produced in New Jersey thereafter. Currently, all designations are filled.

2. What is a Film-Lease Partner Facility?

A film-lease partner facility can be one of the following:

A production facility in New Jersey whose owner or developer has made the commitment to build, lease, or operate a production facility of 250,000 square feet or more, including a sound stage and production support space, for a period of five or more successive years.

A production facility built, leased, or operated by a production company designated as a New Jersey studio partner and which the New Jersey studio partner no longer occupies.

A portion of a production facility owned by a New Jersey studio partner that is in excess of the space being used by the studio partner, provided the spaces utilized and unutilized by the NJ studio partner both exceed 250,000 square feet.

3. What is a Film-Lease Production Company?

A film-lease production company is a production company that has made a commitment to lease or otherwise occupy production space in a New Jersey film-lease partner facility. In addition to the forgoing, if a New Jersey film-lease partner facility has received a temporary or final certificate of occupancy, a film production company must satisfy one of the following two criteria:

1. The film production shoots at least 50% of the total principal photography shoot days within New Jersey at a New Jersey film-lease partner facility; or
2. The qualified film production expenses of the project for all services performed and goods used or consumed at the New Jersey film-lease partner facility and payments made for the use of the New Jersey film-lease partner facility must equal or exceed 33% of the total qualified film expenses of the project.

A New Jersey film-lease production company may include any other member of a taxpayer's combined group, any other entity, including a fund in which the New Jersey film-lease production company has a material ownership interest, any other entity in which a fund has a material ownership interest if the film-lease production company is materially owned by the fund, or an unrelated entity principally engaged in the production of a film or other commercial audiovisual product with whom a designated New Jersey film-lease production company contracts to perform film production services on its behalf such that the designated New Jersey film-lease production company: (1) controls such film or product during preproduction, production, and postproduction; or (2) controls distribution rights for the resulting film or other commercial audiovisual product, provided that the New Jersey film-lease production company contracted with the unrelated entity prior to qualified film production expenses being incurred.

4. What is a Film-Lease Post-Production Company? What is a Film-Lease Post-Production Company Tenant?

A film-lease post-production company is a qualified post-production company that is an applicant, including any applicant that is a member of a combined group pursuant to N.J.S.A. 54:10A-4.11 or any other entity in which the film-lease post-production company has a material ownership interest of at least 30 percent and a material operational role in the film production, including, but not limited to, as a producer, that otherwise complies with the eligibility requirements of the Program, has made a commitment to lease or otherwise occupy production space in a film-lease partner facility

If a film-lease partner facility has not yet received a temporary or final certificate of occupancy, a film-lease post-production company shall have entered a lease or sublease with the owner or developer of a film-lease partner facility, which:

1. Is for not less than three years of occupancy of the film-lease partner facility;
2. Includes at least 36,000 square feet of gross rentable space;
3. And cannot be subleased to an entity that does not meet this definition of “film-lease post-production company” such that the occupancy of the film-lease post-production company is less than the requirements in 1. and 2. above.

A film-lease post-production company tenant means the film-lease production company that is the party to the lease or sublease with the owner or developer of a film-lease partner facility.

5. What are the benefits of being a Studio Partner or a Film Lease Production Company?

Studio partners and film lease production companies are eligible for increased tax credit percentages and are allowed to include additional expenses that are not qualified under the regular film tax credit program as follows:

Studio Partners are eligible for a flat 40% tax credit with the ability to receive an additional 5% in bonuses. Studio partners are able to include additional above the line wages and salaries in excess of \$750,000 per individual up to the cap amounts listed in question 16 in this section. Additionally, out-of-state script costs can be included as qualified expenses in the scenarios listed in question 17 of this section. Lastly, studio partners can include out-of-state producer fees, rights fees, and costs for total production insurance premiums paid to vendors authorized to do business in NJ as a proportion of their NJ shoot days up to a 7.5% cap.

Film lease production companies are eligible for a 40% base credit and 35% for expenses incurred in NJ within a 30-mile radius of Columbus Circle. FLPC also have the ability to receive an additional 5% in bonuses. Film lease production companies that enter into at least a 3 year lease are also able to include out-of-state script costs as qualified expenses in the scenarios listed in question 17 of this section. Lastly, FLPC that enter into at least a 3 year lease can include out-of-state producer fees, rights fees, and costs for total production insurance premiums paid to vendors authorized to do business in NJ as a proportion of their NJ shoot days up to a 7.5% cap.

This 7.5% cap will be calculated as follows:

1. The amount without any expenses available to a studio partner or film-lease production company;
2. Any allowed amount of total production insurance premium fees, total out-of-State producer fees, and total intellectual property right fees as set forth at subparagraph (b) in the definition of "qualified film production expenses";
3. Any allowed amount for total script costs of any script written outside New Jersey as set forth at subparagraphs (b) and (c) in the definition of "qualified film production expenses";
4. Any deferred compensation that results in qualified wage and salary payments equal to or less than the cap for highly compensated individuals; and
5. Any amount of qualified wage and salary payments paid to highly compensated individuals above the cap on qualified wages and salary payments and script costs and deferred compensation additionally allowed as set forth at subparagraph (g) in the definition of "qualified film production expenses."

6. Are there any direct benefits under the program for getting a film studio designated as a Film-Lease Partner Facility?

The designation is not an award of tax credits. However, the designation would make the space more attractive to film productions as the potential for incentives for projects shot at a designated facility is much higher.

7. Do I have to wait for a Film-Lease Partner Facility to be operational to become a Film-Lease Production Company?

Not necessarily. The following information outlines the requirements for a company to become a Film-Lease Production Company, even if a Film Lease Partner Facility is still being constructed.

If the Film Lease Partner Facility does not yet have a Temporary Certificate of Occupancy (TCO): the film-lease production company must have executed a lease to occupy at least 36,000 square feet for no less than 3 years to apply.

In the event the authority determines that a New Jersey film-lease production company has failed to meet the qualifications of a New Jersey film-lease production company or otherwise comply with the provisions of this section, the authority may recapture from that film production company the portion of any tax credit that had been awarded to that film production company that was only available to the film production company by virtue of the film production company's designation as a New Jersey film-lease production company.

8. Can any production company be a New Jersey Film-Lease Production Company?

Any production company that satisfies the requirements of being a New Jersey film-lease production company can apply as a film-lease production company.

9. Can any production facility be a New Jersey Film-Lease Partner Facility?

No, any production facility that satisfies the requirements of being a New Jersey film-lease production facility can receive the designation, however, the entity that owns the facility must apply and be approved for the designation by NJEDA. No more than three New Jersey production facilities may be designated as a New Jersey film-lease partner facility. *

*This limitation shall not apply to production facilities, or portions thereof, owned, built, leased, or operated by a film production company designated as a New Jersey studio partner.

10. How long after we are approved of the Studio Partner Designation can we begin receiving enhanced tax credits?

For projects made by, or on behalf of, approved Studio Partners, the eligibility period to receive tax credits begins the earlier of

1. The commencement of the principal photography for the studio partner's initial film in New Jersey; or
2. In the case of a studio partner developing or purchasing a production facility, at the issuance of a temporary certificate(s) of occupancy for the production facility developed or purchased as a condition of designation as a studio partner, and in the case of a studio partner leasing a production facility, at the commencement of the lease term for the production facility leased as a condition of designation as a studio partner.

continuing for a minimum of 10 years, and expiring upon notice by the studio partner to the Authority or non-compliance by the studio partner after the minimum 10 years.

11. How do projects made by, or on behalf of, Studio Partners qualify deferred compensation payments?

If a studio partner received a tax credit for qualified film production expenses that included deferred compensation payments based on work or services provided on a production, the studio partner shall submit a supplemental report prepared by a certified public accountant pursuant to agreed-upon procedures prescribed by the Authority and the Director no later than four years after the date on which the production concludes, as established by the date of completion, excluding any deferred compensation payments.

12. What happens if a studio partner leases a production facility from a Film-Lease Production Facility before the Film Lease Partner Facility receives a temporary certificate of occupancy, and is unable to occupy such facility?

In this scenario, the following would occur:

1. The Authority shall revoke the designation of the studio partner
2. All the studio partner's films for which an initial approval has been given, but for which the Authority has not given final approval, shall terminate as a studio partner film project and shall be considered a legacy film project
3. The Authority may recapture the portion of the tax credit from the studio partner that was only available to the studio partner or any film production company by virtue of the studio partner's designation as a studio partner except that the Authority shall not recapture any tax credits for one year after studio partner designation approval.

13. Are there any additional qualified expenses that can be included for studio partner or film lease production companies?

Yes, for completed applications submitted after June 30, 2025 and expenses incurred after June 30, 2025 by a studio partner or film-lease production company that enters into a lease to occupy a film-lease partner facility for at least three years, "qualified film production expenses" includes: the total script costs of any script written within New Jersey; or the product of the total script costs of any script written outside New Jersey and the percentage of the principal photography shoot days in New Jersey; total production insurance premiums paid to insurance companies doing business in New Jersey (which premiums shall exclude payments for errors and omissions insurance); total out-of-State producer fees (excluding producer fees received for services performed in this State that otherwise qualify as qualified film production expenses); and total rights fees. The previously listed costs are qualified relative to the total principal photography shoot days for the film. Script costs written outside of New Jersey shall constitute qualified film production expenses notwithstanding that the tax imposed under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq. was not withheld from wages, salaries, or other compensation paid or incurred for the writing of such script or scripts.

"Qualified film production expenses" shall not include payment in excess of \$ 750,000 to a highly compensated individual for wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines, except as follows:

1. For a studio partner that:

- i. Incurs less than \$ 25,000,000 in qualified film production expenses in the State, which shall be determined by including the additional amount provided in this subparagraph, in excess of amounts paid to highly compensated individuals, an additional amount, not to exceed \$ 18,000,000, of the wages or salaries or other compensation for writers, directors, including music

directors, producers, and performers, other than background actors with no scripted lines, shall constitute qualified film production expenses;

ii. Incurs \$ 25,000,000 or more in qualified film production expenses in the State, which shall be determined by including the additional amount provided in this subparagraph, in excess of amounts paid to highly compensated individuals, an additional amount, not to exceed \$ 72,000,000, of the wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines, shall constitute qualified film production expenses;

iii. After June 30, 2025, incurs \$ 125,000,000 or more in qualified film production expenses in the State, which shall be determined by including the additional amount provided in this subparagraph, for the production of a film that is a feature film, the following shall constitute qualified film production expenses:

(1) Amounts in excess of the amounts paid to highly compensated individuals, an additional amount, not to exceed \$ 72,000,000, of the wages and salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines, shall constitute qualified film production expenses, except for costs included at (2) and (3) below;

(2) Amounts paid for script costs; and

(3) Amounts paid or incurred for deferred compensation, including advances on deferred compensation.

2. For a film-lease production company that:

i. Incurs less than \$ 50,000,000 in qualified film production expenses in the State, which shall be determined by including the additional amount provided in this subparagraph, in excess of amounts paid to highly compensated individuals, an additional amount, not to exceed \$ 15,000,000, of the wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines, shall constitute qualified film production expenses; and N.J.A.C. 19:31T-1.2 Page 10 of 11

ii. Incurs \$ 50,000,000 or more in qualified film production expenses in the State, which shall be determined by including the additional amount provided in this subparagraph, in excess of amounts paid to highly compensated individuals, an additional amount, not to exceed \$60,000,000, of the wages or salaries or other compensation for writers, directors, including music directors, producers, and performers, other than background actors with no scripted lines, shall constitute qualified film production expenses.

For any original application approved by the authority on or after **January 1, 2028** for a New Jersey studio partner or New Jersey film-lease production company that enters into a lease to occupy a New Jersey film-lease partner facility for at least three years, “qualified film production expenses” includes: the total script costs of any script written within New Jersey; or the product of the total script costs of any script

written outside New Jersey and the percentage of the principal photography shoot days in New Jersey; total production insurance premiums paid to insurance companies doing business in New Jersey (which premiums shall exclude payments for errors and omissions insurance); total out-of-State producer fees (excluding producer fees received for services performed in this State that otherwise qualify as qualified film production expenses); and total rights fees. The previously listed costs are qualified relative to the total principal photography shoot days for the film, provided that the taxpayer satisfies two of the following criteria as certified by an independent certified public accountant licensed in this State and according to such procedures as the authority may establish:

1. the taxpayer establishes a writer's skills development program with a college, including a community college, apprentice program, university, vocational school, or high school in this State;
2. the taxpayer opens a writer's room in this State at a production facility where writing support services are provided at least in part for the film;
3. a writer on the film is a resident of this State for a period including at least one year prior to the commencement of principal photography for the film in this State;
4. the taxpayer hires one or more researchers that are residents of this State to perform research services in this State for the development of a script or scripts for a film

14. What is the definition of script costs? Which script costs can studio partners and film lease production companies qualify?

"Script costs" means expenses incurred for the direct costs of labor for writing a script and for associated intellectual property rights. Payments made to a loan out company, which must comply with N.J.A.C. 19:31T-1.3(c), shall also be included. Script costs shall not include expenses for other intellectual property rights or any expenses incurred outside of New Jersey for facilities or materials.

For studio partners and film lease production companies that enter into a three year lease, "qualified film production expenses" includes: the total script costs of any script written within New Jersey; or the product of the total script costs of any script written outside New Jersey and the percentage of the principal photography shoot days in New Jersey relative to the total principal photography shoot days for the film.

15. Are there any other additions to the definition of film for a studio partner?

For an applicant applying on the basis of a studio partner designation, "film" shall include an ongoing television production that relocated to New Jersey and features news or current events, which may include sports themed current events programming, but shall not include a sports event, provided that the ongoing television production relocates to a production facility that is leased or owned by the studio partner and for which production facility such studio partner received its designation as a studio partner.

16. When a film is being made by a production company on behalf of a studio partner, which entity does the tax credit get issued to?

The tax credit would be issued to the company who submits the application. If the studio partner intends to claim the credit, they must be the official applicant and provide documentation demonstrating that they are directly reimbursing the third-party production company for qualified expenses.).

If the third-party production company applies for the credit, the production must provide a signed certification from the studio partner that it still complies with the requirements of the studio partner program and authorizes or assigns the production company the ability to apply for the tax credits.

If reimbursement cannot be verified, the tax credit must be issued to the third-party production company. If that company does not intend to use the credit, it must follow the standard process to transfer it to the studio partner.

Additionally, the minimum transfer price floor would still apply.

17. How should a Studio Partner utilize the application portal?

You can have multiple applications on one account or set up a new log in for each production/submission. It is up to the discretion of the Studio Partner.

18. Can a studio partner get the rights to a project after costs have been incurred by the initial production company? If so, do those costs qualify? Who gets the tax credit?

The production entity who applies would be the one who received the tax credit. Only costs incurred after the unrelated production entity contracted with the studio partner could be considered qualified expenses.

19. What is the eligibility criteria for the Promote NJ Bonus? Where can I find the correct materials to submit?

For applicants that wish to pursue this bonus, they must fill out the Promote NJ plan form that the Authority has established to be used by the applicant to outline its goals. This form can be found at www.njeda.gov/film. The

form lists eight criteria to qualify for this bonus, and the applicant will have to include at least four of the criteria in their plan.

1. The creation of a video at least three minutes in length of publicly accessible locations in New Jersey used for the film, with commentary on how and why each location was chosen, published on the Internet website promoting the film or in another form and manner approved by the authority. To receive credit for this promotional criterion, a taxpayer shall provide a list of locations in New Jersey used for the film and relevant footage for use by the authority for promotional purposes.
2. The creation of five public social media posts including commentary on positive experiences at publicly accessible New Jersey locations or positive experiences filming in the State. The social media posts shall originate from an official account of the taxpayer, the film, a leading actor or actress in the film, or as otherwise permitted by the authority. To receive credit for this promotional criterion, the taxpayer shall provide the Internet website on which the post is publicly visible for use by the authority for promotional purposes.
3. The placement of a New Jersey promotional logo provided by the authority or the commission for a two-second exposure, not displayed over content or on a shared card, and displayed before the below-the-line crew crawl and after contractual credit placement obligations. To receive credit for this promotional criterion, the approved applicant shall provide to the Authority a clip of the portion of the film displaying the New Jersey promotional logo.
4. The film is set, at least in part, in New Jersey, and the State is referenced in the film. To receive credit for this promotional criterion, the approved applicant shall provide to the Authority a clip of the portion of the film evidencing that the film is set, at least in part, in New Jersey and that New Jersey is referenced in the film.
5. Support for a workforce development program established by the approved applicant, the designated studio partner, or the film-lease production company tenant with one of the following entities in this State: a college, including but not limited to a community college; an entity with an apprentice program; or a university. The program shall include direct training or employment opportunities on the film for residents of this State during the dates of principal photography in New Jersey. To receive credit for this promotional criterion, the approved applicant shall provide a document evidencing the agreement between the approved applicant and the other entity demonstrating the establishment and support for a workforce development program and the period during which the program offered direct training or employment opportunities.
6. A film industry recruiting program established by the approved applicant, the designated studio partner, or the film-lease production company tenant, providing paid internships or entry level employment opportunities in film crew positions for residents of an economically disadvantaged area in the State, a distressed municipality, as defined in N.J.S.A. 34:1B-323, or land owned by the federal government on or before December 31, 2005. The program shall be offered during the dates of principal photography in New Jersey. To receive credit for this promotional criterion, the approved applicant shall demonstrate its efforts to advertise and promote paid internships or entry level employment opportunities in the designated areas during the film's principal photography in New Jersey.

7. The approved applicant incurs qualified film production expenses from at least five vendors authorized to do business in New Jersey that employ at least one full-time employee at a physical location of the vendor in an economically disadvantaged area in the State, a distressed municipality, as is defined in N.J.S.A. 34:1B-323, or on land owned by the federal government on or before December 31, 2005. To receive credit for this promotional criterion, the approved applicant shall provide a certification from each vendor in a form provided by the authority.

20. Are there any additional insurance expenses that studio partners can include?

Yes, studio partners or film-lease production companies leasing space at a film-lease partner facility for at least three years can include their total production insurance premiums paid to insurance companies registered to do business in New Jersey, excluding payments for errors and omissions insurance, as qualified costs.

21. Is there a cap to how much of a bonus we can get?

Aggregated bonuses are capped at 5% of the total qualified production expenses. Even if an entity applies for both the Promote NJ bonus and the Hiring bonus.

DIGITAL MEDIA AND POST-PRODUCTION TAX CREDIT QUESTIONS

1. What is considered digital media content?

Digital content means the following digitally formatted and distributed content, which content includes data or information created in analog form but reformatted in digital form: animation; video games; visual effects; interactive media, including virtual, augmented, or mixed reality; content containing text, graphics, or photographs; sound; and video.

2. What are qualified digital media content production expenses?

Qualified digital media production content expenses include: the costs of computer software and hardware, data processing, visualization technologies, sound synchronization, editing, and the rental of facilities and equipment; and the costs for post-production, including sound design, visual effects, animation, music composition, color grading, and mastering.

3. What is not considered a qualified digital media content expense?

Payments made to a loan out company or an independent contractor shall not be deemed a "qualified digital media content production expense" unless the payment is made in connection with a trade, profession, or occupation carried on in New Jersey or for the rendition of personal services performed in New Jersey.

For applications submitted before July 10, 2024: "Qualified digital media content production 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.

For applications submitted after July 10, 2024: "Qualified digital media content production expenses" shall not include expenses incurred in marketing, promotion, or advertising digital media; costs incurred for the design, maintenance, and hosting of websites; 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, or any costs included in an application submitted to the authority, shall not be deemed "qualified digital media content production expenses."

4. What are the eligibility requirements for the Digital Media Post-Production Credit?

For an applicant to receive a tax credit equal to 40 percent of the qualified digital media content production expenses, at least \$500,000 must be incurred for post-production services including visual effects services performed at a New Jersey film-lease production facility or that are incurred by a New Jersey studio partner.

For an applicant to receive a tax credit equal to 35 percent of the qualified digital media content production expenses, at least \$500,000 must be incurred for post-production services including visual effects services performed by a qualified independent post-production company.

5. Can a film production not filming in New Jersey apply for the Digital Media Post-Production Credit?

Yes, there is no principal photography day requirement for applicants under the digital media side of the program.

6. What is a qualified post-production company?

A corporation, partnership, limited liability company, or other entity engaged in post-production and that incurs postproduction costs, including visual effects activities on a film or films.

7. Can a production applying for the post-production only credit incur their expenses through multiple qualified independent post-production companies to achieve the \$500k eligibility threshold?

Yes, as long each company meets the definition of a qualified independent post-production company and is registered to do business in New Jersey at the time the expenses are incurred.

8. Can affiliates contribute towards the eligibility criteria?

There is no concept of affiliates in the program, each business entity must meet the requirements of the program.

For the post-production only digital media tax credit, a film-lease post-production company may include post-production and visual effects activities that are performed by the film-lease post-production company or by a business entity in which the film-lease post-production company has an ownership interest of at least 51 percent.

For the post-production only digital media tax credit, a qualified post-production company may include qualified digital media content production expenses incurred for post-production and visual effects activities performed by a business entity in which the qualified post-production company has an ownership interest of at least 51 percent.

PLEASE NOTE:

The information contained in these Frequently Asked Questions is provided for general guidance purposes only and does not replace or supersede the laws and regulations associated with the New Jersey Film Tax Credit Program, namely P.L. 2025, c.400- Garden State Film and Digital Media Jobs Act and N.J.A.C. 19:31-21.1 et seq., and further information may be contained in such laws and regulations.

A copy of the most recent program statute and rules can be found at <https://www.njeda.gov/film>