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Sales Tax Exemption for Qualifying Production Companies

Effective January 1, 2001, any qualified production company engaged in Florida in the production of motion pictures, made for television motion pictures, television series, commercial advertising, music videos or sound recordings may be eligible for an exemption from sales and use tax on the purchase or lease of certain items used exclusively as an integral part of the production activities in Florida. The production company must apply for a certificate of exemption to be presented to a registered Florida sales and use tax dealer when making purchases and rentals of qualified production equipment.

GETTING AN APPLICATION

Production companies doing business in Florida may obtain an Entertainment Industry Qualified Production Company Application for Certificate of Exemption (Form DR-230):

- * Office of the Film Commissioner, Phone: 877-352-3456; or online at www.filminflorida.com
- * One of the 49 local film commission offices throughout Florida
- * Florida Department of Revenue, Central Registration Section, Phone: 850-487-4130
- * Florida Department of Revenue Internet site at <http://sun6.dms.state.fl.us/dor/forms/order>
- * Florida Department of Revenue Distribution Center, Fax: 850-922-2208

HOW TO APPLY

1. Determine the tax exemption certificate that best fits your needs and qualifications.

For the 90-Day Exemption: Any production company (Florida-based or non-Florida based) conducting motion picture, television or sound recording business in the State of Florida may be designated a qualified production company and receive a single 90-day Certificate of Exemption from the Florida Department of Revenue. This certificate shall expire 90 days after date of issuance or effective date. Upon the expiration of the original 90-day Certificate, a qualified production company may request an extension to the 90-day Certificate of Exemption by e-mailing or submitting an Entertainment Industry Production Company Request for Renewal/Extension of Exemption Certificate (Form DR-232)** to the Office of the Film Commissioner for approval. Upon expiration or cessation of business, the production company is required to return the certificate to the Florida Department of Revenue.

For the 12-Month Exemption: A production company (Florida-based only) conducting motion picture, television or sound recording business in the State of Florida at a permanent Florida address for a period of 12 consecutive months may be designated a qualified production company and receive a single 12-month Certificate of Exemption form from the Florida Department of Revenue. This certificate shall expire one year after the date of issuance or effective date, or upon the cessation of business operations in the state, whichever occurs first. Qualified production companies that receive a 12-month Certificate of Exemption may renew the certificate annually for up to five years by e-mailing or submitting an Entertainment Industry Production Company Request for Renewal/Extension of Exemption Certificate (Form DR-232)** to the Office of the Film Commissioner for approval. Upon expiration or cessation of business, the production company is required to return the certificate to the Florida Department of Revenue.

**Extension and Renewal Forms may be accessed online at www.filminflorida.com.

2. Provide historical data (for 12-month exemption only).

A Florida-based company seeking a 12-month Certificate of Exemption should submit, at a minimum, a one year summary of historical data on employment, production budgets, and purchases of exempted items related to production activities in Florida or production related information on projected employment, budgets, and planned purchases (see Certification form). Any information gathered from production companies for the purposes of this section shall be considered confidential taxpayer information under Florida law.

3. Follow instructions and complete the Application for Qualifying Production Company Tax Exemption Certificate in its entirety. Both the Florida Department of Revenue and the Office of the Film Commissioner will review only completed applications. Incomplete applications will be returned, which will result in processing delays.

4. Forward your application to:

Florida Department of Revenue
Central Registration Section
P.O. Box 6480
Tallahassee FL 32314-6480

TURNAROUND TIME

The Department of Revenue will review all submitted applications for the required information. Within 10 working days after the receipt of a properly completed application, the Department of Revenue will forward the completed application to the Office of the Film Commissioner. Upon determination by the Office of the Film Commissioner that a production company meets the established approval criteria and qualifies for the exemption, the Office of the Film Commissioner will return the approved application or renewal or extension to the Department of Revenue, which will issue the certificate of exemption within 5 working days of the receipt of an approved application,

application renewal, or application for extension from the Office of the Film Commissioner.

PRODUCTION EQUIPMENT (QUALIFYING TANGIBLE PERSONAL PROPERTY):

Tangible personal property means personal property that may be seen, weighed, measured, or touched. For the equipment to qualify for the exemption, the tangible personal property must be used exclusively as an integral part of the production activities in this state. The equipment must be depreciable with a useful life of at least 3 years. The exemption may also be extended to parts and accessories for qualified production equipment.

Examples of qualified equipment, parts, and accessories include, but are not limited to, the following:

Bull horns
Cameras
Camera cables and connectors
Costumes
Custom designed production
Software
Dollies
Foggers(not fluid)
GeneratorsGrip equipment
Lighting
Microphones
Production computers
Props (non-expendable)
Sets
Sound booms
Sound equipment
Sound mixers
Sound recorders
Stages
Teleprompters
Tents
Video recorders
Video cables and connectors
Walkie talkies

Wardrobes (non-expendable)

Wigs

The purchase, by the producer or an employee acting on the producer's behalf, of materials such as bolts, nails, lumber, paint, and other materials which become a component part of a finished product used as an integral part of the production activity, qualifies for the sales tax exemption. Tools and accessories used to construct the product do not qualify for the exemption.

Examples of equipment, parts and accessories that do not qualify include, but are not limited to:

Audio tapes

Batteries (over-the-counter)

Film (35mm, etc.)

Light bulbs (household)

Location fees

Lodging

Make-up

Meals (includes catering services)

Office supplies

Raw stock film

Records

Travel expenses

Vehicles (includes rental cars, trucks, motorcycles, other licensed vehicles)

Vessels

Video tapes

Props and wardrobe that are purchased and can be stored for future production activities may qualify for the exemption.

Food, beverages, plants, or personal clothing (lingerie, underwear) although used in the production, would not qualify for the exemption. Nails, paint, and other items that become a component part of a finished product are exempt. The brushes, pails, masking tape, and other tools and accessories would not qualify.

Generally, vehicles and vessels that are required to be

registered, licensed, or titled do not qualify for the exemption. The exception would be registered, licensed, or titled vehicles and vessels that are specifically designed and factory equipped with qualified production equipment. Motor homes or other vehicles and vessels not specifically equipped with production equipment, or if used for wardrobe or make-up, or used as cast and crew quarters, are not eligible for the exemption. Attachments to the ineligible vehicles or vessels, such as camera racks or boom arms, etc., would be eligible if separately itemized on the invoice.

LEASE OR RENTAL OF REAL PROPERTY

"Real property" means the surface land, improvements thereto, and fixtures, and is synonymous with "realty" and "real estate." The leasing, renting, or granting of a license to use any real property such as sound stages, studios, or any other real estate used as an integral part of the performance of the qualified production services, as noted below, is exempt from tax.

To determine if the real property is exempt from tax, the term "qualified production services" means any activity or service performed directly in connection with the production of a qualified motion picture, made for television motion picture, television series, commercial advertising, music video or sound recording. Examples include the design, planning, engineering, construction, alteration, repair, and maintenance of real or tangible personal property, including, but not limited to models, paintings, props, sets, stages, and facilities principally required for the performance of the qualified production services listed below.

ACTIVITIES

Animation
Casting
Choreographing
Coaching
Composing
Computer graphics
Consulting

Cutting
Directing
Distributing
Dubbing
Duplicating
Editing
Looping
Mixing
Photography
Printing
Processing
Producing
Scoring
Script supervising
Shooting
Storing
Writing

SERVICES

Adaptation (language, media, electronic, or otherwise)

- Creation of special and optical effects
- Designing and executing stunts
- Hair and makeup (design, production, and application)
- Location managing and scouting
- Performing (such as acting, dancing, and playing)
- Set and stage support (such as electricians, greensmen, grips, lighting designers and operators, and prop managers and assistants)
- Sound and recording
- Technological modifications
- Wardrobe (design, preparation, and management)
- Property management services directly related to property used in connection with the qualified production services described above may be exempt.

MASTER TAPES, MASTER RECORDS, MASTER FILMS, OR MASTER VIDEO TAPES

The sale or lease of master tapes or master records that are used by the recording industry in reproducing audio recordings

are taxable only on the value of the blank tapes or records used as a medium to transfer the master tapes or records. Likewise, the sale or lease of master films and master video tapes that are used in reproducing visual images for showing on screens or television is taxable only on the value of the blank film or tape used as a medium to transfer the master films and tapes. The value of all the major cost components of making a master, such as artistic services, processing, and copyrights or royalties, is excluded from the taxable price of the sale or lease. This tax treatment is limited to sales or leases by a recording studio to the recording industry or by a motion picture or television studio to the motion picture or television production industry.

For More Information

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

Information and forms are available on our Internet site at <http://sun6.dms.state.fl.us/dor/>

To receive forms by mail:

- * Order multiple copies of forms from our Internet site at <http://sun6.dms.state.fl.us/dor/forms/order>, or
- * Fax your form request to the DOR Distribution Center at 850-922-2208, or
- * Call the DOR Distribution Center at 850-488-8422, or
- * Mail your form request to:
DISTRIBUTION CENTER, FLORIDA DEPARTMENT OF REVENUE, 168A
BLOUNTSTOWN HWY, TALLAHASSEE FL 32304-3702

To receive a fax copy of a form, call 850-922-3676 from your FAX machine telephone.

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 1-800-352-3671 (in Florida only) or 850-488-6800.

For a written response to your questions, write:

TAX INFORMATION SERVICES, FLORIDA DEPARTMENT OF REVENUE, 1379
BLOUNTSTOWN HWY, TALLAHASSEE FL 32304-2716

Hearing or speech impaired persons may call the TDD line at 1-
800-367-8331 or 850-922-1115.

Department of Revenue service centers host educational seminars
about Florida's taxes. For a schedule of upcoming seminars,

- * visit us online at <http://sun6.dms.state.fl.us/dor/>, or
- * call the service center nearest you.

References:

Section 288.1258, F.S.