



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
MOTION PICTURE CREDITS
BEFORE JULY 1, 2004
Effective for taxable years beginning after December 31, 1999.
Attach to your Income Tax Return

SC SCH. TC-13
(8/16/04)
3357
20_____

Name As Shown On Tax Return

SS No. or Fed. EI No.

Who Must Complete the Form

Entities making a direct investment (generally the company producing the project) and having a direct ownership in a motion picture project and/or a motion picture production facility must complete the form. This would include a "C" Corporation that is claiming the credit on its own behalf. If a pass-through entity such as a partnership, "S" corporation, Limited Liability Company ("LLC") taxed as a partnership, or an equity fund makes a direct investment in such a motion picture project and/or production facility, they must provide (generally by means of a Schedule K-1) to each respective partner, "S" corporation shareholder, member of the pass through entity, or investor in the equity fund their share of the credit. In a tiered pass-through arrangement, the ultimate taxpayers (i.e. those who can use the credit such as an individual taxpayer) will eventually receive the information as the K-1s are passed down through the various tiers.

SC SCH. TC-13 is made up of three parts. Part I is for computing the credit(s) related to investment in a Qualified South Carolina Motion Picture Project (QSMPP). There are two types of QSMPP, (A) one for investors investing in a project by means other than an equity fund and (B) one for investors investing in a project by means of an equity fund. Part II is for computing the credit for Investment in a South Carolina Motion Picture Production Facility or Post Production Facility. Part III is for aggregating the credits in Parts I and II and applying applicable limitations. Complete each part if applicable. If the direct investor is taking a credit on this schedule, then Part III must be completed.

Use SC SCH TC-25 for Motion Pictures credits after June 30, 2004.

Part I Investment in a Qualified South Carolina Motion Picture Project
(The project must incur at least \$1 million of costs directly in South Carolina.)

- (A) Computation for investors **other** than those in an equity fund.
- | | | |
|--|----|-------|
| 1. Value of Direct Cash Investment. | 1. | _____ |
| 2. Multiply line 1 by 33% and enter amount. | 2. | _____ |
| 3. Credits taken on projects in prior years. | 3. | _____ |
| 4. Add lines 2 and 3 and enter the amount. | 4. | _____ |
| 5. Enter the lesser of line 4 or \$15,000. | 5. | _____ |
| 6. Subtract line 3 from line 5. | 6. | _____ |

If the direct investor (the company producing the project) is the ultimate taxpayer (the ultimate taxpayer being the entity or individual taking the credit), take the amount to line 1, Part III - otherwise this is the credit to pass down to the respective partners, "S" corporation shareholders, members of the pass through entity, or investors in the equity fund by means of schedule K-1).

- (B) Computation for investors in a motion picture equity fund.
- | | | |
|---|----|-------|
| 1. Value of investment. | 1. | _____ |
| 2. Multiply line 1 by 33% and enter amount. | 2. | _____ |

This is the amount to pass to the equity fund investors based on the percentage of their interest in the equity fund. If the equity fund investors are the ultimate taxpayers, they will use this amount to compute the credit on their tax return. If not, this amount will be passed down further in the tiered arrangement until the ultimate taxpayers receives their share. The preparer of this schedule should notify those receiving a share of the credit that each ultimate taxpayer will be limited on his share of the motion picture credit to an amount not exceeding 50% of his tax each year.

Part II Investment in a South Carolina Motion Picture Production Facility or Post Production Facility
(Check to indicate type of facility.)

- 1. Value of Investment. See instructions for minimum investment requirement. 1. _____
- 2. Multiply line 1 by 33% and enter amount. 2. _____

If the direct investor (the company producing the project) is the ultimate taxpayer (the ultimate taxpayer being the entity or individual taking the credit), it takes the amount to line 2, Part III - otherwise this is the credit to pass down to the respective partners, "S" corporation shareholders, members of the pass through entity, or investors in the equity fund by means of schedule K-1).

Part III Computation of Allowable Credit

- 1. Enter the amount from Part I(A), line 6 1. _____
- 2. Enter the amount from Part II, line 2 2. _____
- 3. Enter credit carryovers from previous years 3. _____
- 4. Add lines 1, 2, and 3 and enter the amount 4. _____
- 5. Enter 50% of income tax for the year **before** all other allowable credits 5. _____
- 6. Enter all other allowable credits for the year 6. _____
- 7. Subtract line 6 from line 5 7. _____
- 8. Enter the **lesser** of lines 4 and 7. 8. _____

The line 8 amount is your Motion Picture Credit for the year.

Enter the amount from line 8 on the appropriate line of your income tax return.

Information and Instructions For South Carolina Schedule TC-13

Part I - Investment in a Qualified South Carolina Motion Picture Project

There are two types of investments in a Qualified South Carolina Motion Picture Project (QSCMPP). Section (B) investments are investments in a motion picture equity fund created for the sole expressed purpose of facilitating a slate of QSCMPPs. Section (A) investments are all other type investments in a QSCMPP. The credit for both type (A) and (B) investments is limited to 33% of the "taxpayer's" cash investment, while type (A) investments are further limited to \$15,000. The "taxpayer" for type (A) investments is the direct investor (the company producing the project and making the direct payments with regard to the project). The "taxpayers" for type (B) investments mean the investors, partners, limited liability company members, and subchapter "S" corporation shareholders who invest in the motion picture equity fund.

Lines 1 and 2. The maximum credit per motion picture project is \$15,000. For pass through entities the \$15,000 maximum credit is allocated to the partners, "S" corporation shareholders, or LLC members based on their ownership percentage.

Part II - Investment in a South Carolina Motion Picture Production Facility or a Post Production Facility

A South Carolina Motion Picture Production Facility means a site in South Carolina that contains soundstages designed for the express purpose of film and television production for both theatrical and video release. Production includes, but is not limited to, motion pictures, made-for-television movies, and episodic television to a national audience. The motion picture production facility site must include production offices, construction shops/mills, prop and costume shops, storage area, parking for production vehicles, all of which complement the production needs and orientation of the overall facility purpose. The term does not include television stations, recording studios, or facilities predominately used to produce videos, commercials, training films, or advertising films.

Post-production facility means a site in this State designated for the express purpose of accomplishing the post-production stage of film and television production for both theatrical and video release including the creation of visual effects, editing, and sound mixing. A post-production facility site is not required to contain a soundstage or be physically located at or near soundstages.

Lines 1 and 2. A taxpayer may claim a credit in an amount equal to thirty-three percent of the value of a taxpayer's investment in the construction or conversion, or equipping, or any combination of these activities, of a motion picture production facility or post-production facility in this State. No credit is allowed unless the total amount invested in the motion picture production facility is not less than two million dollars, exclusive of land costs, or the total amount invested in a post-production facility is not less than one million dollars, exclusive of land costs. Documentation sufficient to provide confirmation of this threshold must accompany the application for the credit. Any unused credit may be carried forward to fifteen succeeding taxable years. The total amount of credit, which may be claimed by all taxpayers with respect to the construction, or conversion, or equipping, or any combination of these activities, of a single motion picture production facility or post-production facility may not exceed five million dollars. A taxpayer may claim the credit allowed by this section only one time in connection with a single motion picture production facility and one time in a single post-production facility. "Taxpayer" with respect to a motion picture production facility and post-production facility means the investor who invests in the company that constructs, converts, or equips a qualified South Carolina motion picture production facility.

NOTE: The credit is earned when the cash is spent or when qualifying real property is dedicated for use as part of a motion picture production facility or post production facility. If the motion picture project, motion picture production facility, or post production facility does not meet the requirements of Code Section 12-6-3510 within 3 years from the end of the taxpayer's tax year when the credit was first claimed, then the taxpayers who have claimed the credit must increase their income tax liability in the fourth year by the amount of the credits previously claimed.

IMPORTANT NOTE

In a tiered pass-through arrangement, the ultimate partners, "S" corporation shareholders, or LLC members must further reduce their percentage by their ownership percentage in the intervening entity. Attach a schedule showing the additional computation.

Remember to file SC SCH. TC-13A and/or SC SCH. TC-13B as needed.

For more information on this credit, see South Carolina Code Section 12-6-3510.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form if you are an individual taxpayer. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.