

Film and Digital Media Tax Credit Program

The New Jersey Film & Digital Media Tax Credit Program provides a credit against the corporation business tax and the gross income tax for certain expenses incurred for the production of certain films and digital media content in New Jersey.

The goal of the program is to incentivize production companies to film and create digital media content in New Jersey.

For questions regarding the New Jersey Film & Digital Media Tax Credit Program, please contact the New Jersey Motion Picture and Television Commission at (973) 648-6279 or the New Jersey Economic Development Authority at (609) 858-6767.

https://www.njeda.com/financing_incentives/large_business/Film-Digital-Media-Tax-Credit-Program

Available Assistance:

Film Tax Credit Program:

Tax credit equal to 30 percent of qualified film production expenses, or 35 percent of qualified film production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

Digital Media Tax Credit Program:

Tax credit equal to 20 percent of qualified digital media production expenses, or 25 percent of qualified digital media production expenses incurred for services performed and tangible personal property purchased through vendors whose primary place of business is located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer or Salem County.

Eligibility:

Film Tax Credit Program:

In order for a film project to be eligible for tax credits under the NJ Film Tax Credit Program, the film project must:

- Be 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, a game show, award show, or other gala event filmed and produced at a nonprofit arts and cultural venue receiving State funding. Productions featuring news, current events, weather, and market reports or public programming, talk show, sports event, or reality show, a production that solicits funds, a production containing obscene material as defined under N.J.S.2C:34-2 and N.J.S.2C:34-3, or a production primarily for private, industrial, corporate, or institutional purposes are not eligible for film tax credits.
- Meet one of the following expense eligibility thresholds:
 - 60 percent of the total film production expenses (exclusive of post -production costs) must be incurred for services and goods purchased through vendors authorized to do business in New Jersey, or
 - Qualified film production expenses (expenses incurred in New Jersey for the production of a film) must exceed \$1 million per production.
- End credits must include “Filmed in New Jersey” statement or logo.
- Once a film project is approved by the NJEDA Board for a tax credit, principal photography of the project must commence within 180 days of application or 150 days of the date of EDA Board approval, whichever is sooner.
- "Reality shows", which are otherwise ineligible, may be eligible for the Film Tax Credit Program if the production company of the reality show owns, leases, or otherwise occupies a production facility of at least 20,000 square feet in an Urban Enterprise Zone for at least two years, and, after July 1, 2018, makes a capital investment of at least \$3 million in that facility.

Digital Media Tax Credit Program:

In order for a film project to be eligible for tax credits under the NJ Digital Media Tax Credit Program, at least \$2 million of the total digital media production expenses must be incurred for services performed and goods purchased through vendors authorized to do business in New Jersey and at least 50 percent of the qualified digital media content production expenses must be for wages and salaries paid to full-time employees in New Jersey.

Diversity Plan:

The primary objective of the 2% Diversity Tax Credit is to stimulate job growth by encouraging film productions to employ the services of women and minority persons. The structure of this program seeks to further ensure that equal employment opportunities are offered to “above-the-line” positions (generally, key creative positions) as well as “below-the-line” positions (all other production crew).

Requirements:

(a) An applicant that seeks to increase its award through the use of a diversity plan shall submit a completed plan to NJEDA before the NJEDA may approve an application pursuant to the applicable program rules. An applicant may consult with the NJEDA regarding the requirements of the diversity plan in advance of submitting the plan.

(b) The diversity plan shall identify how the applicant intends to prioritize actively recruiting and hiring African Americans, Hispanic, Asian Americans, Native Americans, and women in all areas of production of the film, specifically production crew and staff, entry level positions, management positions and talent related positions. Proposed actions by the applicant may include advertising and recruitment actions.

(c) An overall goal of not less than 15 percent shall be utilized in the hiring of minority persons and women. All diversity plans must identify goals for hiring both minority persons and women.

(d) The diversity plan will indicate whether and, if so, how the applicant intends to participate in training, education and recruitment programs that are organized in cooperation with New Jersey state colleges and universities, labor organizations, and the motion picture industry and are designed to promote and encourage the training and hiring of New Jersey residents who represent the diversity of the state's population. Such cooperation is encouraged but not required.

(e) The diversity plan shall describe the efforts the applicant will make to ensure equal employment opportunities for minority persons and women in the recruitment, selection, appointment, promotion, training, and related employment areas.

(f) The diversity plan shall identify specific actions to ensure equal opportunities for the following key creative positions and shall include an explanation as to how these actions will contribute toward achieving the overall goal in relation to these positions:

- Producer
- Director
- Screenwriter
- Highest paid lead performer
- Second highest paid lead performer
- Production Designer/Art Director
- Design Supervisor
- Director of photography
- Camera operator
- Music composer
- Picture editor

Program Reporting:

If as part of the final documentation required for final approval of the tax credit, the applicant submits evidence satisfactory to the NJEDA and the Director of the Division of Taxation of good faith-efforts to accomplish all the actions described in the diversity plan, the final tax credit amount will include the bonus. If the final approval of the applicant's tax credit application does not include the bonus, the applicant may appeal the final approval as described in the program rules at N.J.A.C. 19:31-21.7(f).

Certification:

In order to support the fact that an individual who worked on the production is a woman or minority person, consistent with the applicable rules, the applicant must request and retain a copy of the Diversity Plan Report, attached hereto as form A (attached) from the individual.

Good Faith:

The applicant shall undertake appropriate outreach and talent acquisition activities that are reasonably designed to effectively identify, recruit and incorporate women and minority persons into the applicable film production. Good faith efforts are assessed using various factors, including, but not limited to the following, which shall be provided by the applicant:

1. The applicant's overall number of production workers, by category, upon completion of filming.
2. The names, addresses, and other information required on the Diversity Plan Report of minority and women production workers, by category, upon completion of filming.
3. The final diversity numbers of the production.
4. Documentation of efforts made to recruit and hire women and minority persons to meet the goals of the diversity plan. This can include, casting solicitations, e-mail confirmation or other correspondence to those people contacted but not hired. A list of names, dates and times of people and/or businesses that were contacted may be considered as well.

The NJEDA may contact the individuals and businesses listed by the applicant to verify the good faith efforts.

Audit Process:

NJEDA or the Division of Taxation may audit the applicant's submissions, in which case the NJEDA or the Division of Taxation may ask for documents supporting the application and submitted documentation regarding the diversity plan, including, but not limited to, any of the following documents:

- the books, records and supporting documents of the eligible production corporation
- agreements and contracts between actors, producers, directors, and other persons and the eligible production corporation
- any other documents that may be needed to support your claim

Fees:

Application Fee:

- \$500 (*\$1 million tax credit or less*)
- \$2,500 (*tax credit in excess of \$1 million*)

Issuance Fee: 0.5% of tax credit amount (payable prior to receipt of the tax credit)

Transfer Fee: \$1,000

Application:

Film Tax Credit Program:

[Film Tax Credit Online Application](#)

[Application Checklist](#)

[Frequently Asked Questions](#)

[Agreed Upon Procedures for CPA Verification Report](#)

[Form A - Diversity Plan](#)

[Detailed Film Production Budget Form](#)

NOTE: 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 and re-submit the application. In this scenario, the date/time of record will be based upon when the complete application is resubmitted, not the initial submittal of the incomplete application.

Please see the Application Checklist for what is required for a fully completed application.

Digital Media Tax Credit Program:

The Digital Media Tax Credit application is forthcoming. Please continue to check this page for additional updates.

Reference Information:

[Courtesy Copy of PL 2018 c.56 - Garden State Film and Digital Media Jobs Act](#)
[Courtesy Copy of Current Film & Digital Media Tax Credit Program Rules](#)