

Film Production Tax Rebate Guidelines

Please photocopy this page and distribute to your department heads

Note: The tax rebate applies only to expenditures that are subject to taxation in New Mexico.

- It is not necessary to register the filing entity to do business in New Mexico. Tax & Rev will use your Federal ID number (or social security number of individual) to process the rebate/return.
- Employee fringe benefits paid to a payroll company qualify for the tax rebate, including Pension, Health & Welfare, Holiday, Vacation. The following **does not**: SUI, FICA, FUI and Workers Compensation fee. Workers Compensation Insurance will qualify only if purchased through a New Mexico based agent.
- Out-of-state *performing artists* (actors and stunt performers only) **will** qualify if the personal services corporation pays gross receipts tax in New Mexico on the portion of those payments qualifying for the tax credit (For out-of-state companies, this means paying a 5% tax on the total cast salaries.); and the performing artist receiving payments from the personal services corporation pays New Mexico income tax. Call Jerry at TRD or Jennifer at the film office for details. See page 8 for contact info. There is a tax rebate cap of \$5 million dollars collectively for all performing artists *meaning* collectively, actors' salaries (including the GRT) up to \$20 million are eligible. Fringes for out-of-state actors do **not** qualify.
- Out-of-state *crew members* **do not** qualify; however, per diem and housing **do**.
- New Mexico-based chartered aircraft for in-state transportation directly attributable to the production **will qualify**; however the chartering of aircraft for out-of-state transportation **will not**.
- Commercial airfare if purchased through a New Mexico-based travel agency or company for travel *to* and *from* New Mexico or *within* New Mexico that is directly attributable to the production **will qualify**.
- Purchases made using petty cash must be documented by **vendor receipts**. Copy the front of each petty cash envelope and include with your summary report. The **vendor** to whom the petty cash was paid is needed, not the crew member who was given the petty cash.
- Credit card purchases must include detail of purchase/vendor name.
- Fuel cards and P-cards will need backup/detail (especially location of fuel cards) of transaction
- Expenditures made to Section 501 (c), non-profit organizations **do not** qualify because these organizations are tax exempt. These include Goodwill, Salvation Army, churches, museums, schools, etc.
- Purchases made on the Internet **do not** qualify *unless the seller is located in New Mexico*.
- Payments made to the State or Federal Government **do not** qualify. This would include permits and postage (parking lots are the exception).
- FedEx or UPS packages will only qualify if they're being sent *from* New Mexico.
- Purchases made on Native American tribal lands **do not** qualify as they are tax exempt. This includes gas stations, restaurants, hotels, etc... located on these lands.
- Cell phone reimbursements when the billing address is outside of New Mexico **do not** qualify.
- A *Declaration of Residency* form is required for the payroll of every New Mexico resident you include for the tax rebate *except for Background Talent* and you must get proof of residency (valid New Mexico driver's license, current New Mexico voter registration card, or copy of last year's New Mexico personal income tax return). Please make certain that the employee completely fills out his/her *Declaration of Residency* form, and include a copy of that form **and** a copy of their proof of residency in your tax rebate package. If it is discovered that the "resident" filed a New Mexico Non-Resident tax return or if they have changed their residency to another state on or before the last day of the taxable year, or if TRD has other evidence indicating they are not a resident (*even though they filled out a Declaration of Residency form and provided prof*), he/she will NOT qualify for the tax rebate.