



ADMINISTRATIVE RULES OF MONTANA



42.4.3408 CREDIT YEAR

- (1) The credit year of a media production or postproduction tax credit is the calendar year in which the tax year of the production company or the postproduction company applying for the tax credit according to ARM 42.4.3411, or ARM 42.4.3412 begins, except when:
 - (a) The department receives the submission of costs, required under 15-31-1005, MCA, more than 60 calendar days after the end of principal photography or after the end of the tax year if the production is a multi-year production. In this case, the credit year is the calendar year following the calendar year in which the tax year of the production company or the postproduction company incurring the expenses begins.
 - (b) A production company makes an election as described in (2), in which case the credit year may not be earlier than the calendar year in which the second tax year begins; or
 - (c) The tax credit limit provided in 15-31-1010, MCA, is reached and the tax credit is allocated to a subsequent credit year.
- (2) Applications in ARM 42.4.3411 and ARM 42.4.3412 must be made for the tax year when the qualifying expenditures were incurred and qualifying compensation was paid. When a production company undertakes a state-certified production overlapping two tax years, the production company may elect to apply the entire base investment and credit base from the first tax year to the second tax year. When the production company makes this election:
 - (a) the election in ARM 42.4.3406 must be applied before any election under this section is made.
 - (b) the provision in (1)(a) applies based on the second tax year.
 - (c) a single media production tax credit application is required. This election must be made on a media production tax credit application.
 - (d) no UCRN will be issued for the first tax year.
- (3) For the purpose of providing additional credit year guidance to production companies, the department provides the following example:

Example: A production company has two separate state-certified productions occurring in calendar year 2021, but with principal photography for the second production scheduled to end in calendar year 2022. If the base investment for the first production does not qualify for the media production tax credit, then the production company may elect not to file a media production tax credit application and, alternately, combine both productions into one multi-year state-certified production, as provided in ARM 42.4.3406. In this case, the

production company combines its production expenditures incurred and compensation paid in 2021 and 2022, makes the election as provided in ARM 42.4.3408, and submits one media production tax credit application to the department for both productions. The application is filed 61 days after the conclusion of the second production's principal photography. The result is that the entire tax credit may be reserved for tax year 2023, at the earliest, as long as the overall calendar year credit limitation in 15-31-1010, MCA, is not reached.

Authorizing statute(s): 15-31-1012, MCA

Implementing statute(s): 15-31-1012, MCA

History: NEW, 2020 MAR p. 1638, Eff. 8/29/20.