

CALIFORNIA FILM & TELEVISION TAX CREDIT PROGRAM 2.0

Budget Tagging and Tracking Tips 2.0

Nov. 12, 2015

This document contains useful budget, tagging, and program information. Please review the Guidelines for an understanding of the additional 5% tax credits (“uplift”) available for non-independent productions (excluding Relocating Series), Bonus Points, and the Jobs Ratio. Bonus points effect a production’s Jobs Ratio, as does the actualized final estimated wage and non-wage expenditures. Bonus Points are given for principal photography days out of the zone and in an approved facility, as well as for VFX expenditures. See Appendix A for bonus point matrix.

The Jobs Ratio is calculated at application submission and the CFC approved Jobs Ratio is compared to the Jobs Ratio recalculated during the audit process.

A. GENERAL TRACKING TIPS

1. Credit Allocation Letter Date: Expenses incurred whether paid or not prior to the issuance of the Credit Allocation Letter (CAL) are not qualified expenditures. However, qualified items which required full or partial payment (insurance premium, completion bonds, office rent) prior to the issuance of the CAL may be pro-rated.

For example, insurance premium payment may be prorated by the number of pre-production and production weeks. The payments for weeks after issuance of the CAL are considered qualified expenditures. Insurance premiums that are prorated should be calculated by your insurance broker and given to the CPA performing the AUP.

2. Cutoff Date for Tracking Costs: Costs are qualified only until 30 days after the creation of the final elements regardless of when paid. Only expenditures incurred up to 30 days after that date shall be considered qualified expenditures (pre-paid items for services that have not yet been performed do not qualify).

Documentation which indicates the date of completion of the final elements e.g., digital air master, composite answer print, or digital cinema files, will be required by the CPA performing the Agreed Upon Procedures. Please use the [Final Element Creation Verification Form](#), which can be found on the [CFC website](#).

3. Refunds and credit notes received for discounts, rebates, insurance claims, invoicing errors, and purchase returns must be credited to the production costs.
4. In-kind services that are exchanged for equity in the project and deferrals are not considered qualified expenditures. Only direct out-of-pocket costs may qualify.
5. Contingency funds, which are spent during the production period, should be properly allocated into the specific accounts on the cost reports.
6. All receipts/invoices must be legible; illegible documentation may not be accepted by the CPA. Petty Cash (P.C.) receipts should be numbered, legible, and must not be truncated, with each transaction clearly marked on the front of the P.C. envelope or on a spreadsheet.
7. The costs recorded are to be actual costs with no markups, profit additions or personal expenses.

B. SPECIFIC TRACKING TIPS & USEFUL INFORMATION

1. Producer (Hyphenate) Wage Split

Any individual receiving an on screen producer credit must also receive a Below the Line (BTL) on screen credit in a qualified occupation in order for the BTL wages to qualify. Maximum Salary must be within industry standards with a maximum of \$100,000, (exclusive of fringes, box rentals, cell or car allowance). If the employee will not be receiving a BTL credit on the project, than none of the salary will qualify.

Examples:

- If a DGA/UPM receives a Producer screen credit, the wage attributable to the UPM account will qualify up to \$100,000.
- Non DGA UPM receives an Executive Producer credit, the wage attributable to the UPM will qualify up to the industry standard rate.
- If a Visual Effects Supervisor also receives a Visual Effects Producer screen credit, the wage attributable to the VFX Supervisor account will qualify up to \$100,000.
- If a Post Supervisor also receives an Associate Producer screen credit, the wages attributable to the Post Supervisor account will qualify up to the industry standard rate.

**All wages attributable to any individual that receives an on screen producer credit are subject to review.

2. Box Rentals/Car/Cell Phone Allowances – IF THE SALARY QUALIFIES, THE ALLOWANCE QUALIFIES

- a. Box Rentals, Cell Phone Allowances (QE) and Car Allowances (QW) are considered qualified expenditures for qualified individuals only, including producer-hyphenates up to the amount commensurate with other department heads.
- b. Payments for cell phones rented for nonqualified ATL crew or cast which are paid from an actual bill, are considered qualified spend. All amounts must be commensurate with those of other department heads.

3. Proof of Usage in State (filming in and out of CA)

- a. The use of goods - purchased or rented and used in CA - qualify for the tax credit. Rentals and/or purchases will need to be prorated if items are also used out of state.
- b. Any items purchased over the internet and used in the state (see #7 below regarding shipping goods) will need proof that the item was purchased in CA and shipped intrastate. If proof is not available, cost may be disallowed.
- c. For productions where 100% of shooting occurs in California, all items purchased or leased in CA for direct use in the production shall be assumed to be used in state. Productions that film outside of CA may be asked to prove items purchased and/or rented in California were also used in California.

4. Proration for Out of State Work, Goods, and Services (filming in and out of CA)

- a. If at any time during the production period the project operates out of state, wages, goods and services must be prorated proportionately to accurately allocate the costs.
- b. For example, if an employee who makes \$1000/week works 2 days out of the state and 3 days in the state, his or her salary would be prorated and \$600 (\$200/daily rate x 3 days) would be the employee's qualified wages for that week.
- c. If a company is contracted to perform work both inside and outside of the state, their contract amount would need to be prorated proportionately for the percentage of work time expended in and out of California. Rented or purchased items such as camera equipment, self-drive cars, production trucks, picture cars, wardrobe, props and the like must all be prorated according to the number of days shot out of state.
- d. For any items fabricated or built in the state but filmed out of state, only the labor will qualify – not the materials (can prorate for usage in state).
- e. Insurance premiums must also be prorated if filming occurs out of the state.

5. Proration for Stunt Coordinator or Stunt Riggers/Performers

Stunt Coordinator, stunt riggers or safeties earnings are considered qualified wages when not on camera. The production company must indicate on production reports and Exhibit "G's" those days when a stunt coordinator or stunt person is "not photographed". On those days when a stunt coordinator, safety or rigger rehearses or has wardrobe fittings for planned on-camera work, their salaries would not qualify.

6. Travel Expenses

- a. Airfare is considered a qualified expenditure if air travel originates and concludes in California (intrastate only).
- b. Travel day salaries for qualified individuals traveling within the state are qualified expenditures. Travel day salaries for qualified individuals traveling into or out of the state do not qualify.
- c. Travel Agency fees qualify when airfare is purchased from a California travel agent for intrastate travel. Luggage fees qualify for intrastate travel only.
- d. Travel allowances to unqualified cast or crew are not qualified expenditures; however, if the production company directly pays for a hotel room or corporate housing (no private housing rentals), those expenditures will qualify.
- e. Per Diems for non-qualified individuals do not qualify. For producer-hyphenates, per diem is considered a qualified expenditure up to the amount commensurate with per diems given to other department heads.
- f. Relocation costs (including Fold and Hold Sets) for relocating series do not qualify.
- g. Aerial photography is qualified provided the helicopter or plane takes off and lands in California.
- h. Itemized proof will be required for any intrastate travel allowances.

7. Shipping Goods

The costs to ship items into or out of the state are not qualified expenditures. The costs to ship items intrastate do qualify; however, in both instances, break out the cost of the item from the shipping costs, to properly code these expenses. Save any return address labels that prove the item was shipped intrastate (if purchased on the internet). Remember, unless it is clear the item was purchased or rented in California, it will not qualify.

8. Insurance Claims Refunds

Cash refunds received as the result of an insurance claim must be credited to the cost report and offset related qualified expenditures. Proceeds from the refunds that are spent on qualified labor and/or materials will count toward your tax credit amount.

C. BUDGET TRACKING INSTRUCTIONS

THIS METHODOLOGY IS MORE ACCURATE THAN CREATING A SUB-BUDGET. WHEN A SUB-BUDGET IS CREATED, THE FRINGE TABLES AND CUT-OFFS START OVER, WHICH RESULTS IN AN OVERESTIMATION OF FRINGES.

TO CREATE A QUALIFIED EXPENDITURE BUDGET

1. SET UP FRINGES IN BUDGET

It is suggested that budgets be set up with the following Fringe breakdown as Federal Fringes and others must be excluded from CA tax credit calculations. Non-Qualifying Fringe must be separated when budgeting.

Note: CA Film Commission will not accept budgets with ALL-INCLUSIVE fringe rates that include Non-Qualifying Fringe e.g., FICA, MEDICARE, FUI, FUTA, PIT (personal income tax withholding).

Unemployment Insurance	Federal	FUI	Exclude from your Incentive Budget
FICA – Social Security	Federal	FICA	Exclude from your Incentive Budget
FICA – Medicare	Federal	MED	Exclude from your Incentive Budget
Personal Income Taxes (Supplemental)	Federal	PIT	Exclude from your Incentive Budget
Add'l FUTA	CA	FUTA	Exclude from your Incentive Budget
State Unemployment Insurance	CA	SUI	Include in your Incentive Budget
California Car Medical Insurance	CA	NU %	Include in your Incentive Budget
Workers Compensation	CA	WC	Include in your Incentive Budget
Vacation Accrual	CA	VAC	Include in your Incentive Budget
Holiday Accrual*	CA	HOL	Include in your Incentive Budget
<i>OR *Budget holiday pay as a line item in budget if applicable - NOT BOTH</i>			
Sick Pay Accrual	CA	SIC	Exclude from your Incentive Budget
Crew Union PH&W	CA	IA %	Include in your Incentive Budget
Teamster Union PH&W	CA	IA %	Include in your Incentive Budget
DGA PH&W	CA	DGA	Include in your Incentive Budget
SAG Extras PH&W	CA	SAG	Include in your Incentive Budget
Extras Casting Fee (do not include Handling Fees)	CA	EXT	Include in your Incentive Budget
Above the Line Handling Fees	CA	ATL	Include in your Incentive Budget
Below the Line Handling Fees	CA	BTL	Include in your Incentive Budget

2. SUB-GROUP SET UP IN BUDGET and COST REPORT TAGGING

You do not need to delete or suppress line items in your budget, if you follow the tagging procedures below. Utilize applicable sub-groups when creating the budget. NQ and XX groups should be excluded in the qualified budget. Utilize the sub-groups which are necessary when budgeting; when tagging actual wages and expenditures additional tagging may be required. If there is no out of zone principal photography you do not have to utilize the PST tag.

INDEPENDENTS and RELOCATING TELEVISION

	Budget subgroup	Cost Report Tagging	Comments
Qualified Wages	QW	QW	Qualify for 25%
Qualified Expenditures	QE	QE	Qualify for 25%
Non-Qualified Expenditures inside CA	NQ	NQ	These costs do not qualify for the Incentive but were incurred in CA.
Non-Qualified Expenditures outside CA	XX	XX	These costs do not qualify for the Incentive.

NON-INDEPENDENT PRODUCTIONS

	Budget subgroup	Cost Report Tagging	Comments
Qualified Wages	QW	QW	Qualify for 20%
Qualified Expenditures	QE	QE	Qualify for 20%
Non-Qualified CA wages / expenses	NQ	NQ	These costs do not qualify for the Incentive but were incurred in CA.
Non-Qualified Expenditures outside CA	XX	XX	These costs do not qualify for the Incentive.
Out of Zone Wages	ZW	ZW	5% uplift bonus for qualified wages for work performed outside the L.A. Zone (2nd Unit & PP).
Outside the Zone Consumable Expenses	---	ZC	Totally consumed items outside the LA zone are eligible for 100% of purchase price towards 5% uplift (versus a tax credit based on the % of PP days) if tracked and verified. See Appendix A in Guidelines for a listing of total consumables.
VFX Uplift	---	QE, VU, PST or QW, VU	5% uplift bonus for qualified expenditures for VFX work performed in CA. In state VFX expenditures must be at least \$10 million dollars OR 75% of total VFX costs. (Refer to Qualified Expenditure charts – all VFX costs which qualify for uplifts & bonus points are in GREEN)

	Budget subgroup	Cost Report Tagging	Comments
MUSIC Uplift	---	QE, MU, PST or QW, MU	5% uplift for Music recording and scoring done in CA. All qualified wages and expenditures (incurred in California) listed in the qualified expenditure charts under music noted in GREEN qualify for this uplift.
Insurance, Legal and Qualified Post- Production Expenditures	--	PST	Note: the 5% Uplift for non-wage Expenses Outside the Zone will be calculated based on "QE" minus "PST" times Actual % of Shoot Days Outside the Zone. It is important to tag all post-production expenses (e.g., post sound, film and lab, VFX, music, titles) plus legal and insurance expense with PST. This tag will allow you to calculate the proper Production Only Qualifying Expenses. QE - PST = Production Only Qualifying Expenses.

For more details, see our Chart of Accounts on the website.

3. **Out of Zone “Uplift” Expenditures**

Important information when tagging for Out-of-Zone (OZ) “uplift” expenditures:

- 1) If a Principal Photography day is split between in and out of zone, the first scene must be shot in the OZ location to be considered a principal photography OZ day.
- 2) OZ uplift only applies to work associated with filming original photography and/or reshooting original footage out of the LA zone. Post-production expenditures out of the zone do not qualify for this uplift.
- 3) OZ labor: Applies only during the “applicable period,” which is prep, shoot, and time needed to strike sets in the OZ location. OZ labor costs will be the estimated labor costs (initial submission) and actualized labor paid (for tax credit allocation).
- 4) OZ non-labor costs (purchases, rentals, and contracted services) will be calculated via the online application portal by subtracting the PST from the QE and prorating it by the percentage of principal photography OZ days in relation to total CA principal photography days. This calculation will also determine OZ non-labor costs when applying for a tax credit certificate. (If you do not have OZ principal photography, it is NOT necessary to tag PST items.)
- 5) OZ materials that are totally consumed (as defined in the Regulations, e.g., fuel, food, dry cleaning, location site rentals, security guards, etc.) can be tagged separately if desired. If documentation is sufficient, the cost of these items will be credited 100% toward the tax credit (not prorated). If they are not specifically documented, they will be prorated along with non-consumable OZ expenditures. A listing of total consumables can be found in [Appendix A of the Guidelines](#).

4. **Visual Effects “Uplift” Expenditures**

- 1) VFX expenditures in state must equal at least \$10 million dollars OR 75% of total VFX costs in order to qualify for the uplift.

- 2) The VFX costs, which qualify for the 5% uplift, are primarily vendor payments for VFX processes, such as previz, postviz, Lidar, element creation, CGI shot costs.
- 3) Labor, whose primary function is visual effects, such as VFX Supervisor or VFX Editor, and are paid, directly by the production company, as well as their computer rentals, will qualify for the uplift. (Refer to [Features Qualified Expenditure chart](#) – all VFX costs, which qualify for the uplift, are in **GREEN**).

5. Music Scoring and Track Recording “Uplift” Expenditures

- 1) Qualified wages and expenditures (incurred in California), listed in the [Features Qualified Expenditure chart](#) under music noted in **GREEN**, qualify for this uplift.
- 2) Any non-independent productions with qualified expenditures over \$100 million should contact the CFC with respect to calculating uplifts.

D. Expenditure Summary Report

1. Expenditure Summary Report

- a. When applying for the Tax Credit Certificate, production companies will be asked to fill out, via the on-line portal, an Expenditure Summary Report (Form FF). The Report will ask for final schedule and budget information.
- b. This report also asks for information on the **diversity of the cast and crew**. Employees generally have the option of providing this information on their start paperwork. If the information is provided, ask your payroll service to include this information with the employee's information, to be able to provide a report to the production company at the end of the production period. If the payroll service does not ask for this information, please include an ethnicity question, at the employee's option to answer, on the deal memo or a separate form. It is important to explain to the employee that this question is being asked because your production is participating in the California Film & Tax Credit Program 2.0, and it is a requirement of the program, although answering the question is optional. The data from this report will enable the production to complete the Employment Diversity information on the Expenditure Summary Report.

2. Jobs Ratio/Tax Credits

The adjusted jobs ratio based on actual expenditures and calculation of tax credits, based on the findings of the CPA performing the AUP, will be inputted. This document will need to be printed out, signed, and submitted with your AUP and other final documentation.

Agreed Upon Procedures (AUP): Required documentation

1. Certified Public Accountants

An Agreed Upon Procedures Report must be performed by a CPA with an active California license to perform attest services or current firm registration in California. Applicants are unable to engage the same CPA/Accountant who performed any production accounting and/or post-production accounting

for the approved project. Only CPAs who have attended a CPA Orientation Seminar 2.0 are able to conduct AUPs; CFC supplies a listing of CPAs who have attended a seminar and are familiar with the California Film & Television Tax Credit Program 2.0.

2. Verification of In-state Work

Each production must obtain documentation from visual effects, digital effects, post sound and/or title design companies or contractors in order to verify that all work was performed in the state. Vendors must utilize the [Verification of In-State Work](#) form available on the website. If a portion of the work was performed out of state by the company or its subcontractors, the letter must indicate the dollar amount for such work and/or materials. This documentation will be reviewed by the CPA performing the Agreed Upon Procedures and the CFC.

3. Related Party Transactions

All related party* transactions must be in accordance with an arm's length standard. The production company is required to provide the CPA performing the AUP with a breakdown of all related party transactions, as they are subject to review and sampling; a minimum of 3 comparison bids and/or studio rate cards will be requested. If the production company rents equipment from a BTL crew member, this is not a related party transaction. However, renting company services or equipment from cast or crew whose salaries are not qualified for the tax incentive program are considered related parties by the CFC and are subject to review.

*The term "related parties" is understood to mean the reporting entity; its affiliates; principal owners, management, and members of their immediate families, entities for which investments are accounted for by the equity method; and any other party with which the reporting entity may deal when one party has the ability to significantly influence the management or operating policies of the other, to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interest. Related parties also exist when another entity has the ability to significantly influence the management or operating policies of the transacting parties or when another entity has an ownership interest in one of the transacting parties and the ability to significantly influence the other, to the extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

4. Production Assets

Proceeds from the sale of any production assets must be deducted from the costs presented in the cost report. Asset lists are required as part of the AUP documentation.

- a. Any assets with a purchase price of \$10,000 and over will be subject to review in determining tangible personal property value. As a rule, the lesser of the net cost of the asset after sales proceeds (if assets sold) or 50% of the purchase price will be allowed as a qualified expenditure. If the asset is destroyed during the process of production, applicant should maintain documentation as proof for verification by the Certified Public Accountant (CPA) performing the AUP for the company. An asset list of all items with a purchase price of \$10,000 or more is required for the AUP and for review by the CFC.
- b. Any leased or rented items manufactured, assembled, or fabricated to specification with a value of \$10,000 or more shall be treated as a capital lease if it meets any one of the following four conditions:
 - 1) If the term of the lease exceeds 75% of the life of the asset.
 - 2) If there is a transfer of ownership to the lessee at the end of the lease term.
 - 3) If there is an option to purchase the asset for substantially less than the fair market value ("bargain price") at the end of the lease term.

- 4) If the present value of the lease payments, discounted at an appropriate discount rate, exceeds 90% of the fair market value of the asset.

Any such rental or lease agreement that meets the standards for a capital lease will be considered a purchase and subject to a 50% expense cap for purposes of qualifying for the tax incentive. All such items are required to be on the asset list of items with a purchase price of \$10,000 or more.

- c. Office or on-set electronic, post production or effects equipment such as computers, hardware, drives, scanners, monitors and relevant components, copiers, and/or printers which are purchased for the production will be allowed the lesser of the net cost of the asset after sales proceeds (if assets sold) or 20% of their purchase price as a qualified expenditure.
 - 1) Digital assets with a purchase price equal to or less than \$250.00 are not subject to this requirement.
 - 2) Props or set dressing that involve digital equipment are also subject to this rule, except for period props/dressing manufactured more than 5 years from the date of usage. An asset list of all such items is required for the AUP and for review by the CFC.
- d. Licensed Assets: Per statute, any licensed materials, e.g., music licenses, software, are not qualified expenditures. Please tag these items accordingly.
- e. Here are some examples regarding the disposition of assets:
 - 1) Asset over \$10k is Sold (e.g. 50% assets)
If the asset is sold, the qualified cost is the lesser of the net cost after sales proceeds or 50% of the original purchase price. So in one example, if a \$15,000 asset is sold for \$6,000 (net cost of \$9,000), the qualified cost is \$7,500 (50% of the original purchase). In a second example, if a \$15,000 asset is sold for \$11,000 (net cost of \$4,000), the qualified cost is \$4,000. So, in summary, if the asset is sold the most you could get as a qualified cost would be 50% of the original purchase price.
 - 2) Asset over \$10k is Retained (e.g. 50% assets)
If the asset is retained, the qualified cost is limited to 50% of the original purchase price in all cases.
 - 3) Asset over \$10k is Destroyed (e.g. 50% assets)
If the asset is destroyed as part of the production, the qualified cost is the full value of the asset. However, in all cases the production company must maintain documentation that the asset was destroyed (e.g. photographs, production reports, video footage, etc.).
 - 4) Asset under \$10k (not including the post, office electronic, digital and effects equipment)
If the asset purchase price is below \$10k, the qualified cost is the full value of the asset. The production company does not need to specifically track the asset but upon request, may need to provide a listing of all assets to the auditor and CFC.
 - 5) Electronic and Digital Assets
If the asset is electronic or digital, the qualified cost is limited to 20% of the original purchase price. The production company must track these types of purchases regardless of dollar amount of the purchase price, but the 20% limit does not apply to digital assets with a purchase price equal to or less than \$250.00.

- 6) If an Asset is given to a non-qualified individual, e.g., director, producer, actors, the purchase price of the asset must be fully deducted from the qualifying expenditure total.

E. MATERIALS FOR VERIFICATION OF EXPENDITURES

Production companies may need to provide the CPA that will be performing the AUP report access to the following materials (including but not limited to):

- Copy of Credit Allocation Letter
- Full set of final, signed Production Reports for principal photography and any reshoots/additional photography
- Shooting schedule
- Final crew, cast, and vendor lists
- Final cost report including all non-qualifying expenditures
- For productions close to threshold limits, CPAs will review ATL contracts for any guaranteed deferrals or bonuses, which must be included in the total budget amount.
- Detailed Cost Ledger, e.g., Bible
- Payroll register of all cast, crew, and staff paid (summary)
- Detailed Trial Balance
- Detailed Ledger of expenditures - digital and hard copy
- Petty cash envelopes
- Bank Statements & Reconciliations
- Information to substantiate qualified expenditures, including invoices, purchase orders, receipts, contracts, deal memos, time cards, stop/start forms, etc.
- List of all visual effects, digital effects, and/or title companies who worked on the production.
- Complete Inventory/Asset list (electronic).
- Listing of items with a purchase price over \$10,000 indicating the status of the assets (e.g. destroyed, sold, donated, being held for future productions, given to cast or crew, etc).
- Listing of office, post-production or effects equipment purchased for the production and its disposition.
- Listing of customized leased or rented items manufactured, assembled, or fabricated to specification with payment aggregating \$10,000 or more.
- Listing of all related party transactions, including type of relationship, transactions, amount of transactions; comparison bids may be requested.
- Listing of all parties with a 5% or greater ownership in or other affiliation with the production company.

QUALIFIED WAGES PROCESSED THROUGH PAYROLL

All of the payments below, taxable or non-taxable, are considered QUALIFIED WAGES (QW) when the salary of the individual or entity is qualified labor. Only wages paid through the production's payroll service, musicians' payroll service, or directly by the production company to an individual or their loan out company can be considered wage.

- Meal Penalties / Allowances
- Car Allowance
- Mileage
- Per Diem
- Housing Allowance

NON-WAGE EXPENDITURES

All purchases and rentals are considered non-wage expenditures. These include invoices via a contracted company and include security guards, police, firefighters, site reps (if not paid directly by Production Company).

Box Rentals and Cell phone allowances/rentals from individual whether paid through payroll or invoiced separately are considered Qualified Non-wage (QE).

- *Box Rentals*
- *Cell phone allowances or rentals from individual*

TO CREATE A QUALIFIED EXPENDITURE BUDGET

1. Once you have finished grouping all qualified and nonqualified expenditures as per the tagging methodology, choose the QE + QW subgroups in order to create your Qualified Spend Budget. Be sure to select "include fringes" in your QW subgroup.
2. Insurance costs should reflect your total premium, minus out of state work (tagged XX), Error and Omissions coverage and/or Essential Element coverage.
3. Insurance costs must be included in the budget (not as a contractual cost) and tagged QE to be included in the tax credit reservation. Non-Indies must also tag the insurance PST.
4. Completion Bond costs can be no more than 2% of CA qualified expenditures. You must exclude bond costs for any out of state filming. Completion bonds must be included as a contractual cost in the qualified expenditure budget in order to be included in the tax credit reservation.
5. Contingency, as a contractual charge, can be no more than 10% of CA qualified expenditures. A contingency must be included as a contractual cost in the qualified expenditure budget in order to be included in your tax credit reservation.

Please refer to the [Qualified Expenditure Charts](#) to confirm qualified and non-qualified expenditures. However, do not hesitate to contact the CFC Film & Television Tax Credit Program if you are unsure if an expenditure is or is not qualified.

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Phone: 323-860-2960 X110 • Fax: 323-860-2972
incentiveprogram@film.ca.gov | www.film.ca.gov

Appendix A

BONUS POINT RANGES

Maximum Total Bonus Points
25

Ranges are subject to change. These ranges were used during the May 2015 and July 2015 application periods.

% Out of Zone Days	
Threshold	Points
0%	0
10%	1
20%	2
30%	3
40%	4
50%	5
60%	6
70%	7
80%	8

% of Facility Days	
Threshold	Points
0	0
10%	1
20%	2
30%	3
40%	4
50%	5
60%	6
70%	7

VFX PERCENTILE CUT-OFFS	Non-indie Range		Indie Range		TV Series Range	
	Rounded	Points	Rounded	Points	Rounded	Points
Bin Range						
0%	0	0	0	0	0	0
0 - 10% (Lowest 10% of Spenders)	200,000	1	10,000	1	50,000	1
10% - 20%	350,000	2	20,000	2	75,000	2
20% - 30%	500,000	3	30,000	3	100,000	3
30% - 40%	650,000	4	40,000	4	150,000	4
40% - 50%	800,000	5	50,000	5	300,000	5
50% - 60%	1,000,000	6	75,000	6	450,000	6
60% - 70%	2,000,000	7	100,000	7	600,000	7
70% - 80%	3,000,000	8	200,000	8	750,000	8
80% - 90%	10,000,000	9	300,000	9	1,000,000	9
90% - 100% (Highest 10% of Spenders)	20,000,000	10	500,000	10	2,000,000	10

Bonus Point Tips:

- Production Facilities must be listed in the Production Facility listing on the CFC website for the production facility to qualify for bonus points, unless the facility is out of the Los Angeles zone.
- Shooting crew must utilize a Production Facility for 6 hours or more for that day to be considered a Facility Day.
- Visual Effects expenditures which qualify for bonus points are listed in green in the qualified expenditure charts.
- If a Principal Photography day is split between in and out of zone, the first scene must be shot in the out of zone (OZ) location to be considered a principal photography OZ day.
- Bonus Points only apply to filming original photography out of the LA zone.