



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MAY 31, 2012

B&O Tax Credit Reinstated for Contributors to Washington Filmworks

Introduction

The business and occupation (B&O) tax credit for cash contributions made to Washington Filmworks has been reinstated. Businesses may take the credit for contributions made June 7, 2012 to June 30, 2017.

The credit, originally provided by RCW 82.04.4489, expired in 2011. Engrossed Second Substitute Senate Bill (E2SSB) 5539, passed by the 2012 Legislature, reinstated it.

What is Washington Filmworks?

Washington Filmworks (WF) is a nonprofit organization whose mission is to encourage growth in the film and video production industry for the economic benefit of Washington State. As an approved motion picture competitiveness program, it offers financial assistance to those shooting commercials, episodic television, and feature films in Washington State.

Must I file an application to claim the B&O credit?

No application is necessary for the tax credit; however, the cash contribution must be made before the credit is claimed. As with all credits, the business making the contribution must keep adequate records for the Department of Revenue to verify eligibility.

For information on making cash contributions please contact Washington Filmworks (WF) at <http://www.washingtonfilmworks.org/>.

When can I contribute and qualify for the credit

Contributions made June 7, 2012 through June 30, 2017 qualify for the credit. There is no B&O credit for contributions made between July 1, 2011 and June 6, 2012.

Are there any limits to contributions?

Contributions are limited by the individual and program caps:

Individual cap: The maximum credit a business may earn in a calendar year is limited to the lesser of:

- \$1 million; or
- The full amount of the cash contribution made to Washington Filmworks.

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Program cap: The statewide program cap for this credit is \$3.5 million. This credit is available on a first-in basis. After the maximum credit allowance is reached, the Department will send a notice to any business still seeking to claim the tax credit, allowing those businesses 30 days to pay the tax due.

How do I claim this B&O tax credit?

To claim the credit, taxpayers:

- Must electronically file their return using E-file, the Department's online tax filing system. This includes all returns, forms, and any other information required by the Department.
- Must claim the credit on returns filed during or after the contribution calendar year. Unused credit may be carried forward for three consecutive years.
- May use credit earned in 2012 against tax liabilities incurred beginning January 2012.
- May not use any newly earned credit for tax liabilities from prior calendar years. This includes tax liabilities incurred in 2011 but due in 2012.

Example: A contribution made on June 7, 2012, qualifies for a B&O credit against tax liabilities incurred from January to December 2012. It cannot be used against a tax liability incurred in 2011 but due in 2012. The credit may be used against returns filed through December 2015 until all the credit is claimed.

Are there any other limits on claiming the credit?

The following limitations also apply:

- The amount of B&O tax credit claimed on an excise tax return cannot exceed the B&O tax due for that reporting period.
- Credits may not be cashed out. They can only be applied to outstanding taxes, penalties, or interest.
- No credit may be earned for contributions made after June 30, 2017.
- No credit may be claimed on returns filed after December 31, 2020.

Where can I find more information?

- For more information on the credit, see RCW 82.04.4489, or call our Telephone Information Center at 360-705-6705.
- For information on the funding program and contributions, visit Washington Filmwork's website at: <http://www.washingtonfilmworks.org/>.