



FREQUENTLY ASKED QUESTIONS (FAQs)

Please refer to the [Film Production Tax Credit Guidelines](#) for a comprehensive guide and overview of the program and the application process.

Q. Is there a limit on salaries and wages?

A. Yes. All salaries and wages earned in Pennsylvania are considered eligible expenses if such amounts are subject to PA taxation; however, there is a \$15 million cap in the aggregate for above-the-line payments for salaries or wages paid to a principal actor(s), whether paid directly to or through a loan-out company. Items such as reimbursement for expenses or fringe benefits are not considered salaries or wages.

Q. Are payments made to a non-U.S. citizen hired as talent or crew and paid by a payroll company considered a qualifying expense?

A. Only payments where the applicable state and local taxes are paid according to the rules for non-U.S. citizens working in Pennsylvania are eligible expenses.

Q. Are salaries and wages paid to a resident of a reciprocal state subject to Pennsylvania taxation?

A. Yes, if Pennsylvania state tax is withheld. Reciprocal states include: Indiana, Maryland, New Jersey, Ohio, Virginia, and West Virginia.

Q. Does a 1099 non-employment payment to a non-resident qualify as “compensation paid to an individual on which the tax imposed by Article III (Pennsylvania Personal Income Tax) will be paid or accrued”?

A. Yes, if proof is provided the Pennsylvania tax was remitted.

Q. If a per diem is paid to individuals working on a Film instead of a reimbursement for meals, etc., is the per diem considered an eligible expense?

A. Yes, a per diem is an eligible expense provided the amount paid is at or below federally approved rates. Receipts must be retained in the event of an audit.

Q. If a “living allowance” is paid to individuals working on a Film for their lodging costs, instead of a direct payment to a hotel by the production company, is the living allowance considered an eligible expense?

A. Yes, a living allowance is an eligible expense provided the lodging facility is located in Pennsylvania. A living allowance must be reported as taxable income to the loan-out company or the individual.

Q. Where can I find information on Pennsylvania’s child labor laws?

A. The Pennsylvania Department of Labor and Industry is responsible for the monitoring and enforcement of Pennsylvania’s child labor laws. The law applies to any film production employing one or more actors under 18 years of age AND employing one or more paid actors (regardless of age). Please contact [Catherine Leete](#) at the Bureau of Labor Law Compliance (412.880.0255) or [Janice Collier](#) at the Department of Community & Economic Development for guidance.

[Link for the Pennsylvania Child Labor Act, Regulations, Forms, and Application for Minors in Performances](#)

Q. Are payments for kit rentals and equipment rentals made to a Pennsylvania vendor or individual that do not include payment of the Pennsylvania sales and use tax considered eligible expenses?

A. No. A Pennsylvania vendor or individual with a valid Sales, Use, Hotel Occupancy Tax License must collect the tax on taxable items. However, a production company may remit any sales or use tax owed directly to the Pennsylvania Department of Revenue and the payments for kit and/or equipment rentals would then be an eligible expense.

Q. Must a film production company renting the box be charged sales tax in order for the box rental to be a qualifying expense?

Q. If a film production company pays a use tax on the box rental if no sales tax is charged, can the box rental be a qualifying expense?

A. A film production company hires make-up artists and pays more to those who use their own make-up supplies in performing a non-taxable service. There is no transfer of the make-up supplies to the film production company. In this example, the make-up artists would be required to build the sales tax for the make-up used in performing the non-taxable service into the total price charged to the production company. The production company would not pay a use tax since it would be built into the amount paid to the make-up artist. Therefore, this would be a qualifying expense.

If a make-up artist bills the film production company directly for any make-up used separately from the artist’s service, the make-up artist may purchase the make-up tax free and should bill the film production company the Pennsylvania use tax on the sale of the purchase. If the artist does not charge use tax, then the film production company may accrue and pay the state use tax directly to the Pennsylvania Department of Revenue.

Q. Do all forms of travel qualify?

A. Yes. Travel expenses for cast and crew directly to or from, and within Pennsylvania are eligible expenses.

Q. What travel expenses can be considered qualifying expenses?

- A. Only the portion of travel directly into Pennsylvania can be considered a qualifying expense, regardless of the type of transportation used.

Example: Flight – Fly from California to New York and then onto Pennsylvania. Only the flight from New York to Pennsylvania is considered a qualifying expense. The cost of the flight from California to New York does not qualify. The same is true for a flight from Pennsylvania to California via New York, i.e., only the portion of the trip from Pennsylvania to New York would qualify.

Example: Train – Take a train from North Carolina to Pennsylvania with an overnight stop in Virginia. Get back on the train in Virginia and travel to Pennsylvania. Only the cost of the trip from Virginia to Pennsylvania is considered a qualifying expense. The cost of the train trip from North Carolina to Virginia does not qualify.

Q. Do costs associated with spouses, children, nannies, trainers, assistants, etc., qualify?

- A. Direct payments for expenses for persons other than cast and crew do not qualify as eligible expenses. However, payments made to a loan-out company for a trainer, for example, would qualify as an eligible expense.

Q. Are loan-out companies required to have an office located in Pennsylvania?

- A. No. Loan-out companies are not required to have an office in Pennsylvania, but must be registered to do business in Pennsylvania.

Q. Is the rental or purchase of goods, services, and/or supplies from out-of-state vendors considered qualifying expenses?

- A. No. Goods, services, and supplies rented or purchased from vendors located outside Pennsylvania are typically not qualifying expenses, but must be rented or purchased from a Pennsylvania-based company and meet the following criteria, as defined in the guidelines.

1. Be regularly engaged in the business of providing the goods, supplies, or services.
2. Regularly maintain a physical inventory of the goods and/or supplies at its Pennsylvania location or provide the service from its Pennsylvania location.

Q. What happens if there is no Pennsylvania-based company with a specific good, service, or supply required for the film production, e.g., a 3-D camera, and that can only be purchased or rented from an out-of-state vendor? Is there any way the purchase or rental can be considered a qualifying expense?

- A. The film production company must show that it made a good faith effort in locating the good, service, or supply from a Pennsylvania-based company by obtaining official quotes in writing from three (3) different Pennsylvania-based companies that are in the business of providing similar goods, services, or supplies indicating the vendor does not have or regularly stock the specific item or provide the service. The quote must include:

1. The name, phone number, and address of the vendor.
2. Name of the owner or employee contacted.
3. The date and time of contact.

This information must be supplied along with a receipt for the item or service purchased or rented from an out-of-state vendor for the expense to be considered a qualified Pennsylvania Production Expense.

Q. According to the chart of account, unit publicity expenses are qualifying expenses, but aren't these considered marketing and advertising expenses and excluded under the law?

- A. Unit publicity and still photographers are considered part of the crew working on the film and, as such, are included as qualifying expenses.

Q. Can an online purchase be considered a qualifying expense?

- A. An online purchase can be considered a qualifying expense IF purchased from a vendor that charges the Pennsylvania sales tax or the production company pays the Pennsylvania use tax for the online purchase and remits the tax to the Pennsylvania Department of Revenue.

Q. Must a production company open a bank account in Pennsylvania?

- A. No. There is no requirement mandating production companies to have an account with a financial institution located in Pennsylvania.

Q. Must a production company use an auditor located in Pennsylvania?

- A. No, but the auditor must be licensed in Pennsylvania.