§ 8603-A. Reporting and remittance of tax

Research References

Encyclopedias

ARTICLE XVI-B. NONLICENSED CORPORATION PARI-MUTUEL WAGERING TAX [REPEALED]

§§ 8601-B to 8606-B. Repealed by 2016, Feb. 23, P.L. 15, No. 7, § 5(2), imd. effective

Disposition Table

The repealed sections, relating to nonlicensed corporation pari-mutuel wagering tax, were derived from 1971, March 4, P.L. 6, No. 2, art. XVI-B, § 1601-B to 1606-B, added 2013, July 9, P.L. 270, No. 62, § 26.1. The following disposition table shows where the subject matter of these sections was transferred in The Administrative Code of 1929, Art. XXVIII-D, as enacted by 2016, Feb. 23, P.L. 15, No. 7, § 4.

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ARTICLE XVII-B. RESEARCH AND DEVELOPMENT TAX CREDIT

§ 8701-B. Short title

Research References

Encyclopedias

§ 8703-B. Credit for research and development expenses

Research References

Encyclopedias

§ 8704-B. Carryover, carryback, refund and assignment of credit

Research References

Encyclopedias

§ 8707-B. Time limitations

The termination date in section 41(h) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 41(h)) does not apply to a taxpayer who is eligible for the research and development tax credit under this article for the taxable year in which the Pennsylvania qualified research and development expense is incurred.


Historical and Statutory Notes

Act 2016-84 legislation
Act 2016-84, § 18.1, deleted the former first sentence, which read: "A taxpayer is not entitled to a research and development tax credit for Pennsylvania qualified research and development expenses incurred in taxable years ending after December 31, 2015."

Research References

Encyclopedias

§ 8709-B. Limitation on credits

Research References

Encyclopedias

§ 8711-B. Report to General Assembly

Research References

Encyclopedias

§ 8713-B. Regulations

Research References

Encyclopedias

ARTICLE XVII-D. ENTERTAINMENT PRODUCTION TAX CREDIT

Historical and Statutory Notes

Act 2016-84 legislation
Section 19 of 2016, July 13, P.L. 526, No. 84, imd. effective, amended the Article XVII-D heading by substituting "Entertainment" for "Film".
§ 8701-D. Scope of article

This article relates to entertainment production tax credits.


Historical and Statutory Notes

Act 2016-84 legislation
Section 20 of 2016, July 13, P.L. 526, No. 84, imd. effective, added the Subarticle A heading.

§ 8702-D. Definitions

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Department.” The Department of Community and Economic Development of the Commonwealth.


Historical and Statutory Notes

Prior Law: A prior § 8702-D, supplying definitions applicable to film production, was renumbered as 72 P.S. § 8711-D pursuant to Section 51(5)(iii) of Act 2016, July 13, P.L. 526, No. 84, provides that the amendment by that Act of 72 P.S. § 8702-D renumbered as 72 P.S. § 8711-D shall apply to taxable years beginning after December 31, 2016.

The following words and phrases when used in this subarticle shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Film.” A feature film, a television film, a television talk or game show series, a television commercial or a television pilot or each episode of a television series which is intended as programming for a national audience. The term does not include a production featuring news, current events, weather and market reports, public programming, sports events, awards shows or other gala events, a production that solicits funds, a production containing obscene material or performances as defined in 18 Pa.C.S. § 5908(b) (relating to obscene and other sexual materials and performances) or a production primarily for private, political, industrial, corporate or institutional purposes.

“Minimum stage filming requirements.” Include:

(1) Taxpayers with a Pennsylvania production expense of less than $30,000,000 per production must:
   (i) build at least one set at a qualified production facility;
   (ii) shoot for a minimum of ten days at a qualified production facility; and
   (iii) spend or incur a minimum of $1,500,000 in direct expenditures relating to the use or rental of tangible property or for performance of services provided by a qualified production facility.

(2) Taxpayers with a Pennsylvania production expense of at least $30,000,000 per production must:
   (i) build at least two sets at a qualified production facility;
   (ii) shoot for a minimum of 15 days at a qualified production facility; and
   (iii) spend or incur a minimum of $5,000,000 in direct expenditures relating to the use or rental of tangible property at or for performance of services provided by a qualified production facility.

“Pass-through entity.” Any of the following:

(1) A partnership as defined in section 301(n.0). 1
(2) A Pennsylvania S corporation as defined in section 301(n.1).
(3) An unincorporated entity subject to section 307.21. 5

“Pennsylvania production expense.” Production expense incurred in this Commonwealth. The term includes:

(1) A payment made by a taxpayer to a person upon which withholding will be made on the payment by the taxpayer as required under Part VII of Article III.
(2) Payment to a personal service corporation representing individual talent if the tax imposed by Article IV will be paid or accrued on the net income of the corporation for the taxable year.
(3) Payment to a pass-through entity representing individual talent for which withholding will be made by the pass-through entity on the payment as required under Part VII or VII-A of Article III.

Research References

Encyclopedias


§ 8703-D to 8710-D. Renumbered as 72 P.S. §§ 8712-D to 8716-D, 8717-D to 8719-D pursuant to 2016, July 13, P.L. 526, No. 84, §§ 24 to 28, 29, imd. effective.

Historical and Statutory Notes

Act 2016-84 legislation
Section 23 of 2016, July 13, P.L. 526, No. 84, imd. effective, added the Subarticle B heading.
§ 8737-D. Penalty

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

A taxpayer which claims a tax credit and fails to incur the amount of qualified rehearsal and tour expenses agreed to in section 1732-D(c)(4) for a tour in that taxable year shall repay to the Commonwealth an amount equal to 110% of the difference between the amount agreed to in section 1732-D(c)(4) and the amount of qualified rehearsal and tour expenses actually incurred by the taxpayer. The penalty shall be assessed and collected under Article 11.

1 72 P.S. § 8732-D.
2 72 P.S. § 7201 et seq.

§ 8738-D. Pass-through entity

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

(a) General rule.—If a pass-through entity has any unused tax credits under section 1734-D, it may elect in writing, according to procedures established by the Department of Revenue, to transfer all or a portion of the tax credits to shareholders, members or partners in proportion to the share of the entity's distributive income to which the shareholder, member or partner is entitled.

(b) Limitation.—A pass-through entity and a shareholder, member or partner of a pass-through entity shall not claim the tax credit under subsection (a) for the same qualified rehearsal and tour expense.

(c) Application.—A shareholder, member or partner of a pass-through entity to whom a tax credit is transferred under subsection (a) shall immediately claim the tax credit in the taxable year in which the transfer is made. The shareholder, member or partner may not carry forward, carry back, obtain a refund of or sell or assign the tax credit.


1 72 P.S. § 8734-D.

§ 8739-D. Department guidelines and regulations

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

The department shall develop written guidelines for the implementation of the provisions of this subarticle. The guidelines shall be in effect until such time as the department promulgates regulations for the implementation of the provisions of this subarticle. The department shall promulgate regulations for the implementation of this subarticle within two years of the effective date of this section.


§ 8740-D. Report to General Assembly

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

No later than May 1, the Department of Revenue shall submit a report to the General Assembly summarizing the effectiveness of the tax credits provided by this subarticle. The report shall include the amount of tax credits claimed by taxpayers utilizing the tax credits as of the date of the report and the amount of tax credits approved for each taxpayer. The report may also include any recommendations for changes in the calculation or administration of the tax credits provided by this subarticle.


SUBARTICLE D. VIDEO GAME PRODUCTION

Historical and Statutory Notes

Act 2016-84 legislation

Section 51(6) of 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D shall apply to fiscal years beginning after June 30, 2016.

§ 8751-D. Scope of subarticle

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

This subarticle relates to video game production tax credits.


§ 8752-D. Definitions

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

The following words and phrases when used in this subarticle shall have the meanings given to them in this section unless the context clearly indicates otherwise:
"Pass-through entity." Any of the following:
(1) A partnership as defined in section 301(n.0).1
(2) A Pennsylvania S corporation as defined in section 301(n.1).
(3) An unincorporated entity subject to section 307.21.2

"Pennsylvania production expense." Production expense incurred in this Commonwealth. The term includes:
(1) A payment made by a taxpayer to a person upon which withholding will be made on the payment by the taxpayer as required under Part VII of Article III.4
(2) Payment to a personal service corporation representing individual talent if the tax imposed by Article IV is not the tax imposed on any income of the corporation for the taxable year.
(3) Payment to a pass-through entity representing individual talent if withholding will be made on the payment as required under Part VII or VII-A of Article III.5
(4) The cost of transportation incurred while transporting to or from a train station, bus depot or airport located in this Commonwealth.
(5) The cost of insurance coverage purchased through an insurance agent based in this Commonwealth.
(6) The purchase of music or story rights if any of the following subparagraphs apply:
(i) The purchase is from a resident of this Commonwealth.
(ii) The purchase is from an entity subject to taxation in this Commonwealth and the transaction is subject to taxation under Article III or IV.6
(7) The cost of rental of facilities and equipment rented from or through a resident of this Commonwealth or an entity subject to taxation in this Commonwealth.
(8) The development and manufacture of video game equipment.

"Production expense." As follows:
(1) The term includes all of the following:
(i) Compensation paid to an individual employed in the production of a video game.
(ii) Payment to a personal service corporation representing individual talent.
(iii) Payment to a pass-through entity representing individual talent.
(iv) The costs of construction, operations, editing, photography, sound synchronization, lighting, wardrobe and accessories.
(v) The cost of leasing vehicles.
(vi) The cost of transportation to or from a train station, bus depot or airport.
(vii) The cost of insurance coverage.
(ix) The cost of food and lodging.
(x) The purchase of music or story rights.
(xi) The cost of rental of facilities and equipment.
(xii) Development and production costs relating to video games.
(2) The term does not include any of the following:
(i) Deferred, leveraged or profit participation paid or to be paid to individuals employed in the production of a video game or paid to entities representing an individual for services provided in the production of a video game.
(ii) Expenses incurred in marketing or advertising a video game.

§ 8752-D. Credit for qualified video game production expenses

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

(iii) Costs related to the sale or assignment of a video game production tax credit under section 1755-D(e).7

"Qualified tax liability." The liability for taxes imposed under Article III, IV, VI, VII, VIII, IX or XV.8 The term does not include a tax withheld by an employer from an employee under Article III.

"Qualified video game production expense." All Pennsylvania production expenses if Pennsylvania production expenses comprise at least 60% of the video game's total production expenses. The term does not include more than $1,000,000 in the aggregate of compensation paid to individuals or payment made to entities representing an individual for services provided in the production of the video game.

"Start date." The first day of principal production of a video game in this Commonwealth.

"Taxpayer." The video game production tax credit provided under this subarticle.

"Taxpayer." A video game production company subject to tax under Article III, IV or VI. The term does not include contractors or subcontractors of a video game production company.

"Video game." An electronic game that involves interaction with a user interface to generate visual feedback on a video device. The term does not include a game that contains obscene material or performances as defined in 18 Pa.C.S. § 6906(b) (relating to obscene and other sexual materials and performances) or a game designed primarily for private, political, industrial, corporate or institutional purposes.

"Video game equipment." Equipment that is required for the development or functioning of a video game. The term includes:
(1) Integrated video and audio equipment, networking routers, switches, network cabling and any other computer-related hardware necessary to create or operate a video game.
(2) Software, notwithstanding the method of delivery, transfer or access.
(3) Computer code.
(4) Image files, music files, audio files, video files, scripts and plays.
(5) Concept mock-ups.
(6) Software tools.
(7) Testing procedures.
(8) A component part of an item listed under paragraph (2), (3), (4), (5), (6) or (7), necessary and integral to create, develop or produce a video game.
(a) Application.—A taxpayer may apply to the department for a tax credit under this section. The application shall be on the form required by the department.

(b) Review and approval.—The department shall review and approve or disapprove the applications in the order in which they are received. Upon determining that the taxpayer has incurred or will incur qualified video game production expenses, the department may approve the taxpayer for a tax credit.

(c) Contract.—If the department approves the taxpayer’s application under subsection (b), the department and the taxpayer shall enter into a contract containing the following:

1. An itemized list of production expenses incurred or to be incurred for the video game.
2. An itemized list of Pennsylvania production expenses incurred or to be incurred for the video game.
3. With respect to a contract entered into prior to completion of production, a commitment by the taxpayer to incur the qualified video game production expenses as itemized.
4. The principal production start date.
5. Any other information the department deems appropriate.

(c.1) Prohibition.—A tax credit may not be awarded for fiscal years prior to fiscal year 2017–2018.

(d) Certificate.—Upon execution of the contract required by subsection (c), the department shall award the taxpayer a video game production tax credit and issue the taxpayer a video game production tax credit certificate.


Cross References
Limitations on credits, see 72 P.S. § 8757–D. Penalty, see 72 P.S. § 8758–D.

§ 8754–D. Video game production tax credits

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII–D by that Act shall apply to fiscal years beginning after June 30, 2016.

Beginning July 1, 2017, a taxpayer may claim a tax credit against the qualified tax liability of the taxpayer.


§ 8755–D. Carryover, carryback and assignment of credit

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII–D by that Act shall apply to fiscal years beginning after June 30, 2016.

(a) General rule.—If the taxpayer cannot use the entire amount of the tax credit for the taxable year in which the tax credit is first approved, the excess may be carried over to succeeding taxable years and used as a credit against the qualified tax liability of the taxpayer for those taxable years. Each time the tax credit is carried over to a succeeding taxable year, it shall be reduced by the amount that was used as a credit during the immediately preceding taxable year. The tax credit may be carried over and applied to succeeding taxable years for no more than three taxable years following the first taxable year for which the taxpayer was entitled to claim the tax credit.

(b) Application.—A tax credit approved by the department in a taxable year first shall be applied against the taxpayer’s qualified tax liability for the current taxable year as of the date on which the tax credit was approved before the tax credit can be applied against any tax liability under subsection (a).

(c) No carryback or refund.—A taxpayer is not entitled to carry back or obtain a refund of all or any portion of an unused tax credit granted to the taxpayer under this subsection.

(d) (Reserved).

(e) Sale or assignment.—The following shall apply:

1. A taxpayer, upon application to and approval by the department, may sell or assign, in whole or in part, a tax credit granted to the taxpayer under this subsection.

2. The department and the Department of Revenue shall jointly promulgate regulations for the approval of applications under this subsection.

3. Before an application is approved, the Department of Revenue must make a finding that the applicant has filed all required State tax reports and returns for all applicable taxable years and paid any balance of State tax due as determined at settlement, assessment or determination by the Department of Revenue.

4. Notwithstanding any other provision of law, the Department of Revenue shall settle, assess or determine the tax of an applicant under this subsection within 90 days of the filing of all required final returns or reports in accordance with section 806.1(a)(5) of the act of April 9, 1929 (P.L. 343, No. 176), known as The Fiscal Code.

(f) Purchasers and assignees.—The purchaser or assignee of all or a portion of a tax credit under subsection (e) shall immediately claim the tax credit in the taxable year in which the purchase or assignment is made. The amount of the tax credit that a purchaser or assignee may use against any one qualified tax liability may not exceed 50% of such qualified tax liability for the taxable year. The purchaser or assignee may not carry forward, carry back or obtain a refund of or sell or assign the tax credit. The purchaser or assignee shall notify the Department of Revenue of the seller or assignor of the tax credit in compliance with procedures specified by the Department of Revenue.


Cross References
Pass-through entity, see 72 P.S. § 8759–D.

§ 8756–D. Determination of Pennsylvania production expenses

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII–D by that Act shall apply to fiscal years beginning after June 30, 2016.

In prescribing standards for determining which production expenses are considered Pennsylvania production expenses for purposes of computing the tax credit, the department shall consider:
(1) The location where services are performed.
(2) The location where supplies are consumed.
(3) Other factors the department determines are relevant.


§ 8757-D. Limitations

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

(a) Cap.—In no case shall the aggregate amount of tax credits awarded in a fiscal year under this subarticle exceed $1,000,000.

(b) Individual limitations.—The aggregate amount of video game production tax credits awarded by the department under section 1758-D(3) to a taxpayer for a video game may not exceed 25% of the qualified video game production expenses to be incurred during each of the first four years that the video game production expenses are incurred and 10% for each year thereafter that the video game production expenses are incurred.


§ 8758-D. Penalty

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

A taxpayer which claims a tax credit and fails to incur the amount of qualified video game production expenses agreed to in section 1758-D(3)(b) for a video game in that taxable year shall repay to the Commonwealth the amount of the video game production tax credit claimed under this subarticle for the video game.


§ 8759-D. Pass-through entity

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

(a) General rule.—If a pass-through entity has an unused tax credit under section 1755-D, it may elect in writing, according to procedures established by the Department of Revenue, to transfer all or a portion of the tax credit to shareholders, members or partners in proportion to each shareholder's, member's or partner's distributive share.

(b) Limitation.—A pass-through entity which transfers a tax credit under subsection (a) shall not claim the tax credit for the same qualified video game production expenses.

(c) Application.—A shareholder, member or partner of a pass-through entity to whom a tax credit is transferred under subsection (a) shall immediately claim the tax credit in the taxable year in which the transfer is made.

§ 8760-D. Department guidelines and regulations

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

The department shall develop written guidelines for the implementation of the provisions of this subarticle. The guidelines shall include: the calculation or administration of the tax credit. The department shall promulgate regulations for the implementation of the provisions of this subarticle.


§ 8761-D. Report to General Assembly

Section 51(6) of Act 2016, July 13, P.L. 526, No. 84, provides that the addition of Subarticles C and D of Article XVII-D by that Act shall apply to fiscal years beginning after June 30, 2016.

(a) General rule.—No later than June 1 of the second year that commences after the effective date of this section, and September 1 of each year thereafter, the Secretary of Community and Economic Development shall submit a report to the General Assembly summarizing the effectiveness of the tax credit.

(b) Public information.—Notwithstanding any law providing for the confidentiality of tax records, the information in the report shall be public information.
§ 8701-F, entitled “Scope of article”, was derived from:

§ 8702-F, entitled “Definitions”, was derived from:

§ 8703-F, entitled “Qualifications and application by organizations”, was derived from:

§ 8704-F, entitled “Tax credits”, was derived from:

§ 8710-F, entitled “Tax credits”, was derived from:

§ 8713-F, entitled “Tax credits”, was derived from: