



Michigan Film Post-Production Audit Packet

In order to receive the Certificate of Completion, all Michigan projects completed after January 1, 2010, are required to provide a full audit of production expenses rather than the prior acceptance of Agreed Upon Procedures.

The following documents are included in this packet to assist you in applying for your Michigan Film Post-Production Certificate of Completion Request:

- ❖ **Post-Production Certificate of Completion Request (Form MFO 004-2008)**
- ❖ **Auditing Standards Relating to MBT Film Credit Reports**
- ❖ **Audit Instructions and Expenditure Certification Guidelines**
- ❖ **Sample of Independent Auditor's Report**
- ❖ **Qualified "Direct Production Expenditures"**
- ❖ **Michigan Income Tax Withholding Obligations**

Michigan Film Office | 300 North Washington Square | Lansing, MI 48913
mfo@michigan.org | phone: (800) 477-3456_ | Fax: (517) 241-0867

Post-Production Certificate of Completion Request

Issued under 2007 PA 36, MCL 208.1455.

INSTRUCTIONS: To receive a tax credit for film production under the Michigan Business Tax Act or against taxes withheld under Chapter 7 of the Individual Income Tax Act of 1967, the applicant must complete this form and send it to the Michigan Film Office along with an audited detailed cost accounting supported by proof of purchases and proof of payments and other information and records requested by the Michigan Film Office and Michigan Department of Treasury.

PART 1: GENERAL INFORMATION																															
1. Name of Eligible Production Company (Applicant). Attach a list of all entities affiliated or related to the Applicant.		2. Federal Tax Identification Number or MI Treasury No.																													
Address (Street/P.O. Box)		City, State, ZIP Code																													
Telephone Number	Fax Number	E-mail Address	Web site																												
3. Address of Michigan Office(s) (attach additional information if necessary). Include Street Address, City, State and ZIP Code.																															
4. Final Total Michigan Production Company Expenditures (Must equal the total of lines 15A, 15B and 16.)		5. Actual number of Michigan residents hired during the project (list with breakdown of job types). Below-the-line crew members must be residents of Michigan at least 60 days before date of approval of agreement for qualified production in order for compensation payments to qualify as Direct Production Expenditures.																													
6. Name of the Certified Production																															
7. Date the Certified Production Commenced in Michigan (mm/dd/yyyy)																															
8. Date of Completion of the Certified Production in Michigan (mm/dd/yyyy)																															
9. Number of days estimated for production in Michigan (as stated on application and agreement)																															
10. Number of days of actual production in Michigan	11. Difference between estimated and actual production days		12a. Was Michigan production schedule completed?																												
12b. If yes, detail reason for difference between estimated and actual production days, if any. If no, detail reason production was not completed. Attach additional information where necessary.																															
13. Description of Qualified Production																															
<table border="0"><tr><td><input type="checkbox"/> Motion Picture</td><td><input type="checkbox"/> Interactive Television</td><td><input type="checkbox"/> Video</td><td><input type="checkbox"/> Pilot</td></tr><tr><td><input type="checkbox"/> Documentary</td><td><input type="checkbox"/> Music Videos</td><td><input type="checkbox"/> Digital Animation</td><td><input type="checkbox"/> Video Teaser</td></tr><tr><td><input type="checkbox"/> Television Series</td><td><input type="checkbox"/> Interactive Games</td><td><input type="checkbox"/> An Interactive Web site **</td><td></td></tr><tr><td><input type="checkbox"/> Television Miniseries</td><td><input type="checkbox"/> Video Games</td><td><input type="checkbox"/> Trailer or commercial promoting a State Certified Qualified Production</td><td></td></tr><tr><td><input type="checkbox"/> Television Special</td><td><input type="checkbox"/> Internet Programming</td><td></td><td></td></tr><tr><td><input type="checkbox"/> Interstitial Television Programming</td><td><input type="checkbox"/> Internet Video</td><td><input type="checkbox"/> Demo created primarily to stimulate the sale, marketing, promotion or exploitation of future investment in a certified production.</td><td></td></tr><tr><td><input type="checkbox"/> Long-form Television</td><td><input type="checkbox"/> Sound Recording *</td><td></td><td></td></tr></table>				<input type="checkbox"/> Motion Picture	<input type="checkbox"/> Interactive Television	<input type="checkbox"/> Video	<input type="checkbox"/> Pilot	<input type="checkbox"/> Documentary	<input type="checkbox"/> Music Videos	<input type="checkbox"/> Digital Animation	<input type="checkbox"/> Video Teaser	<input type="checkbox"/> Television Series	<input type="checkbox"/> Interactive Games	<input type="checkbox"/> An Interactive Web site **		<input type="checkbox"/> Television Miniseries	<input type="checkbox"/> Video Games	<input type="checkbox"/> Trailer or commercial promoting a State Certified Qualified Production		<input type="checkbox"/> Television Special	<input type="checkbox"/> Internet Programming			<input type="checkbox"/> Interstitial Television Programming	<input type="checkbox"/> Internet Video	<input type="checkbox"/> Demo created primarily to stimulate the sale, marketing, promotion or exploitation of future investment in a certified production.		<input type="checkbox"/> Long-form Television	<input type="checkbox"/> Sound Recording *		
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* Sound recordings that have audio portions spoken and recorded as part of a motion picture, video, theatrical production, television news coverage or athletic event are excluded. ** This excludes interactive Web sites that are primarily used for institutional, private, industrial, retail or wholesale marketing or promotional purposes.																															
14. List all Michigan expenditures, such as payments to Michigan vendors to purchase tangible personal property or services that were used in making the qualified production. Tangible personal property must be acquired from an established qualifying Michigan business. Qualifying services must be both procured from an established qualifying Michigan business and wholly performed in the state. Expenditures must be related to the qualifying Michigan business' physical presence in the state. Provide a detailed spreadsheet of Michigan expenditures along with proof of purchases and payments demonstrating that all claimed expenditures were bought from and paid to established Michigan businesses, organizations or individuals. Payments and compensation are not to exceed \$2,000,000 for any one employee or contractual or salaried employee who performs services in this state for the production or distribution of a qualified production. Compensation includes wages, benefits, or fees for talent, management, or labor and payments to Professional Employer Organizations or personal services corporations for services of a performing artist or crew member. The amount of the credit for a state certified qualified production is determined as follows: (A) 42% of direct production expenditures in a core community. (B) 40% of direct production expenditures in part of Michigan other than a core community. (C) 30% for qualified personnel expenditures.																															

PROJECT ITEM		COST	PROJECT ITEM	COST
Above-the-Line Labor Wages/Salaries			Michigan Food/Restaurant Expenses	
Michigan Below-the-Line Labor Wages/Salaries			Michigan Equipment Rental/Purchase	
Non-Michigan Below-the-Line Labor Wages/Salaries			Michigan Materials Rental/Purchase (Set Construction, Wardrobe, etc.)	
Michigan Lodging Expenses			Michigan Location Fees	
Michigan Building(s) Rental			Michigan Contracted Services (Casting, Security, etc. Itemize separately)	
OTHER PROJECT ITEMS		COST	OTHER PROJECT ITEMS	COST
Michigan			Michigan	
Michigan			Michigan	
Michigan			Michigan	

15A. Total Michigan Direct Production Expenditures in a Core Community	
15B. Total Michigan Direct Production Expenditures not in a Core Community	
16. Total Qualified Personnel Expenditures	
17. Calculation of credit under 2007 PA 36; MCL 208.1455(2).....	
18.Reduce credit by amount of credit application and redemption fee, equal to 0.5% of line 17.....	
19. Net Credit (line 17 minus line 18).	

20. Indicate whether this credit will be in the form of a credit against the Michigan Business Tax Act or against taxes withheld under Chapter 7 of the Individual Income Tax Act of 1967. ☐ MBT ☐ IIT Withholding

CERTIFICATION

21. By signing below, I/we understand and certify the following:

<input type="checkbox"/>	I certify that I am an authorized representative of the applicant and as such am authorized to make the statements of affirmation contained herein.
<input type="checkbox"/>	If applicable, I certify that the qualified production is a long-form narrative film production which contains a screen credit thanking the Michigan Film Office and acknowledging that the production was filmed in Michigan.
<input type="checkbox"/>	I hereby agree to allow representatives of the Michigan Film Office and the Michigan Department of Treasury access to books and records as may be necessary to certify the credit and for the administration of this program.
<input type="checkbox"/>	I certify that the production company is not delinquent in a tax or other obligation owed to the state of Michigan and is not owned or under common control of an entity that is delinquent in a tax or other obligation owed to the state of Michigan.
<input type="checkbox"/>	I certify that the production company is not more than 30% owned, affiliated or controlled by an entity or individual who is in default on a loan made by this state, a loan guaranteed by this state, or a loan guaranteed by another state.
<input type="checkbox"/>	I certify that the qualified production does not contain obscene matter or an obscene performance as described in 1984 PA 343, MCL 752.361 to 752.374.
<input type="checkbox"/>	I certify that the production company has not and will not claim a credit for these expenditures for any of the following: (a) A direct expenditure, or qualified personnel expenditure, for which the company claims a credit under section 459 of the Michigan Business Tax Act, 2007 PA 36, MCL 208.1459; (b) A direct expenditure, or qualified personnel expenditure, for which the company claims a credit under section 367 of the income tax act of 1967, 1967 PA 281, MCL 206.367; or (c) A direct expenditure, or qualified personnel expenditure, for which another taxpayer claims a credit under MCL 208.1455, a credit under MCL 208.1459, or a credit under MCL 206.367.
<input type="checkbox"/>	I certify that an independent certified public accountant has audited the reported direct production and qualified personnel expenditures and has certified these expenditures. A copy of the accountant's report is attached.
<input type="checkbox"/>	I certify under penalties of perjury that the above statements and information contained in the application and attachments are complete, true and correct to the best of my knowledge and belief.

Applicant's Printed Name	Applicant's Title	Representative Of
Applicant's Signature	Date	

If not electronically submitting required documents, mail all request forms and required documents to: 300 N. Washington Square; 4th Floor; Lansing, MI 48913.

DEPARTMENT USE ONLY: POST PRODUCTION CERTIFICATE

Date Request Received	Total Production Spending Approved in Michigan	Total Net Credit Granted
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☐ **APPROVED**

A Michigan Film Production Tax Credit in the following amount is issued subject to submission of this form to the Michigan Department of Treasury.

Michigan Film Commissioner Signature	Date
Production Project Number	Post Production Certificate Number

AUDITING STANDARDS RELATING TO MBT FILM CREDIT REPORTS

STANDARD

MCL 208.1455(5) in the Michigan Business Tax Act provides that an eligible production company must submit the post-production certificate request along with any information or independent certification deemed necessary by the Michigan Film Office or Michigan Department of Treasury (Treasury). The statute also provides that “additional information may include a report of direct production expenditures and qualified personnel expenditures for the qualified production audited and certified by an independent certified public accountant.”

Review v. Audit. The statute requires an audit of production expenditures if the Michigan Film Office deems such an audit necessary. The Michigan Film Office and Treasury will require an audit in connection with every request for a post-production certificate, performed by an independent Michigan Certified Public Accountant (“CPA”) as described in published “Audit Instructions and Expenditure Certification Guidelines

A review of “a representative sample” of various expenditures is not adequate. A review is not an audit and does not provide the same level of assurance that the company’s financial statements, or portions thereof, are fairly presented. Under the professional standards of the American Institute of Certified Public Accountants (AICPA), an audit requires a CPA to obtain sufficient appropriate audit evidence by performing audit procedures that will afford a reasonable basis for an opinion. AICPA Professional Std AU 150. A review by its nature does not involve audit procedures.

Special reports. Under generally accepted auditing standards, SAS 62 Special Reports and Professional Standard AU Section 623.11, an independent auditor’s report may express an opinion on specified elements, accounts or items of a financial statement. The eligible production company’s direct production expenditures and qualified personnel expenditures would constitute specified elements, accounts or items of a financial statement that can be audited and an auditor can issue a special report expressing an opinion on those items.

Further, professional standard AU 623.02 allows the auditor to express an opinion on specified elements, accounts or items of a financial statement even if the eligible production company uses some other comprehensive basis of accounting (OCBOA) instead of generally accepted accounting principles (GAAP). This standard is especially applicable where financial statements were prepared by an entity to comply with regulatory requirements that would not necessarily comply with GAAP. See AU 623.19.

Therefore, an audit under MCL 208.1455(5), GAAP does not prohibit an auditor from issuing an opinion on specified elements of the financial statement, such as the production company’s direct production expenditures and qualified personnel

expenditures. The auditor could issue an opinion even if the regulatory requirements as stated in Treasury's audit instructions and expenditure certification guidelines resulted in financial statements that did not follow GAAP.

Independence of the CPA. The financial statement, or elements thereof, prepared by the production company for the post-production certificate must be audited by an independent CPA licensed in the State of Michigan. The CPA must express an opinion in his/her capacity as an independent auditor and CPA. The CPA must be free from any obligation to or interest in the client, its management, or its owners. AU 220.03. If the CPA is engaged by the eligible production company as a production accountant in connection with the qualified production, as a tax consultant in connection with the assignment of the certificate, or in any other capacity he or she is not independent. The ability to assign the certificate is predicated on receiving a certificate, which in turn is predicated on a satisfactory audit. This chain of events destroys the CPA's independence. The CPA is no longer able to provide audit services that Treasury can rely upon under MCL 208.1455(5) or under applicable professional standards.

Michigan Film Office

Film Production Tax Credits

Audit Instructions and Expenditure Certification Guidelines

Introduction

To ensure compliance with Section 455 of the Michigan Business Tax Act, 2007 PA 36, as amended, MCL 208.1455, regarding film production tax credits, the Michigan Film Office (MFO) has developed the following instructions and guidelines for eligible production companies and independent certified public accountants to follow when requesting a post-production certificate and verifying expenditures for a film production tax credit.

Regulation

Please reference MCL 208.1455 for more information regarding the statutory requirements regulation and the detailed definitions of state-certified qualified productions, direct production expenditures and qualified personnel expenditures. The eligible production company and the independent certified public accountant should also reference guidance issued by the MFO and the Michigan Department of Treasury with regard to MCL 208.1455 and the definition and scope of direct production expenditures and qualified personnel expenditures.

General

(a) Only actual paid expenditures clearly and demonstrably incurred in Michigan for the qualified production may be recorded and certified as direct production expenses or qualified personnel expenditures. Accounts payable, accrued charges or deferrals do not constitute direct production expenditures or qualified personnel expenditures eligible for certification.

(b) The costs to be recorded must be actual costs and shall not include any mark-ups or profit additions. A qualifying "direct production expenditure" must satisfy four criteria. It must (1) be made in Michigan, (2) not be a qualified personnel expenditure, (3) be directly attributable to the production or distribution of the qualified production which is the subject of the Film Production Incentive Agreement with the MFO, and (4) be subject to taxation in Michigan. An expenditure "made in Michigan" must meet the following standards: i) tangible personal property and services must be acquired by the eligible production company from a source within Michigan, and ii) services must be wholly performed within Michigan. "A source within Michigan" means that the vendor has an established physical presence in Michigan that includes both a non-temporary "bricks and mortar storefront" and at least one full time permanent employee working in Michigan. "Non-temporary" and "permanent" will generally be indicated by a presence of at least one year. The one year standard would be met with a

prior presence as well as a planned future presence evidenced by a documented commitment such as entering into a one year lease for office space. The requisite physical presence of a qualified vendor business and the transaction at issue must have a nexus. Michigan physical presence unrelated to the transaction would not satisfy the criteria of "made in this state."

(c) Interest expense associated with production financing qualifies as an eligible expenditure if the expense otherwise satisfies the established requirements for a "direct production expenditure." The financing must have been obtained from a Michigan lender. A "Michigan lender" is: a bank or other lender with a bricks and mortar storefront and at least one full time employee and one year of physical presence in Michigan. All loan services must be performed in Michigan and an appropriate rate of interest charged to the production company. Only interest expense that has actually accrued and been paid by the production company will be eligible for the credit. Further, capitalized interest would probably not qualify, unless it has actually been paid.

(d) Refunds, recovery amounts from insurance claims, and credits derived from discounts, rebates, invoicing errors, purchase returns or through other methods must be credited against the production costs.

(e) Proceeds from the sale of props, equipment, production assets and other tangible personal property purchased by the eligible production company for use in the qualified production, less any gain, must be deducted from the expenditures presented in the request for a post-production certificate for the state certified qualified production.

(f) Where props, equipment, production assets and other tangible personal property purchased by the eligible production company for use in the qualified production are kept in inventory for future productions, then the allowable costs to the state certified qualified production will be calculated using IRS class life categories under federal depreciation rules and will be determined according to the following method, or a method the certified public accountant determines using professional judgment that appropriately allocates the cost associated with the use of such tangible personal property to the state certified qualified production that is the subject of the film production tax credit:

- (i) Divide the acquisition cost of the tangible personal property by the applicable IRS class life to determine an annual expense. The applicable IRS class life is the general depreciation system life as identified in IRS Revenue Procedure 87-56.
- (ii) The annual expense is further adjusted by multiplying it by the ratio of the number of Michigan work days that the tangible personal property was in use during a given phase of the qualified production over 365.
- (iii) The notes to the independent certified public accountant's report must identify each item of tangible personal property kept for future

production, the item of tangible personal property's applicable IRS class life and the number of Michigan work days the tangible personal property was used in Michigan for a given phase of the qualified production.

(g) The cost report must be in US dollars and the period during which the expenditures were incurred must be disclosed.

(h) It is the eligible production company's responsibility to ensure that all of the required information is provided and conforms to the requirements and guidelines outlined in MCL 208.1455.

(i) Audit and certification of an eligible production company's direct production expenditures and qualified personnel expenditures in connection with a state-certified production must be performed by a certified public accountant licensed in Michigan. The certified public accountant must be an independent third party as defined under the generally accepted auditing standards outlined in AU 220.03 and by the Michigan Department of Treasury.

(j) The certified public accountant's name, address, and telephone number must appear on the report.

(k) The name of the production and the unique identification number issued by the MFO must appear on the report.

(l) The certified public accountant's opinion must be addressed to the party that has engaged the auditor (e.g., the directors or officer of the eligible production company).

(m) The certified public accountant's report must be dated as of the completion of the audit fieldwork.

(n) The audit must be performed in accordance with auditing standards generally accepted in the United States and the certified public accountant must have sufficient knowledge of accounting principles and practices generally recognized in the film, television and digital media industry.

(o) The cost of the audit report prepared for the eligible production company's request for a certificate may not be included as an expenditure in the company's request for a post-production certificate.

(p) A copy of the audit report prepared for the eligible production company must be submitted along with the company's request for a post-production certificate.

Acceptable Procedures:

The following acceptable procedures are to be performed by a certified public accountant with sufficient knowledge of accounting principles and practices generally recognized in the film, television and digital media industry. A certified public accountant engaged by an eligible production company for the purposes described herein must determine and adhere to procedures required to comply with the statute. The procedures identified below represent an acceptable methodology approach that may not be appropriate for all circumstances. In all cases, however, the certified public accountant engaged by an eligible production company must exercise his or her professional judgment when certifying expenditures for the tax credit.

1. Obtain and read the request for post-production certification as prepared by the eligible production company.
2. Verify that the total qualified expenditure amounts to trial balance detail provided by the eligible production company agrees.
3. For qualified personnel expenditures as defined in MCL 208.1455(12)(j), obtain a listing by individual (individual talent or through loan-out company) of below-the line-crew that agrees with the trial balance. To the extent practicable, review all documentation regarding the payment of compensation for each such individual and perform the following procedures. If a review of all documentation for all such individuals is not practicable, then the certified public accountant may use his or her professional judgment to select a representative sample of individuals and perform the following procedures:
 - a. Ensure that payment and compensation recorded in the eligible production company's request for postproduction certification listing for any one employee does not exceed \$2,000,000.00.
 - b. Verify that the individual was not a resident of the state of Michigan for at least 60 days before approval of the Film Production Incentive Agreement (MFO Form 002-2008) with the MFO for the eligible production.
 - c. Inspect the invoice (or equivalent documentation) to verify that the expense was clearly and demonstrably incurred in Michigan.
 - d. Obtain payment support and verify (1) the amount against trial balance detail and invoice, (2) that the company/individual paid the expense, (3) the date the expense was incurred, and (4) that state and local income tax withholding occurred for salaries and wages paid.

- i. For payments made to loan out companies, verify that the loan out company is authorized to do business in the state of Michigan.
- 4. For direct production expenditures as defined in MCL 208.1455(12)(c)(ii), obtain a listing of all individuals (individual talent or through loan-out company) of above-the-line crew and a listing of all individuals for Michigan resident below-the-line crew that agrees with the trial balance. To the extent practicable, review all documentation regarding the payment of compensation for each such individual and perform the following procedures. If a review of all documentation for all such individuals is not practicable, then the certified public accountant may use his or her professional judgment to select a representative sample of individuals and perform the following procedures
 - a. Ensure that payment and compensation recorded in request for postproduction certification listing for any one employee does not exceed \$2,000,000.00.
 - b. Inspect the invoice (or equivalent documentation) to verify that the expense was clearly and demonstrably incurred in Michigan.
 - c. Obtain payment support and verify (1) the amount against trial balance detail and invoice, (2) that the company/individual paid the expense, (3) the date the expense was incurred, and (4) that state and local income tax withholding occurred for any salaries and wages paid.
 - i. For payments made to loan out companies, verify that the loan out company is authorized to do business in the state of Michigan.
 - ii. For Michigan resident below-the-line crew, verify that the individual was a resident of the state of Michigan for at least 60 days before approval of the Film Production Incentive Agreement (MFO Form 002-2008) with the MFO for the eligible production.
- 5. For direct production expenditures as defined in MCL 208.1455(12)(c)(i), obtain a listing that agrees with the trial balance, separated by those expenditures incurred in a “core community” as defined under section 2 of the Obsolete Property Rehabilitation Act, 2000 PA 146, MCL 125.2782. To the extent practicable, review all documentation on all such expenditures and perform the procedures set forth below. If a review of all documentation for all such expenditures is not practicable, then the certified public accountant may use his or her professional judgment to select a representative sample of expenditures and perform the following procedures:

- a. Obtain the invoice (or equivalent documentation) and proof of payment support for each selection and verify (1) that the vendor was doing business in Michigan, (2) the amount of expense, and (3) the date the expense was incurred.
 - b. Inspect the invoice (or equivalent documentation) to verify that the expense was clearly and demonstrably incurred in Michigan. Confirm that the business is registered through the Michigan Department of Energy, Labor and Economic Growth and that the address on the invoice is actually the place of business. Verify that the business is actually located at the address on the invoice and actually has been engaged in the type of business that relates to the invoice.
 - c. Ensure the expense is properly included or excluded from the core community listing of expenditures.
 - d. Verify that expenditures are appropriately recorded as direct production expenditures per MCL 208.1455(12)(c)(i) and as detailed above under General.
6. Verify that amounts reported in the request for postproduction certification are calculated at 42% of direct production expenditures for the qualified production in a core community, at 40% of direct production expenditures for the qualified production in a part of Michigan other than a core community, and at 30% for qualified personnel expenditures.

SAMPLE
Independent Auditor's Report

Letterhead of Certified Public Accountant

We have audited the accompanying Report of Direct Production Expenditures and Qualified Personnel Expenditures for the Qualified Production of insert name of the Production Company, City, State ("Qualified Expenditures Report"), for the period beginning _____, 20XX and ending _____, 20XX. The Qualified Expenditures Report is the responsibility of the management of insert name of Production Company. Our responsibility is to express an opinion on the Qualified Expenditures Report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the Qualified Expenditures Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Qualified Expenditures Report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Qualified Expenditures Report. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Qualified Expenditures Report was prepared for the purpose of complying with the rules and regulations of the Michigan Department of Treasury and the Michigan Film Office as described in Note X and is not intended to be a complete presentation of the company's revenues and expenses.

In our opinion, the Qualified Expenditures Report referred to above presents fairly, in all material respects, the direct production expenditures and qualified personnel expenditures for the qualified production described in Note X for the period beginning _____, 20XX and ending _____, 20XX, as set forth in MCL 208.1455 in conformity with accounting practices prescribed or permitted by the Audit Instructions and Expenditure Certification Guidelines issued by Michigan Department of Treasury and the Michigan Film Office.

This report is intended solely for the information and use of the board of directors and management of insert name of production company, the Michigan Department of Treasury and the Michigan Film Office and is not intended to be and should not be used by anyone other than these specified parties.

Authorized Signature
Professional Designation

Michigan

Film and Digital Media Production Tax Credit

Qualified Direct Production Expenditures

A qualified "direct production expenditure" must satisfy four criteria. It must be i) made in this state, ii) not a qualified personnel expenditure, iii) directly attributable to the production or distribution of a "qualified production," and iv) subject to taxation in this state. MCL 208.1455(12)(c).

All four criteria must be met for the expenditure to qualify for the film production credit. The phrase "made in this state" is not defined in the statute. The term "made in this state" requires that the expenditure have a substantive relationship to the State of Michigan to achieve the overarching purpose of the film industry tax credits: stimulation and growth of Michigan's economy. This means generally that Michigan's economy must directly benefit in some way from the expenditure, and particularly, that Michigan-based businesses are benefited rather than out-of-state businesses.

The phrase "made in this state" is generally interpreted to require that eligible expenditures meet the following standards:

- 1) Tangible personal property and services must be acquired by the production company from a source within Michigan.
- 2) Services must be wholly performed within Michigan.
- 3) A "source within Michigan" requires an established level of physical presence that includes both a non-temporary "bricks and mortar storefront", and at least one full time permanent employee. "Non-temporary" and "permanent" will generally be indicated by a presence of at least one year. The one year standard would be met with a prior presence as well as a planned future presence evidenced by a documented commitment such as entering into a one year lease for office space.
- 4) The requisite physical presence of a qualified vendor business, and the transaction at issue must have a nexus. Michigan physical presence unrelated to the transaction would not satisfy the criteria of "made in this state."
- 5) Simple pass through transactions will not qualify as "direct production expenditures" "made in this state." Generally, the existence of an added markup by the Michigan business that is consistent with industry norms will give evidence the transaction has economic substance in Michigan and is not merely a pass through transaction.

Listed below are examples of **INELIGIBLE** expenditures:

- **Per diems**
- **Living Allowances if paid as fixed or pre-determined amount**
- **Car Allowances if paid as fixed or pre-determined amount**
- **Meal Allowances if paid as fixed or pre-determined amount**
- **Expenditures made prior to approval of a film production credit agreement by the State**
- **Contingencies listed as a separate budget line item**
- **Michigan withholding tax listed as a separate budget line item**
- **Interest or financing fees on loans from related parties or from entities that do not qualify as Michigan lenders**
- **Commercial airfare not purchased through a Michigan agent or for travel that is not into, out of, or within Michigan**
- **Professional fees related to Post-Production Audit**

Michigan Film and Digital Media Production Tax Credit

Schedule of Eligible Direct Production Expenditures

This schedule lists a sample of various categories of expenditures that a production company might incur in connection with a qualified production; however, the list is not exhaustive nor all inclusive of expenditures that may qualify for the film production tax credit under section 455 of the Michigan Business Tax Act (MBTA), MCL 208.1455. Qualification of any particular expenditure is governed by subsections 455(12)(c) and (j) of the MBTA, MCL 208.1455(12)(c) and (j).

Description	Eligible?	Comments
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ABOVE THE LINE

DEVELOPMENT

Story & Rights	YES	If purchased in MI from MI owner of rights / vendor.
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WRITING

Writer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. If purchased services from writer, purchased in MI from MI owner of rights / vendor.
Story Editor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Research	YES	If purchased in MI from MI vendor.
Secretaries	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Script Printing	YES	If purchased in MI from MI vendor.

PRODUCER & STAFF

Executive Producer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Line Producer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Producers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Associate Producers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Secretaries	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Purchases and Supplies	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Wrap Party	YES	If purchased in MI from MI vendor. Must be directly attributable to production or distribution of qualified project.
Entertainment	YES	If purchased in MI from MI vendor. Must be directly attributable to production or distribution of qualified project.

DIRECTOR & STAFF

Director	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Dialogue Coach or similar specialists	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Secretaries	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Choreographers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Towncar Per Diem/Allowance	NO	Not subject to taxation in MI, thus, ineligible. (See Department FAQ Fi14).
Purchases and Supplies	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Director Assistant Computer	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Director Office Rentals	YES	If purchased in MI from MI vendor.
Entertainment Per Diem/Allowance	NO	Not subject to taxation in MI, thus, ineligible. (See Department FAQ Fi14).

Description	Eligible?	Comments
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TALENT

Principal Cast	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Supporting Cast	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Day Player	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Residuals	NO	Comp. paid after credit certificate is issued is ineligible.
Weekly Player	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Stunt Coordinator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Stunts	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Looping and Expenses	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. Expenses must be purchased in MI from MI vendor.
Casting Director	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Casting Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee.
Casting Office Expenses	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

TRAVEL & LIVING (ATL)

Producer Travel – General	YES	If purchased through travel agency / company based in MI.
Producer Travel – MI Distant Location	YES	If purchased through travel agency / company based in MI.
Producers Assistants Travel – General	YES	If purchased through travel agency / company based in MI.
Producers Assistants Travel – MI Distant Location	YES	If purchased through travel agency / company based in MI.
Director – General Travel	YES	If purchased through travel agency / company based in MI.
Director Travel – MI Distant Location	YES	If purchased through travel agency / company based in MI.
Directors Assistants Travel – General	YES	If purchased through travel agency / company based in MI.
Directors Assistants Travel – MI Distant Location	YES	If purchased through travel agency / company based in MI.
Talent Travel – General	YES	If purchased through travel agency / company based in MI.
Talent Travel – MI Distant Location	YES	If purchased through travel agency / company based in MI.
Talent Travel Per Diem	NO	Not subject to taxation in MI, thus, ineligible. (See Department FAQ Fi14).

FRINGE BENEFITS (ATL)

Pension Plan & Health and Welfare	YES	Included in compensation, which must be ≤ \$2,000,000.00 for any 1 employee.
Employer Taxes	YES	See Fringes – Shooting Period

FINANCING

MI financing fees and interest	YES	If incurred from financing through MI financial institution. Does not include interest payments or obligations beyond date credit certificate issued. (See Department FAQ Fi12).
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BELOW THE LINE

PRODUCTION STAFF

Production Manager	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Production Supervisor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
First Assistant Director	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Second AD's and Trainees	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60

Description	Eligible?	Comments
		days before agreement) 40 or 42%, else 30%.
Script Supervisor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Location Manager	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Asst Location Mgrs & Scouts	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Tech Advisors	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Production Coordinators	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Asst Production Coordinators	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Production Secretaries	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Production Accountants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Assistant Accountants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Payroll Services	YES	If purchased from payroll service company in MI doing business in MI.
Construction Estimator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Production Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Script Timing	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Prod. Office Coord. & Assts	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.

CAMERA

Directory of Photography	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Operator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Asst Cameramen & Operators	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Steadicam Operators	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Still Photographer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Loader	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Purchases & Supplies	YES	If purchased in MI from MI vendor. Includes only that portion directly attributable to and used in qualified project and net of proceeds from any resale of items.
Camera Rentals	YES	If purchased in MI from MI vendor.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation of provider of services. (See Department FAQ Fi15).

ART DEPARTMENT

Production Designer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Art Director and Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Set Designers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Illustrators	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60

Description	Eligible?	Comments
		days before agreement) 40 or 42%, else 30%.
Storyboard Artist	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Production Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Blue Printing	YES	If purchased in MI from MI vendor.
Stock Units/Backings	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Purchases & Supplies	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Processing	YES	If purchased in MI from MI vendor.
Research Materials	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).

SET CONSTRUCTION

Construction Coordinators	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Construction Foremen	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Stage Set Construction Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Location Set Construction Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Stage Set Construction Materials Purchase & Rental	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Location Set Construction Materials Purchase & Rental	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Stage Set Striking Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Stage Set Striking Materials Purchase & Rental	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Location Set Striking Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Location Set Striking Materials Purchase & Rental	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Set Restoration	YES	If purchased in MI from MI vendor.
Fold and Hold Sets	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Greens Purchase	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Backings Rental/Purchase	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

Description	Eligible?	Comments
Trash Removal	YES	If purchased in MI from MI vendor.
Scissor Lifts/Forklifts	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Box Rental	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).
Construction Expendables	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

SPECIAL EFFECTS

SFX Coordinator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
SFX Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Rig and Strike	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Manufacturing Labor & Materials	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Equipment Rentals	YES	If purchased in MI from MI vendor.

SET OPERATIONS

Key Grip	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Grips – all	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Craft Service Persons	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Greens person – Company	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Stand By Carpenters	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Stand By Painters	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Set Watch/Fireman	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
First Aid & Expenses	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Medics	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Other Crafts	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Heating/Air Conditioning	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Grip Expendables	YES	If purchased in MI from MI vendor. Only that portion directly attributable

Description	Eligible?	Comments
		to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Lumber	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Craft Service Purchases	YES	If purchased in MI from MI vendor.
Rentals	YES	If purchased in MI from MI vendor.
Grip Package	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Truck Package	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Additional Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Helicopter Rental	YES	If chartered in MI and used in MI, not for transp. out of MI.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).

ELECTRICAL

Chief Lighting Technician	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Lighting Asst and Technicians	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Rig and Strike	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Generator Operator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Generator Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Special Equipment Operator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Electric Hookup	YES	If purchased in MI from MI vendor.
Current	YES	If purchased in MI from MI vendor.
Purchases – Expendables, Gels, Etc	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Globes and Carbons	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Electric Package	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Stage Package	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rigging Package	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Additional Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Specialty Lighting	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Generator Rentals	YES	If purchased in MI from MI vendor.

Description	Eligible?	Comments
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).

SET DRESSING

Set Decorator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Leadman/Buyer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Kit Rental	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).
Set Dressing Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Drapery/Carpet	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Loss, Damage, Cleaning	YES	If purchased in MI from MI vendor.
Manufacturing/Materials	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Set Dress Purchase & Materials	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Fixtures	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Rentals – All Sets	YES	If purchased in MI from MI vendor.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).
Research	YES	If purchased in MI from MI vendor.
Film Processing	YES	If purchased in MI from MI vendor.
Expendables	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

ACTION PROPS

Propmaster	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Assistant Propmaster & Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Kit Rental	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).
Manufacturing/Materials/Labor	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Purchases & Rentals	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).
Film Processing	YES	If purchased in MI from MI vendor.
Research	YES	If purchased in MI from MI vendor.
Expendables	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

Description	Eligible?	Comments
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PICTURE VEHICLES/ANIMALS

Pic Vehicle Manufacturing	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Mechanic	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Animals	YES	If purchased in MI from MI vendor.
Wranglers, Handlers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. If contracted services, purchased in MI from MI vendor.
Feeding and Stabling	YES	If purchased in MI from MI vendor.

SPECIAL PHOTOGRAPHY

Process Operating	YES	If purchased in MI from MI vendor.
Blue Screen	YES	If purchased in MI from MI vendor.
Matte Shots Contact	YES	If purchased in MI from MI vendor.
Matte Crew Expenses	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Animation	YES	If purchased in MI from MI vendor.
Miniature Contact	YES	If purchased in MI from MI vendor.
Miniature Expenses	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Computer Graphics	YES	If purchased in MI from MI vendor.
Equipment Rental	YES	If purchased in MI from MI vendor.

EXTRA TALENT

Standins	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Casting Commission	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. If contracted services, If purchased in MI from MI vendor.
Extras-Studio	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Extras-Location	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Non Union	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Sideline Musicians	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Fittings	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Wardrobe	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Atmosphere Cars	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Casting Svc Fee and Fringes	YES	If purchased in MI from MI vendor.
Polaroid	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Telephone/Office	YES	If purchased in MI from MI vendor.

Description	Eligible?	Comments
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WARDROBE

Costume Designer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Designer Staff	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Wardrobe Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Costumers & Assts.	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Cleaning and Dyeing	YES	If purchased in MI from MI vendor.
Kit Rental	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).
Alterations & Repairs	YES	If purchased in MI from MI vendor.
Allowance (for use of personal wardrobe)	YES	Part of compensation. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Purchases & Rentals	YES	If purchased in MI from MI vendor. Includes only that portion directly attributable to and used in qualified project and net of proceeds from any resale of items.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).
Research	YES	If purchased in MI from MI vendor.
Expendables	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Washing Machine & Dryer	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Shop Set Up	YES	If purchased in MI from MI vendor.
Polaroid	YES	If purchased in MI from MI vendor.

MAKEUP & HAIRDRESSING

Makeup Artist	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Key Makeup	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Additional Makeup Artists	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Additional Hairstylists	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Makeup & Hairdressing Supplies	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Chair Rental	YES	If purchased in MI from MI vendor.
Wigs Purchase/Rentals	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Appliances	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).

SOUND (PRODUCTION)

Description	Eligible?	Comments
Mixer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Boom Operator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Additional Labor Sound	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Sound Package	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Additional Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Walkie Talkies	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Beepers	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Box Rentals	YES	If purchased in MI from MI vendor. Or if part of compensation to provider of services. (See Department FAQ Fi15).

LOCATIONS

Site Fees and Rentals	YES	If purchased in MI from MI vendor.
Police/Firemen/Watchmen	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Or, if contracted services, purchased in MI from MI vendor.
Set Security	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Or, if contracted services, purchased in MI from MI vendor.
Scouting	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Travel Fares	YES	If purchased through travel agency / company based in MI. Each trip or leg of round trip must originate or terminate in MI.
Airfare Rates	YES	If purchased through travel agency / company based in MI. Each trip or leg of round trip must originate or terminate in MI.
Hotels	YES	If purchased in MI from MI vendor.
Per Diems	NO	Not subject to taxation in MI, thus, ineligible. (See Department FAQ Fi14).
Meals	YES	If purchased in MI from MI vendor.
Extras Catering	YES	If purchased in MI from MI vendor.
Off Production	YES	If purchased in MI from MI vendor.
Catering Assistants	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Entertainment/Gratuities	YES	If purchased in MI from MI vendor. Must be directly attributable to production or distribution of qualified production.
Film Shipping	YES	If purchased in MI from MI vendor
Shipping Negative	YES	If purchased in MI from MI vendor.
Baggage/Equipment Shipping	YES	If purchased in MI from MI vendor.
Mileage	YES	Reimbursements for actual mileage incurred in MI at pre-established reimbursement rates per mile. Must be directly attributable to production or distribution of qualified production. Ineligible if paid as straight pre-determined per diem.
Parking	YES	Reimbursements for parking expenses incurred at MI locations or payments for leased parking spaces at MI locations. Must be directly attributable to production or distribution of qualified production. Ineligible if paid as

Description	Eligible?	Comments
		straight pre-determined per diem.
Location Restoration	YES	If purchased in MI from MI vendor.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Office Supplies & Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Office Space Michigan	YES	If purchased in MI from MI vendor.
Utilities	YES	If purchased in MI from MI vendor.
Cleaning	YES	If purchased in MI from MI vendor.
Art Dept Office	YES	If purchased in MI from MI vendor.
Set Dec/Props Warehouse	YES	If purchased in MI from MI vendor.
Construction Mill	YES	If purchased in MI from MI vendor.
Postage	YES	If purchased in MI from MI vendor.
Install Phone Systems	YES	If purchased in MI from MI vendor.
Phone Charges	YES	If purchased in MI from MI vendor.
Cell Phone Charges	YES	If purchased in MI from MI vendor.
Office Equipment Rental	YES	If purchased in MI from MI vendor.
IT Services	YES	If purchased in MI from MI vendor.

VIDEOTAPE

Supervision	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Technical Director	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Video Operator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Video Recordist	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Additional Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Supplies	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Video Assist Package	YES	If purchased in MI from MI vendor.
Video Transfers	YES	If purchased in MI from MI vendor.
Video Editing	YES	If purchased in MI from MI vendor.
Video Contact	YES	If purchased in MI from MI vendor.

TRANSPORTATION

Transportation Coordinator	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Captains	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Studio Drivers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Location Drivers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Repairs/Maintenance	YES	If purchased in MI from MI vendor.
Repairs	YES	If purchased in MI from MI vendor.
Car Wash	YES	If purchased in MI from MI vendor.

Description	Eligible?	Comments
Pickup Service	YES	If purchased in MI from MI vendor.
Taxis	YES	If purchased in MI from MI vendor.
Car Pickups	YES	If purchased in MI from MI vendor.
Gas and Oil	YES	If purchased in MI from MI vendor.
Genny Gas and Oil	YES	If purchased in MI from MI vendor.
Tolls and Road Permits	YES	If purchased in MI from MI vendor.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Honeywagon Supplies	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Studio Trucks & Vehicles	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Location Vehicles	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Cranes and Insert Car	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Insert Car	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Camera Cars	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

FILM AND LAB

Raw Stock	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Steadicam	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Negative Develop	YES	If purchased in MI from MI vendor.
Positive Printing	YES	If purchased in MI from MI vendor.
¼" Sound Tape	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Sound Transfers	YES	If purchased in MI from MI vendor.
Video Cassette Dailies	YES	If purchased in MI from MI vendor.
Telecine Transfers	YES	If purchased in MI from MI vendor.
Polaroid – All Department	YES	If purchased in MI from MI vendor.

FACILITY EXPENSES

Studio Telephone Installation	YES	If purchased in MI from MI vendor.
Studio Phone Charges	YES	If purchased in MI from MI vendor.
Post Phone Charges	YES	If purchased in MI from MI vendor.
Messengers	YES	If purchased in MI from MI vendor.
Outside Facility	YES	If purchased in MI from MI vendor.
Stage Use/Licensing Agreement	YES	If purchased in MI from MI vendor.
Stage includes Power/Security	YES	If purchased in MI from MI vendor.
Prep/Strike	YES	If purchased in MI from MI vendor.
Shoot	YES	If purchased in MI from MI vendor.
Power	YES	If purchased in MI from MI vendor.
Backlot Rental	YES	If purchased in MI from MI vendor.

Description	Eligible?	Comments
Dressing Room Rental	YES	If purchased in MI from MI vendor.
Parking Space Rental	YES	If purchased in MI from MI vendor.
Prep – Parking	YES	If purchased in MI from MI vendor.
Shoot – Parking	YES	If purchased in MI from MI vendor.
Other Studio Facilities	YES	If purchased in MI from MI vendor.
Studio Personnel Charges	YES	If purchased in MI from MI vendor.
Dumpsters, Cleaning	YES	If purchased in MI from MI vendor.
IT Services	YES	If purchased in MI from MI vendor.

SECOND UNIT

Second Unit Director	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Cast Talent	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Production Staff	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Camera	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Art Department	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Construction	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Special Effects	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Set Operations	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Electrical	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Set Dressing	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Props	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Pic Vehicles and Animals	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Extras	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Wardrobe	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified

Description	Eligible?	Comments
		production, and net of proceeds from any resale of items.
Makeup and Hair	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Sound	YES	Labor: Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Materials: If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Locations	YES	If purchased in MI from MI vendor.
Video Tape	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Transportation	YES	If purchased in MI from MI vendor.
Raw Stock/Develop	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Post Production Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.

SPECIAL UNIT

Talent	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Staff	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Transportation	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Or if services, purchased in MI from MI vendor.
Contract	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Locations	YES	If purchased in MI from MI vendor.
Raw Stock/Develop	YES	If purchased in MI from MI vendor.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Miscellaneous Expense	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

FRINGES-SHOOTING PERIOD

Health & Welfare, Pension	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Local Hire Fringes	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Accrued Holiday & Vacation	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Must have accrued during period after approval of agreement for credit.
FICA – Both Employee/Employer Portions	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Workmen's Comp	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Union Dues	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60

Description	Eligible?	Comments
		days before agreement) 40 or 42%, else 30%.
Meal Penalties	YES	Part of compensation.

POST PRODUCTION

EDITING & PROJECTION

Film Editor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Assistant Film Editors	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Conforming	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Post Production Supervisor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Projectionist	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Coding and Misc Editorial	YES	If purchased in MI from MI vendor.
Coding Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Sound Effects Edition	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Or if services, purchased in MI from MI vendor.
ADR Editing	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Or if services, purchased in MI from MI vendor.
Production Assistant	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Negative Cutting	YES	If purchased in MI from MI vendor.
Music Editors	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Post Ship	YES	If purchased in MI from MI vendor.
Local Messenger	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Living Expenses (paid by employer)	YES	Part of compensation. Ineligible if paid as straight pre-determined per diem.
Continuity Expenses	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Expendables	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rentals	YES	If purchased in MI from MI vendor.
Editorial Room Rentals	YES	If purchased in MI from MI vendor.
Editors' KEN/Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Bins, Sync, Racks	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Lightworks System	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Equip, Deliver/Pickup	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production,

Description	Eligible?	Comments
		and net of proceeds from any resale of items.
Sound Editors' Room	YES	If purchased in MI from MI vendor.
Music Editors' Room	YES	If purchased in MI from MI vendor.
Other Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

MUSIC

Clearances	YES	If purchased in MI from MI owner of rights / vendor.
Writers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Composers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Supervisor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Arrangers	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Copyists	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Pre-Score Musicians	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Underscore Musicians	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Star Vocalist	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Vocalists	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Music Editing	YES	If purchased in MI from MI vendor.
Living Expenses (paid by employer)	YES	Part of compensation. Ineligible if paid as straight pre-determined per diem.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Cassettes	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Rental and Cartage	YES	If purchased in MI from MI vendor.

SOUND (POST PRODUCTION)

Dubbing Stage	YES	If purchased in MI from MI vendor.
Temp Dub	YES	If purchased in MI from MI vendor.
Pre Dub	YES	If purchased in MI from MI vendor.
Final Dub	YES	If purchased in MI from MI vendor.
Post Preview/Session	YES	If purchased in MI from MI vendor.
Foreign Mu/Fx	YES	If purchased in MI from MI vendor.
DTS	YES	If purchased in MI from MI vendor.
Overtime & Weekend	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
ADR Stage	YES	If purchased in MI from MI vendor.
Foley Efx Recording	YES	If purchased in MI from MI vendor.
Walkers	YES	If purchased in MI from MI vendor.
Video Transfer	YES	If purchased in MI from MI vendor.
Tape Transfer	YES	If purchased in MI from MI vendor.
Dubbing	YES	If purchased in MI from MI vendor.
Living Expenses (paid by employer)	YES	Part of compensation. Ineligible if paid as straight pre-determined per diem.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

Description	Eligible?	Comments
Equipment Rental	YES	If purchased in MI from MI vendor.
Dolby Cards	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
DTS Fee	YES	If purchased in MI from MI vendor/agent.
License Fee	YES	If purchased in MI from MI vendor/agent.
Dolby License	YES	If purchased in MI from MI vendor/agent.
DTS License	YES	If purchased in MI from MI vendor/agent.
SDDS License	YES	If purchased in MI from MI vendor/agent.

FILM AND STOCK SHOTS

Film Leader	YES	If purchased in MI from MI vendor.
Stock Shot Purchase	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Stock Shots Labor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Stock Shots Film & Process	YES	If purchased in MI from MI vendor.
Reprints	YES	If purchased in MI from MI vendor.
Lab Special Handling	YES	If purchased in MI from MI vendor.
Video Cassettes/Tape	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Reversal Dupes	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Tape Purchase	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Optical Sound Track	YES	If purchased in MI from MI vendor.
Reference Print	YES	If purchased in MI from MI vendor.
Protection Dupes	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Composite Print	YES	If purchased in MI from MI vendor.
Laboratory Overtime	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Negative Splicing	YES	If purchased in MI from MI vendor.
Answer Prints	YES	If purchased in MI from MI vendor.
Check Print	YES	If purchased in MI from MI vendor.
Interpositive	YES	If purchased in MI from MI vendor.
Protection Master – YCM	YES	If purchased in MI from MI vendor.
Master Positive/YCM	YES	If purchased in MI from MI vendor.

VISUAL EFFECTS

Visual Effects Supervisor	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Miniatures	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Wire Removal	YES	If purchased in MI from MI vendor.
Mattes	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

Description	Eligible?	Comments
Misc Expenses	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.

TITLES, OPTICALS, INSERTS

Main & End Titles	YES	If purchased in MI from MI vendor.
Title Designer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Optical Effects	YES	If purchased in MI from MI vendor.
Inserts	YES	If purchased in MI from MI vendor.
Trademarks and Rating	YES	If purchased in MI from MI vendor.
Optical Development	YES	If purchased in MI from MI vendor.

FRINGES-POST PRODUCTION

Retroactive Pay	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%. Must relate to period after approval of agreement for credit.
Health & Welfare, Pension	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.

OTHER

INSURANCE

Cast Insurance	YES	If purchased from agent based in MI.
Negative Insurance	YES	If purchased from agent based in MI.
Extra Expense	YES	If purchased from agent based in MI.
Marine and Aircraft	YES	If purchased from agent based in MI.
Bonding	YES	If purchased from agent based in MI.

UNIT PUBLICITY

Unit Publicist	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Publicity Contact	YES	If purchased in MI from MI vendor.
Outside Photographer	YES	Payment and comp. ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Still Film and Processing for Shoot	YES	If purchased in MI from MI vendor.

GENERAL EXPENSES

MPAA Seal	NO	Not a purchase in MI from MI vendor.
Work Order Transfers	YES	If purchased in MI from MI vendor.
Legal Fees	YES	If purchased in MI from MI based firm for matters relating to production or distribution of qualified production.
Bank/Exchange Costs	YES	If incurred from financing through MI financial institution. Does not include interest payments or obligations beyond date credit certificate issued. (See Department FAQ Fi12).
Professional Fees	YES	If purchased in MI from MI based firm for matters relating to production or distribution of qualified production.
Post Production Audit for Incentive	NO	Not an expenditure directly attributable to the production or distribution of qualified production.
Studio Entertainment	YES	If purchased in MI from MI vendor.
Bank Interest	YES	If incurred from financing through MI financial institution. Does not include interest payments or obligations beyond date credit certificate issued. (See Department FAQ Fi12).
Preview Expenses	YES	If purchased in MI from MI vendor.
Previews	YES	If purchased in MI from MI vendor.

Description	Eligible?	Comments
Office Purchases	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Computers and Software	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
Office Space Rental	YES	If purchased in MI from MI vendor.
Post Office	YES	If purchased in MI from MI vendor.
Office Equipment Rental	YES	If purchased in MI from MI vendor.
IT Services	YES	If purchased in MI from MI vendor.
Post Office Equipment	YES	If purchased in MI from MI vendor. Only that portion directly attributable to and used in qualified project; prorated useful life to qualified production, and net of proceeds from any resale of items.
OSHA Safety	YES	If purchased in MI from MI vendor.
Wrap Party	YES	If purchased in MI from MI vendor. Must be directly attributable to production or distribution of qualified project.

FRINGES – OTHER

BTL Studio Fringes	YES	Included in compensation, which must be ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Health & Welfare, Pension	YES	Included in compensation, which must be ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
ATL Studio Fringes	YES	Included in compensation, which must be ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.
Local Hire Fringes	YES	Included in compensation, which must be ≤ \$2,000,000.00 for any 1 employee. MI resident (> 60 days before agreement) 40 or 42%, else 30%.

Michigan Film and Digital Media Production Tax Credit Michigan Income Tax Withholding Obligations

The laws of the State of Michigan impose income tax withholding obligations on all employers for payments made to their employees (MCL 206.351) and on production companies for payments made to "loan-outs" (MCL 206.367). Michigan requires income tax withholding payments to be made under the account registration of the person legally required to withhold.

Some payroll service companies (PSC) take on the role of employer under certain circumstances pursuant to the Internal Revenue Code ("IRC"). To the extent a production company's contract with a PSC meets the IRC provisions establishing the PSC as the employer the PSC should file Michigan income tax withholding under their account registration. To the extent the PSC does not meet the requisite IRC provisions, Michigan income tax withholding must be recorded under the account registration of the employer, which would be the production company.

With respect to Michigan income tax withholding on payments to "loan-outs," statute specifically imposes the legal obligation on the production company. Unlike payments to employees there are no IRC provisions that modify that obligation in any way. As a result, Michigan income tax withholding on payments made to "loan-outs" must be recorded under the account registration of the production company.

If a production company engages a service company to make withholding returns and tax payments to the State of Michigan for payments made to employees of the production company or to "loan-outs," those payments may be transferred to the production company's account by completing form 4737 Michigan Income Tax Withholding Transfer Authorization and Report for Payments Made on Behalf of Employees and Loan-Out Companies.

Section 455 of the Michigan Business Tax Act ("MBT") contains the film production credit provisions, including a requirement that the eligible production company not be delinquent in a tax or other obligation owed to this state. MCL 208.1455(1)(e). Therefore, proper withholding taxes must be paid to avoid losing your production credit.

To ensure proper posting of payments, please write the correct tax identification number on the check and make the check payable to the State of Michigan.

Registration for Michigan taxes can be completed on-line at:
http://www.michigan.gov/taxes/0,1607,7-238-43519_43521-155361--,00.html .

Questions regarding the registration process for Michigan taxes may be directed to Julie Thelen, Film Credit Analyst, Michigan Department of Treasury by e-mail at ThelenJU@Michigan.gov, or by telephoning 517-241-1790.