

ENTERTAINMENT SERVICES

Georgia Film Tax Credit: Loan-Out Company Requirements

Production companies are required to withhold 6% Georgia income tax on all payments to loan-out companies for services performed in Georgia when getting the Georgia Film Tax Credit. Any amounts so withheld shall be deemed to have been withheld by the loan-out company on wages paid to its employees for services performed in Georgia. The amounts so withheld shall be allocated to the loan-out company's employees based on the payments made to the loan-out company's employees for services performed in Georgia. The loan-out company nonresident employees performing services in Georgia shall be considered taxable nonresidents and the loan-out company shall be subject to income taxation in the taxable year in which the loan-out company's employees perform services in Georgia.

Registration: The loan-out company must register for a payroll withholding account using the Georgia Tax Center (<https://gtc.dor.ga.gov>) if they are not already registered. The loan-out company must provide the production company with the loan-out company's federal ID number and Georgia withholding ID number.

Reporting Requirements: The production company will provide Form G2-FP to the loan-out company by January 31st. The loan-out company must complete form G2-FL and provide it to the employee(s) allocated the withholding amounts by February 28th. The loan-out company must also electronically file a copy of Form G-1003 and Form G2-FL by February 28th.

Loan-out Filing Requirements: Upon completion of its tax year during which the loan-out company's employees performed services in Georgia, the loan-out company must file a Georgia income tax return (and net worth tax return, if applicable) and report its income. The loan-out company must also pay its tax liability as would normally be required.

Allocation of Personal Income Credit Against Taxes: The 6% withheld by the production company shall be allowed as a credit to the employee whose services were provided in the certified project against the employee's income tax. If the services of multiple employees are provided by the loan-out company, the amount deducted and withheld shall be allocated to each employee based on the payments made to the loan-out company's employees performing services in Georgia.

Employee Filing Responsibility: The employee providing services must file a Georgia income tax return, attaching Form G2-FL provided by the loan-out company, and apply the credit for the withholding tax allocated to the employee against the calculated individual income tax liability for that employee.

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