

Title 03
COMPTROLLER OF THE TREASURY
Subtitle 06 SALES AND USE TAX
Chapter 01 Sales and Use Tax

Authority: Economic Development Article, §6-203, Annotated Code of Maryland

.35 Property and Services Used in a Film Production Activity.

A. Definitions. In this regulation, the following terms have the meanings indicated:

- (1) "Certified film producer or film production company" means a film producer or film production company that has received a Certificate of Eligibility for Film Production Sales and Use Tax Exemption from the Maryland Film Office of the Maryland Department of Commerce.
- (2) Film Production Activity.
 - (a) "Film production activity" means the production or post-production of film or video projects including feature films, television projects, commercials, corporate films, infomercials, music videos, or other projects for which the producer or production company will be compensated, and which are intended for nationwide commercial distribution.
 - (b) "Film production activity" includes the production or postproduction of digital, animation, and multimedia projects.
 - (c) "Film production activity" does not include:
 - (i) Production or postproduction of student films or noncommercial personal videos;
 - (ii) Any activity not necessary to, and not undertaken directly and exclusively for, the making of a master film, tape, or image; or
 - (iii) Production or postproduction of projects the sale, display, exhibition, distribution, advertising, receipt, or possession of which, in the State, would violate the provisions of any State or federal law, including but not limited to Criminal Law Article, Title 11, Subtitles 1 and 2, Annotated Code of Maryland.
- (3) Nationwide Commercial Distribution.
 - (a) "Nationwide commercial distribution" means intended for commercial distribution extending primarily beyond Maryland's local or regional (Maryland, Virginia, and the District of Columbia) market.
 - (b) "Nationwide commercial distribution" does not include:
 - (i) ~~Distribution primarily via Internet transmission;~~ or *(waived by the Secretary 2019-02)*
 - (ii) Live coverage of an event, including but not limited to news, sporting events, and concerts.
- (4) "Short term vehicle rentals" means a rental of a motor vehicle, as defined in Transportation Article, §11-135, Annotated Code of Maryland, for a period not to exceed 180 days.

B. The following tangible personal property, when sold to a certified film producer or film production company and used directly in connection with a film production activity, is exempt from sales and use tax:

- (1) Camera equipment, supplies, and accessories;
- (2) Motion picture film and tape stock;
- (3) Digital discs and masters;
- (4) Production facilities, including sound stage;
- (5) Lighting equipment and supplies, including bulbs and lamps;
- (6) Stage equipment and supplies;
- (7) Cranes, booms, dollies, and jibs;
- (8) Electric stands, cables, and wires;
- (9) Generators used to operate tax exempt lighting and stage equipment;
- (10) Time code equipment;

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- (11) VTR and digital editing equipment;
- (12) Switchers;
- (13) Character generators;
- (14) Sound equipment and supplies;
- (15) Costumes, wardrobes, and materials to construct them, including shoes and hairpieces;
- (16) Make-up;
- (17) Props, including materials and equipment to construct them;
- (18) Scenery, including materials and equipment to construct it;
- (19) Design supplies and equipment;
- (20) Heating and air conditioning equipment not part of the realty and used on the set;
- (21) Drafting and art supplies and equipment;
- (22) Special effects supplies and equipment;
- (23) Photographic film;
- (24) Animation supplies and equipment;
- (25) Computer graphics and images;
- (26) Video and sound recording equipment;
- (27) Equipment and supplies for dubbing, mixing, editing, and cutting;
- (28) Short-term vehicle rentals; and
- (29) Separately stated charges for parts used to repair tax-exempt machinery and equipment.

C. The following are examples of tangible personal property **not eligible** for the film production exemption set forth in Tax-General Article, §11-226(b), Annotated Code of Maryland:

- (1) Office supplies and furniture;
- (2) Bottled water;
- (3) Catering of food and beverages;
- (4) Crew uniforms;
- (5) Flowers and plants used off-set;
- (6) Personal gifts;
- (7) Utilities;
- (8) Cell phones, pagers, and battery chargers;
- (9) Hotel rooms and lodging; and
- (10) Shipping cases and packaging materials.

D. The following services, when sold to a certified film producer or film production company and used directly in connection with a film production activity, are exempt from sales tax:

- (1) Editing (film, digital or tape);
- (2) Film processing;
- (3) Transfers of film to tape or digital format;
- (4) Foley services;
- (5) Multi-image services;
- (6) Sound mixing;
- (7) Voice-overs;

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- (8) ADR/looping and sound sweetening;
 - (9) Animation and special effects services;
 - (10) Computer graphics services;
 - (11) Photography on set; and
 - (12) Fabrication, printing, or production of scripts, storyboards, costumes, wardrobes, props, scenery, or special effects.
- E. The following are examples of services **not eligible** for the film production exemption set forth in Tax-General Article, §11-226(b), Annotated Code of Maryland:
- (1) Catering services;
 - (2) Bodyguard or security services;
 - (3) Cleaning services;
 - (4) Telephone answering services; and
 - (5) Mobile telecommunications services.
- F. The duty of a vendor to collect the sales and use tax from a buyer is waived if the buyer provides the vendor with a properly executed Buyer Certification—Film Production Sales and Use Tax Exemption, Form No. COT/ST 131, which includes the Department of Commerce Certificate Number and Certificate expiration date.
- G. For each film project, before a sale is consummated, the vendor shall have on file at least one completed Buyer Certification—Film Production Sales and Use Tax Exemption, Form No. COT/ST 131, to support the transactions for which the film production exemption is sought.