



State of New Mexico - Taxation and Revenue Department  
**FILM PRODUCTION TAX CREDIT CLAIM FORM**

**Instructions**

**ABOUT THIS CREDIT:**

The film production tax credit, Section 7-9F-1 NMSA 1978, provides a credit for an eligible film production company. The amount of the credit is equal to 25% of direct production and direct postproduction expenditures made in New Mexico, subject to certain limitations. A 20% credit rate applies for expenditures for which the taxpayer receives a new markets tax credit from the federal government. *IMPORTANT: Direct production expenditures must be directly attributable to film production in New Mexico and both direct production and post production expenditures must be subject to taxation by the State of New Mexico.* The film production tax credit may **not** be claimed for expenditures for which the film production company has delivered a nontaxable transaction certificate pursuant to Section 7-9-86 NMSA 1978. For details of the limits on expenditures, see the instructions for Form RPD-41229, *Application for Film Production Tax Credit*.

To be eligible for the film production tax credit, a film production company must first be approved by the Film Division of the New Mexico Economic Development Department. To apply for eligibility, contact the Film Division at (505) 476-5600 or (800) 545-9871. Once approved by the Film Division, the company may apply for the credit by submitting a completed Form RPD-41229, *Application for Film Production Tax Credit*, to the Taxation and Revenue Department for verification of expenses and additional approval. The Department may approve the film production tax credit and issue a document granting all or part of the tax credit. An eligible film production company that is required to file a New Mexico Pass-Through Entity (PTE) return, may apply for a film production tax credit, but may not claim the credit on the PTE return. The PTE must pass an approved film production tax credit to its owners, members or partners, using Form RPD-41366, *Notice of Distribution of Film Production Tax Credit*.

**Limitations on Claiming the Credit:**

The total aggregate film production tax credits that may be paid out in any fiscal year are limited to \$50 million. A film production credit that is unable to receive the tax credit because claims exceed this limitation shall be placed at the front of the queue for the next fiscal year.

Credit claims authorized for payment may be distributed over multiple years as follows:

- If the credit amount is less than \$2 million per taxable year, the amount shall be paid as requested on the income tax form immediately;
- If the credit amount is \$2 million or more but less than \$5 million per taxable year, half of the amount of the film production tax credit shall be paid immediately and the remainder shall be paid 12 months following the date of the first payment, and
- If the credit amount is \$5 million or more per taxable year, one third of the amount of the film production tax credit shall be paid immediately, one third of the film production tax credit shall be paid 12 months following the date

of the first payment, and one third of the film production tax credit shall be paid 24 months following the date of the first payment.

Any amount of a credit claim that is carried forward as described above, is also subject to the total aggregate fiscal year limitation described above. For purposes of determining the payment of credit claims as described above, the secretary of the Taxation and Revenue Department may require that credit claims of affiliated persons be combined into one claim to accurately reflect closely integrated activities of affiliated persons.

To obtain authorization for payment of the film production tax credit, the claim must be made on a completed income tax return filed timely after the close of the taxable year. All expenses incurred during the taxable year shall be submitted as part of the same income tax return. A credit claim shall not be divided and submitted with multiple returns or in multiple years.

NOTE: No interest shall be paid on any amount refunded under the Film Production Tax Credit Act.

**Completing the Return:**

Complete the income tax return, CIT-1, PIT-1, S-Corp or FID-1 based on the federal return that you are required to file.

If you are required to file:	File New Mexico Form:
Federal Form 1040,	file Form PIT-1;
Federal Form 1120,	file Form CIT-1;
Federal Form 1120S,	file Form S-Corp; or
Federal Form 1041,	file Form FID-1

You will also need to complete the tax credit schedule, PIT-CR, CIT-CR, S-Corp-CR or FID-CR. On the tax credit schedule, enter the total film production tax credit approved and the amount of the credit that you want applied to the tax liability due on the return. Enter the refundable portion of the tax credit claimed on the first page of the return, or on Schedule PIT-RC, for personal income tax filers. The Department will compare the amount entered and determine how and when the credit will be paid. No interest shall be paid on any amount refunded under the Film Production Tax Credit Act. If the amount you request to be applied to the tax liability due on the return is not eligible to be paid immediately, you will be billed for the tax liability not paid, and you may be subject to interest on the unpaid amount.

NOTE: An eligible film production company that is required to file Federal Form 1065, may be approved for a film production tax credit, but may not claim the credit on the New Mexico PTE return. The PTE must pass approved film production tax credit to its owners, members or partners, using Form RPD-41366, *Notice of Distribution of Film Production Tax Credit*.

For all tax programs, you must attach this Form RPD-41228, *Film Production Tax Credit Claim Form*, to your return. Failure to attach this form may result in denial of your claim for the credit.

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The completed income tax return and Form RPD-41228 must be mailed to: New Mexico Taxation and Revenue, Attn: Film Production Tax Credit, P.O. Box 5418, Santa Fe, New Mexico, 87502-5418. Do not mail the return to the address on the income tax return. **Mailing to this address ensures that your claim is recorded timely.**

**Refund Express, continued from the first page.**

**Refund Express - Question 4 is required:** A direct deposit of your refund, "Refund Express", may not be made to a bank account located at a financial institution outside the territorial jurisdiction of the United States. In order to comply with federal banking rules, anyone wishing to have their refund directly deposited into their account must answer an additional question when completing the Refund Express portion of their return. If you do not answer the question, your refund will be mailed to you in the form of a paper check. If you answer the question incorrectly, your refund may be delayed, rejected or frozen by the National Automated Clearing House Association (NACHA) or the Office of Foreign Assets Control (OFAC). The question asks whether the refund will go to or through an account located outside the United States. The question also warns you that if the answer is "yes", you should not choose the Refund Express method of delivering your refund. Your options are to use a different bank account or to leave the Refund Express portion of your return blank and a paper check will be mailed to the address on the return.

A financial institution is located within the territorial jurisdiction of the United States if it is:

- located within the United States;
- located on a United States military base; or
- located in American Samoa, Guam, the Northern Mariana Islands, Puerto Rico or the U.S. Virgin Islands.

Refund express is available for deposits to the taxpayer's account *only*. **Taxpayers may not request the funds to be deposited into the account of another payee.**

TRD is not responsible for the misapplication of a direct deposit refund that is caused by the error, negligence or malfeasance on the part of the taxpayer. Verify that you enter the correct bank information.

**Why Use Refund Express?**

- Avoid delays that may occur in mailing a check. Refund Express does not guarantee that you will receive your refund check earlier — only that when the check is issued, it will reach the bank more quickly.
- Payment is more secure. There is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

**What is the Routing Number?**

The routing number is for bank identification and **must be nine digits**. If the first two digits are not 01 through 12 or 21 through 32, the system will reject the direct deposit and you will receive a check.

Your check may state that it is payable through a bank different from the financial institution where you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

**Entering Your Account Number**

Your account number can be up to 17 characters. Include hyphens, but omit spaces and special symbols. Enter the number from left to right. Leave unused boxes blank. **Do not** include the check number.

You **must** indicate the **type of account**. Place an "X" in the "Checking" box if it is a checking account, or in the "Savings" box if the account is a savings account. This field is required.

**Caution:** Verify that the information you enter is correct and that your financial institution will accept a direct deposit payable to the name on Form CIT-1. **NOTE:** The Department will mail you a paper check if your bank does not accept your Refund Express information.

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