

## Sound Recording Investor Tax Credit Frequently Asked Questions

### **How much is the tax credit worth?**

The tax credit is 25% of the base investment. Base investment is money spent in Louisiana that is directly related to the sound recording production project.

### **What is the minimum I have to invest to get tax credits?**

There is a minimum \$15,000 “Louisiana Spend” to qualify for tax credits. This may take place over a twelve-month period and may include more than one production in order to reach the minimum threshold, provided no production in the series itself exceeds the \$15,000 minimum.

### **What is considered “Louisiana Spend”?**

“Louisiana Spend” is money that is spent in the State of Louisiana expended on a project. The only money that is eligible for tax credits is money that is spent in Louisiana.

### **What does and does not qualify for tax credits?**

The only expenses that will qualify for tax credits are those that are directly related to the production of a sound recording. For a production, qualifying expenses include, but are not limited to: travel (if purchased through a Louisiana travel agent), studio rental and fees, producer fee, composer fee, musicians’ fees, and any other costs directly related to production.

Non-qualifying expenses include, but are not limited to: distribution, marketing, promotion, advertising, expenses incurred but not paid, expenses paid to a business that is not located in the State of Louisiana, and any costs not directly related to the production.

### **What is considered a “complete” application?**

A complete application is one that is filled out entirely and for which all supporting documentation and requested information have been received by Louisiana Entertainment. Only complete applications will be able to proceed with the certification process.

### **What is the distribution plan?**

The distribution plan needs to be as detailed as possible. It is how you plan to distribute your sound recording once it is finished. Will it go on sale at stores, over the Internet, through a distribution company, etc.?

### **What is a statement that the project meets the definition of a “State Certified Production/Infrastructure Project”?**

The attesting statement is one that the applicant believes from their interpretation of the Sound Recording Investor Tax Credit that the sound recording production will qualify as a state-certified production or infrastructure project.

**What is a statement that the applicant has no liability to the State of Louisiana and has never claimed bankruptcy?**

This statement is assuring Louisiana Entertainment that the applicant is not in default on a loan made by the state or a loan guaranteed by the state, nor has ever declared bankruptcy.

**What is an initial certification?**

Initial Certification is a letter that is sent to the applicant confirming the applicant name, project name, and base investment once a complete application has been submitted. It serves as notice to the applicant that according to Louisiana Entertainment, the project appears to qualify for tax credits as long as the project continues within the confines of LA R.S.47:6023. It also outlines the next steps in the process.

**Why do I need to submit a cost/audit report?**

Louisiana law requires that the applicant submit a cost/audit report from an independent Louisiana CPA in order to get tax credits. This helps Louisiana Entertainment ensure that all expenditures being applied for do in fact qualify for the tax credits. It also serves as verification that the expenses being claimed were spent in Louisiana. Any project from \$15,000.00 to \$49,999.99 must submit just a cost report. Any project \$50,000 or more must submit an audit report.

**Who will send me the check once I get certified for tax credits?**

Louisiana Entertainment is just responsible for certifying the tax credits. The Louisiana Department of Revenue will send the check to the applicant.

**How does this benefit my recording studio?**

If you are a studio owner, you can market the tax credits as an incentive for talent to come record their album in Louisiana. They will get the credit, but you get the business because the talent can get a 25% return on their investment.