

How AJCA Works

AJCA was enacted on October 22, 2004, and provides for federal tax incentives applicable to the film and television industry in the U.S. The law is retroactive to January 1, 2004. AJCA permits U.S. taxpayers to elect, for any “qualifying film and television productions,” to immediately expense certain production expenditures up to \$15 million (\$20 million if incurred in certain low-income or distressed areas), in lieu of capitalizing the cost and recovering it through depreciation. “Qualified film or television production” means any production of a motion picture film or videotape if 75 percent of the total compensation is for services performed in the U.S. by actors, directors, producers, and other relevant production personnel. The term “compensation” does not include participations and residuals. For purposes of a television series, only the first 44 episodes of the series are taken into account. This provision is effective for qualified productions commencing after October 22, 2004 and before January 1, 2009.