

## **FREQUENTLY ASKED QUESTIONS – GEORGIA ENTERTAINMENT INDUSTRY INVESTMENT ACT INTERACTIVE ENTERTAINMENT**

### **HOW DOES THE QUALIFIED INTERACTIVE ENTERTAINMENT PRODUCTION COMPANY (QIEPC) APPLY FOR THE 30% TAX CREDIT?**

Before the Department of Economic Development issues its certification to a qualified interactive entertainment production company, the qualified interactive entertainment production company must electronically apply to the Georgia Department of Revenue through the Georgia Tax Center on Form IT-QIEPC. This is typically done on January 1 of the current tax year since the maximum total tax credits allowed for Qualified Interactive Entertainment Production Companies is \$1.5 million per taxable year for a single company and the maximum total tax credits allowed among all Qualified Interactive Entertainment Production Companies is \$12.5 million.

A QIEPC seeking preapproval to claim the film tax credit must electronically submit Form IT-QIEPC-AP through the Georgia Tax Center. A QIEPC that has submitted its Form IT-QIEPC for certification by the Georgia Department of Revenue or that submits Form IT-QIEPC on the same day as Form IT-QIEPC-AP is submitted may request preapproval from the Georgia Department of Revenue before meeting the requirements of the film tax credit. Such qualified interactive entertainment production company must estimate their credit amounts on Form IT-QIEPC-AP.

After GDOR approval is received and no earlier than ninety (90) days before Interactive Entertainment production begins, but no later than December 31 of the fund year for which GDOR approval was received, fill out the Georgia Department of Economic Development application(s) fully before submitting for review. Both completed applications (20%+10%) must be submitted together. The application package is submitted electronically when complete to [taxcredit@georgia.org](mailto:taxcredit@georgia.org).

## **WHAT IS THE DEFINITION OF A QUALIFIED INTERACTIVE ENTERTAINMENT PRODUCTION COMPANY (QIEPC)?**

The Georgia Department of Revenue defines a Qualified Interactive Entertainment Production Company (QIEPC) as a company that:

1. Maintains a business location physically located in Georgia;
2. In the calendar year directly preceding the start of the taxable year of the qualified interactive entertainment production company, had a total aggregate payroll of \$500,000 or more for employees working within the state; or in a taxable year beginning on or after January 1, 2018, had a total aggregate payroll of \$250,000 or more for employees working within the state in the taxable year the qualified interactive entertainment production company claims the film tax credit;
3. Has gross income less than \$100 million for the taxable year; and
4. Is primarily engaged in qualified production activities related to interactive entertainment which have been approved by the Department of Economic Development.

## **WHAT IS A COMPLETED APPLICATION?**

For interactive entertainment projects applying for the full 30% tax credit, a completed application consists of the 20% and 10% applications, synopsis of project (*including architecture, navigation and story plotlines, as well as the proposed scope of work that will be undertaken on the Interactive Entertainment Project during the fund year for which approval was sought*), documented evidence of being fully funded, and Georgia Department of Revenue forms IT-QIEPC and IT-QIEPC-AP. If the production company chooses the Alternative Marketing Opportunities in lieu of using the Georgia logo as legislated, the Alternative Marketing Opportunities form must be submitted with the application.

## **WHEN DOES THE PRODUCTION COMPANY SUBMIT THE APPLICATION(S)?**

After GDOR approval is received and no earlier than ninety (90) days before Interactive Entertainment production begins, but no later than December 31 of the fund year for which GDOR approval was received, Qualified Interactive Entertainment Production Companies must submit a Completed Application to GDEcD.

## **HOW DOES THE COMPANY QUALIFY AND APPLY FOR THE ADDITIONAL 10% GEORGIA ENTERTAINMENT PROMOTION (GEP UPLIFT TAX CREDIT)?**

To qualify for the GEP Tax Credit, Interactive Entertainment Projects must include a total of fifteen (15) seconds of GEP logo exposure in units sold, and up to a three (3) second GEP Logo adjacency in all online promotions. The fifteen (15) second requirement may be aggregated and met through up to three (3) separate and distinct displays of the GEP Logo throughout the Interactive Entertainment project totaling fifteen (15) seconds. Prerelease Games do not qualify for the GEP Tax Credit. Placement of the GEP Logo within an Interactive Entertainment Project must be discussed in advance with Georgia Department of Economic Development. Interactive Entertainment Projects must provide a synopsis of the Interactive Entertainment project including architecture, navigation and story plotlines, before the project can be certified.

## **WHAT IF A PRODUCTION COMPANY CANNOT OR DOES NOT WANT TO INCLUDE THE LOGO IN THEIR PROJECT?**

Projects can apply for the 20% tax credit only, or in lieu of the inclusion of the GEP Uplift logo, the production company may offer alternative marketing promotion opportunities (Form GDEcD-B) acceptable to the Georgia Department of Economic Development. The Alternative Marketing Opportunities form must be submitted with the application package. The initial options chosen on the form can be changed until the project is distributed. The decision whether to include the GEP Logo or pursue the Alternative Marketing Opportunity must be made at the time the project submits an application to pursue the GEP Tax Credit, and the decision is final.

## **IS THE 10% TAX CREDIT AWARDED AT THE SAME TIME AS THE 20% TAX CREDIT?**

The 10% GEP Uplift will not be awarded until proof of multimarket distribution is provided within 5 years of awarding the Base (20%) Certification Letter. Prior to submitting the Distribution form, verification is provided to confirm that the GEP logo has been included in the project as legislated or Alternative Marketing Opportunities have been met. Additionally, the staff list must have been provided to the Georgia Film Office. The supporting materials due dates are listed on the 20% application. The decision whether to include the GEP Logo or pursue the Alternative Marketing Opportunity must be made at the time the project submits an application to pursue the GEP Tax Credit, and the decision is final.

## **WHAT DOCUMENTS CAN BE PROVIDED FOR PROOF OF FUNDING?**

The Georgia Department of Economic Development will require proof of funding that the project has assets that equal or exceed 75% of the total budgeted cost of the project at the time the applicant applies for certification. These assets can be owned by the applicant, be provided by a third party pursuant to a financing or funding agreement, or combination of the two. Such proof may include, but is not limited to, payroll statements, bank statements, and financing or funding agreements, including in-studio financing letters or agreements.

## **ARE PRERELEASED GAMES ELIGIBLE FOR THE 10% GEP UPLIFT?**

No. A prerelease game or a game that is available to individuals for testing purposes but is not generally made available or distributed to consumers or to the general public is not eligible for the 10% GEP Uplift.

## **IF A GAME IS IN PRERELEASE ONE YEAR AND THEN RELEASED THE NEXT YEAR, IS THE 10% GEP UPLIFT RETROACTIVE?**

No. Prerelease games are not eligible for the 10% GEP Uplift. If a project applies as a prerelease game and is later released in a different calendar year, it will only be eligible for the 10% GEP Uplift if it has received certification from the Georgia Department of Revenue, submitted a new application in the year it is released and has qualified production activity in that year. Meaning, the project would need to apply and be eligible with the Georgia Department of Revenue and also submit a new application with Georgia Department of Economic Development. Every application is looked at as a new project since this program is capped per year and Qualified Interactive Entertainment Production companies apply to the Georgia Department of Revenue each year based on the spend for that specific fund year.

## **IS A GAME CONSIDERED “PRERELEASED” IF THE AUDIENCE PROVIDING FEEDBACK HAD TO PAY FOR THE GAME IN ORDER TO GAIN ACCESS TO IT?**

A “prerelease game” is one that is available to individuals for testing purposes but is not generally made available or distributed to consumers or to the general public. A game that is not generally available or distributed to

consumers/the public is a prerelease game and is not eligible for the 10% GEP Uplift.

**HOW DOES A COMPANY GET THE GEORGIA ENTERTAINMENT PROMOTIONAL LOGO TO INCLUDE IN THEIR PROJECTS?**

After approval for the 10% GEP Uplift, the Georgia Department of Economic Development will provide electronic versions of the promotional logo options.

**DOES THE COMPANY APPLY AND BECOME CERTIFIED ON A PER - PROJECT BASIS?**

Yes. Interactive Entertainment Projects must apply to GDEcD for certification within the fund year that they are approved by GDOR, regardless of whether the Qualified Interactive Entertainment Production Company had previously sought certification for the same Interactive Entertainment Project in prior fund years. The information included on the Completed Application shall pertain to the work completed or intended to be completed by the Qualified Interactive Entertainment Company on the Interactive Entertainment Project for the fund year in which a certification letter is sought.

**WHAT TYPE OF INTERACTIVE ENTERTAINMENT PROJECTS ARE ELIGIBLE?**

Projects eligible for certification include: game types/categories traditionally found in videogame or retail stores or Internet-based social, casual, serious, and social networking games on mobile, console, computer, smart device and television platforms

**IF AN INTERACTIVE ENTERTAINMENT PROJECT RECIEVES A CERTIFICATION FROM GDECD DOES THIS GUARANTEE CREDITS FROM THE GEORGIA DEPARTMENT OF REVENUE ARE AVAILABLE?**

No. The Commissioner of Revenue shall preapprove applications for Interactive Entertainment tax credits based on a first come, first serve basis. Therefore, Georgia Department of Economic Development certification of Interactive Entertainment projects does not guarantee that credits will be available.