



September 13, 2013

## Independent Certified Public Accountant Expenditure Verification of a Film Production

Dear CPA:

Effective July 1, 2013, the 27th Legislature enacted Senate Bill 23. The new Law transfers the Alaska Film Office to the Department of Revenue, establishes the Alaska Film Incentive Review Commission, establishes the film production promotion program, revises the amount of credit that may be awarded for compensation to producers, directors, writers, and actors who are not residents, provides for a fee to be paid at the time an application for eligibility for a film production tax credit is filed, expands the tax types against which a film production tax credit may be applied, and dictates other significant changes.

Similar to the program statutes as they existed prior to July 1, 2013, each film production applying for a film production tax credit is required to have the qualified expenditures verified by an independent certified public accountant (CPA). AS 44.25.125(d) states, "After completion of the production, the producer shall provide the film office with a production cost report detailing the qualified expenditures of the production, with verification by an independent certified public accountant, licensed in the state and approved by the film office, that the costs claimed in the report are qualified expenditures under AS 44.25.130 and that there is no outstanding balance for a qualified expenditure that is due to a person in the state."

This letter is to inform you of significant changes in what is required in order for a CPA to provide verification services for the film production tax credit. Under the program as it operated under the Department of Commerce, Community and Economic Development (DCCED), and for productions that received a notice of qualification prior to July 1, 2013, CPAs are required to have completed the Alaska Film Production Credit Training. The mandated training was offered in Anchorage on January 26, 2012. However, no further training has been offered in Anchorage or anywhere else in the state. Currently, there are approximately 50-60 film productions which received a notice of qualification for a film credit prior to July 1, 2013. These productions will need a CPA to provide verification services before they submit their final application for a tax credit under the language of the former statutes.

The Alaska Film Office recognizes that due to changes in the workforce, the addition of newly-licensed CPAs, CPAs who were unable to attend the previous training session, or simply new interest for other reasons, that we need to provide another Alaska Film Production Credit Training in order to approve a CPA to verify expenditures for those productions that qualified under the former program. We will not present an on-site training; however we will make available the credit training Power Point presentation electronically, along with Agreed-Upon-Procedures and an Attestation of Training Completion form that will need to be completed, signed, dated and submitted to our office. Once we receive the signed form, that CPA will be approved and be able to provide verification services for those productions qualified prior to July 1, 2013.

For those film productions that qualify after July 1, 2013, the statutory language of the new Law applies and **mandatory production tax credit training will no longer be required**. For a CPA to provide verification services for productions qualified after July 1, 2013, the CPA must meet all of the following criteria:

- Hold an active Alaska CPA License
- Hold a current Alaska Business License
- Be an Alaska resident or have an office or other place of business in Alaska
- Be approved by the Alaska Film Office

The Alaska Film Office has created a form allowing a CPA to attest to meeting the required criteria. The form needs to be completed, signed, dated and submitted to the Alaska Film Office. Once we receive the signed form, that CPA will be approved and be able to provide verification services for those productions qualified after July 1, 2013. If a CPA desires to be approved under both programs, two forms will be necessary.

All of the forms and other materials referenced in this letter can be found on our new webpage at <http://tax.alaska.gov/AlaskaFilmOffice>. Please look under the CPA tab or under the Credit Program/Forms tabs. If you have any questions, please contact me in the Alaska Film Office at 269-1018 or [kelly.mazzei@alaska.gov](mailto:kelly.mazzei@alaska.gov).

Sincerely,

  
Kelly Mazzei  
Executive Director

