PRIME

FILM CREDIT



If you're investing in or participating in a film, television, or live theatrical production, you may be able to deduct a large portion of those costs upfront instead of spreading them out over time. Under IRC Section 181, qualifying productions can elect to expense these costs in the year they're incurred, which can create a significant immediate tax benefit.

Rather than recovering those expenses over several years through depreciation or amortization, this approach allows you to accelerate the deduction. For many investors, that means improved cash flow and a meaningful reduction in taxable income during the early stages of a production—when expenses are typically the highest.

The deduction is generally limited to the first **$15 million** of qualified production costs, or up to **$20 million** for productions in certain designated low-income or distressed areas.

It's important to note that this benefit has been phased out for new productions beginning in 2026. However, if you're involved in a project that began prior to 2026, you may still qualify under the existing rules. As with many areas of tax law, this is also something that could change with future legislation.

QUALIFICATIONS

This strategy is generally best suited for individuals who have access to film, television, or theatrical production investments and are looking to offset a significant amount of taxable income.

If you're participating as an owner or investor in a qualifying production—particularly one that began prior to 2026—you may be in a position to benefit. This strategy tends to be most impactful when production costs are substantial enough to create meaningful deductions in a single year.

It's also a stronger fit if you have higher taxable income and can fully utilize those deductions. If your income is lower or inconsistent, the immediate benefit may be limited.

IMPLEMENTATION

For a detailed implementation checklist and other helpful resources, scan the QR code below or click **here**.

Because this strategy is tied to specific qualifying productions, it's typically not something you can access on your own—it usually requires being part of the right investment opportunity at the right time.



LET'S SEE AN EXAMPLE

Let's say you've invested in a qualifying film production with a total budget of **$10 million**, and your share of the production costs is **$1 million**.

Instead of capitalizing those costs and deducting them over several years, you may be able to deduct the full **$1 million** in the year the expenses are incurred. That immediate deduction can significantly reduce your taxable income for that year.

GOT QUESTIONS?

Email **decoder@primecorporateservices.com**
or contact **(855) 577-4639** for more information.

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