

113TH CONGRESS
2^D SESSION

H. R. 5497

To amend the Internal Revenue Code of 1986 to modify and extend the election to expense the cost of qualified film, television, and theatrical productions.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 16, 2014

Mr. PETERSON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify and extend the election to expense the cost of qualified film, television, and theatrical productions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Film Incentive Reform
5 Act of 2014”.

1 **SEC. 2. MODIFICATION AND EXTENSION OF ELECTION TO**
2 **EXPENSE THE COST OF QUALIFIED FILM,**
3 **TELEVISION, AND THEATRICAL PRODUC-**
4 **TIONS.**

5 (a) **EXTENSION.**—Section 181(f) of the Internal Rev-
6 enue Code of 1986 is amended by striking “December 31,
7 2013” and inserting “December 31, 2015”.

8 (b) **MODIFICATION OF QUALIFIED FILM, TELEVISION**
9 **AND THEATRICAL PRODUCTIONS TO WHICH SECTION AP-**
10 **PLIES.**—

11 (1) **IN GENERAL.**—Section 181(d) of such Code
12 is amended to read as follows:

13 “(d) **QUALIFIED FILM, TELEVISION, OR THEATRICAL**
14 **PRODUCTION.**—For purposes of this section—

15 “(1) **IN GENERAL.**—The term ‘qualified film,
16 television, or theatrical production’ means—

17 “(A) any film or television production if
18 100 percent of the total compensation of the
19 film or television production is compensation for
20 services performed in the United States, and

21 “(B) any theatrical production if 75 per-
22 cent of the total compensation of the theatrical
23 production is qualified compensation.

24 “(2) **FILM OR TELEVISION PRODUCTION.**—

1 “(A) IN GENERAL.—The term ‘film or tele-
2 vision production’ means property described in
3 section 168(f)(3).

4 “(B) SPECIAL RULE FOR TELEVISION SE-
5 RIES.—In the case of a television series—

6 “(i) each episode of such series shall
7 be treated as a separate production, and

8 “(ii) only the first 44 episodes of such
9 series shall be taken into account.

10 “(3) THEATRICAL PRODUCTION.—

11 “(A) IN GENERAL.—The term ‘theatrical
12 production’ means a live staged production of a
13 play (with or without music) which is derived
14 from a written book or script and is produced
15 or presented in any venue which has an audi-
16 ence capacity of not more than 3,000 or a se-
17 ries of venues the majority of which have an au-
18 dience capacity of not more than 3,000.

19 “(B) TOURING COMPANIES.—In the case
20 of multiple live staged productions for which an
21 election under this section is made by the same
22 taxpayer and which are—

23 “(i) separate phases of a production,
24 or

1 “(ii) separate simultaneous stagings
2 of the same production in different geo-
3 graphical locations (not including multiple
4 performance locations of any one touring
5 production),

6 each such live staged production shall be treat-
7 ed as a separate production.

8 “(C) PHASES.—For purposes of subpara-
9 graph (B), the term ‘phase’ refers to each of
10 the following (but only if the taxpayer treats
11 each of the following as a separate activity for
12 all purposes of this title):

13 “(i) The initial staging of the produc-
14 tion.

15 “(ii) Subsequent additional stagings
16 or tourings of the production which are
17 produced by the same producer as the ini-
18 tial staging.

19 “(D) QUALIFIED COMPENSATION.—

20 “(i) IN GENERAL.—For purposes of
21 paragraph (1)(B), the term ‘qualified com-
22 pensation’ means compensation for services
23 performed in the United States by actors,
24 directors, musicians, producers, and other
25 production and post-production personnel.

1 “(ii) PARTICIPATIONS AND RESIDUALS
2 EXCLUDED.—For purposes of paragraph
3 (1)(B) and clause (i), the term ‘compensa-
4 tion’ does not include participations and
5 residuals (as defined in section
6 167(g)(7)(B)).

7 “(4) EXCEPTION.—The term ‘qualified film,
8 television, or theatrical production’ shall not include
9 any production if records are required under section
10 2257 of title 18, United States Code, to be main-
11 tained with respect to any performer in such produc-
12 tion.”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Subsections (a)(1), (a)(2)(A),
15 (a)(2)(B), (b), and (c)(1) of section 181 of such
16 Code are each amended by striking “any quali-
17 fied film or television production” and inserting
18 “any qualified film, television, or theatrical pro-
19 duction”.

20 (B) Section 181(f) of such Code is amend-
21 ed by striking “qualified film and television pro-
22 ductions” and inserting “any qualified film, tel-
23 evision, or theatrical production”.

24 (C) The heading of section 181 is amended
25 by striking “**QUALIFIED FILM AND TELE-**

1 **VISION PRODUCTIONS**” and inserting
2 **“QUALIFIED FILM, TELEVISION, AND THE-**
3 **ATRICAL PRODUCTIONS”**.

4 (D) The item relating to section 181 in the
5 table of sections for part VI of subchapter B of
6 chapter 1 of such Code is amended to read as
7 follows:

“Sec. 181. Treatment of certain qualified film, television, and theatrical produc-
tions.”.

8 (c) **EFFECTIVE DATE.**—The amendments made by
9 this section shall apply to qualified film, television, and
10 theatrical productions commencing after December 31,
11 2013.

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