



STARS QUICK READ

QUALIFICATIONS:

- Resident Production Company or a non-Virgin Islands entity that has obtained a license to do business in the Territory.
- Minimum spend of \$250,000.
- Minimum of 20% Virgin Islands resident hires (including crew, extras, actors) and maximum of three (3) paid interns.
- Include credits, i.e. “Made in the USVI” or “Portions Made in the USVI” and other acknowledgments -Above-the-line-crew member speak at local school or university.

CASH REBATE:

- 9% of total QPE during a tax year up to a maximum of \$500,000 (For example: 9% of \$5M QPE = \$450,000) If calculation exceeds \$500K the maximum will be rebate.
- Additional 10% of total QPE if QP activities are done on St. Croix – (on a \$5M project this would amount to \$500K).
- Additional 10% of total QPE if the Territory Certified Production includes a Qualified Virgin Islands Promotion (like an end credit-approved) – (on a \$5M project this would amount to \$500K).

Additional rebate: (paid out after CPA required audit)

- Reduction in hotel tax rates may be applied to both resident and non-resident production companies:
 - Minimum QPE of \$250K AND over 150 room nights, Production company shall pay hotel tax rate of 8%;
 - QPE spend of \$250,001-\$500,000 AND over 250 room nights, Production company shall pay hotel tax rate of 6%;
 - QPE spend of \$500,001-\$750,000 AND over 350 room nights, Production company shall pay hotel tax rate of 4%;
 - QPE spend of \$750,001-\$1,000,000 AND over 450 room nights, Production company shall pay hotel tax rate of 3%;
 - QPE spend of \$1,000,001 AND over 1000 room nights, Production company shall pay hotel tax rate of 1.5%.

CAP: \$2,500,000 PER ANNUM (The aggregate amount of cash rebates granted to all production companies in any particular year is subject to the cap).

Resident Production Companies are eligible for tax incentives and rebates up to a maximum of 3 projects per annum with a maximum of incentives and credits equal to \$1,050,000, if they meet all requirements.

Nothing prohibits a resident production company from applying for benefits under any other Economic Development Authority tax incentive program.

TAX CREDIT (TRANSFERRABLE):

- If 20-25% of total workforce (including paid interns) are VI residents, allowable credit is 10% of actual compensation paid in connection with the Territory Certified Production (TCP) during a tax year.
- If 25.1-30% of total workforce (including paid interns) are VI residents, allowable credit is 15%.
- If 30.1% or greater of the total workforce (including paid interns) are VI residents, allowable credit is 17%.

- Tax credits can be transferred or sold to a Virgin Islands taxpayer who wants to reduce their tax liability. Standard amount is \$.60 on the dollar.
- Max time to transfer credits- 5 years. Can only make a single transfer or sell tax credits.

Note: 29 V.I.C. § 751 states with respect to a single employee, the portion of any compensation which exceeds \$500,000 for a single production shall not be included when calculating total aggregate payroll. Also, Section 753(3) states workforce includes extras, day players, and a maximum of three paid interns.

QUALIFIED PRODUCTION ACTIVITY INCLUDES (must be done in Territory to be considered a QPE):

- Storyboard preparation, scripting, art direction, set construction and operation
- Wardrobe, makeup, accessories, and related services
- Costs associated with cinematography, photography and sound synchronization, lighting, and related services and materials
- Editing and related services; rental of facilities and equipment; leasing of vehicles
- Costs of food and lodging
- Digital or tape editing, film processing, transfers of film to tape or digital format, sound mixing, computer graphics services, special effects services, and animation services
- Total aggregate payroll; airfare, if purchased through a VI based travel agency or travel company; insurance costs and bonding, if purchased through an insurance agency license in the Virgin Islands
- Professional services, including legal, accounting, payroll, consulting and security; and
- Other direct costs of producing the project in accordance with generally accepted entertainment industry practices

POINTS OF INTEREST/CLARIFICATION:

- A production company can apply for STARS even if filming has started, but no later than 30 days after commencement
- The QP must be begin no later than 180 days after certificate issuance
- QP can take advantage of both the rebate and transferrable tax credit
- Tax credit can be taken beginning in the taxable year in which production company has met the investment requirement

STEPS FOR STARS APPLICANTS:

- Schedule a Pre-Application meeting with the USVI Economic Development Authority (USVIEDA) and Department of Tourism to discuss project, processes, timelines, list of CPAs', etc.
- If moving forward, obtain a certificate of good standing from the Lt. Governor's office and incorporate
- Complete application and submit with fee (\$500)
- EDA will notify DLCA of the intent of a company to apply for STARS and to expect a business license application from said company. License should be issued 15 days after complete application receipt.
- USVIEDA will forward application to the DOT for review no later than 10 business days.
- Department of Tourism has 7 business days from receipt of application to submit analysis and recommendation to USVIEDA.
- USVIEDA has 25 business days to approve or reject application.

For more in depth information and an application visit: <https://www.usvieda.org/incentives/art-music-film-incentives-stars>

Visit www.filmusvi.com for more information and see how the U.S. Virgin Islands is still **Camera Ready.**