



NORTH CAROLINA “ALTERNATIVE CREDIT” CALCULATION *
(GS § 105-130.47 (b1))

FACTS:

\$1,500 budget

\$1,000 of labor (both resident and non-resident qualify)

\$500 of NC expenditures

\$400 of NC expenditures subject to the 1% NC Mill Machinery Privilege Tax

\$100 of NC expenditures subject to the combined general sales tax rate

Alternative credit rate (January 1, 2010): 25%

Combined sales tax rate (September 1, 2009): 7.75% (8% in some counties)

Privilege tax rate for motion picture equipment sales/rentals: 1%

NC income tax rate imposed on refund for corporations: 6.9%

CALCULATION:

$$\$1,000 \times 25\% = \$250$$

$$\$500 \times 25\% = \$125$$

$$\$400 \times (7.75\% - 1\% = 6.75\%) = \$27$$

$$\$125 - \$27 = \$98$$

$$\$250 + \$98 = \$348$$

NET BENEFIT/REFUNDABLE CREDIT (EXCEPT CORPORATIONS):

$$\$348/\$1,500 = 23.2\%$$

NET BENEFIT/REFUNDABLE CREDIT (CORPORATIONS):

$$\$348 \times (100\% - 6.9\% = 93.1\%) = \$323.99$$

$$\$323.99/\$1,500 = 21.60\%$$

*The calculation is to serve as an example only. The items subject to 1% will depend on the film, as each film stands alone. Depending on the items purchased at the full rate, the credit percentage could be higher or lower than the example.