

Illinois Music and Musicians Tax Credit Guide

A new Illinois tax credit designed to attract music production, create jobs & strengthen the state's creative economy.

For Qualified Music Companies



Program Overview

The Music & Musicians Tax Credit & Jobs Act gives, administered by DCEO, gives Qualified Music Companies (QMCs) an incentive to produce, distribute and promote music in Illinois.



Create jobs for Illinois musicians, technicians and other workers & expand opportunities for musicians, vendors and production professionals across the state



Attract music production and related economic activity to Illinois



Strengthen Illinois' creative economy



Encourage diversity in Illinois' music workforce and industry

At A Glance

\$200,000

Maximum Credit

per Qualified Music Company per calendar year.

10%-15% Initial Credit

Based on Illinois labor expenditures associated with a state-certified production or series.

2 Million

Annual program cap.

Incentive Overview

10-15% Initial Credit

The applicable rate depends on your QMC's total calendar-year payroll. Based on payroll expenses associated with a **State-certified production or series:**

- **10%** if payroll is \$100,000 or less
- **15%** if payroll exceeds \$150,000

Additional Stackable Credits



+15%

**High-Poverty /
High-Unemployment
Areas**

For expenses used to pay Illinois residents employed in qualifying geographic areas.



+7%

Prevailing Wage

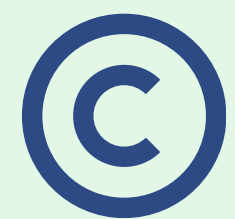
For payroll expenses generated by employees paid at or above the applicable prevailing wage (AFM rates).



+7%

**Illinois Post-
Production**

For qualifying post-production sound recording for television or film work completed in Illinois.



+10%

Resident Copyright

For a qualifying sound recording production of an Illinois copyright holder

Application Process

1



Apply for QMC Eligibility

Submit a Qualified Music Company Eligibility Application once per calendar year **by Dec. 1**.

The application requires the ITR-1, Request for Tax Clearance Form, Diversity Plan & Certificate of Good Standing Forms.

2



Apply for Each Proposed Production

Submit a separate **Proposed State-Certified Production** or **Series of Productions Application** for each proposed production or series of productions for which they intend to seek a tax credit each calendar year **by Dec. 1**

3



Get Certified

DCEO reviews your applications. Once requirements are met and the Tax Credit Agreement is executed, you'll receive your QMC certificate.

4



Produce & Track

Complete your certified production and keep detailed records of eligible labor expenditures.

5



Request your Tax Credit Certificate from DCEO

Submit a separate request for each certified production, including CPA verification **by March 1** (following the applicable tax year).

6



Submit QMC Annual Payroll Certification

Report your total QWC payroll for the calendar year **by March 1** (following the applicable tax year).

Tax credits are awarded on a **first-come, first-served basis**, subject to available funding.

Qualified Music Company (QMC) Eligibility

Business Requirements

An applicant must first qualify as a Qualified Music Company (QMC) **each year**.

QMCs must:



Be authorized to do business in Illinois



Be engaged directly or indirectly in the production, distribution or promotion of music



Intend to make expenditures in Illinois



Be economically sound



Demonstrate that the credit will have a positive impact on Illinois



Indicate whether you intend to participate in workforce education and recruitment programs



Submit a Diversity Plan



Approved by the Director of the Department of Commerce and Economic Opportunity.

Applications are available on the DCEO website:

<https://dceo.illinois.gov/expandrelocate/incentives/taxassistance/music-musicians-tax-credit.html>

Required Documentation

QMC Application

Have these materials ready:



Business & Company Info

- Legal business name, address & phone
- Primary contact and company officers
- Business entity type (corporation, LLC, partnership, sole proprietorship, etc.)
- Incorporation/formation date & location
- FEIN/TIN, SIC, & NAICS codes (if applicable)
- Description of the applicant and its music-related activities



Illinois Eligibility Documentation

- Illinois Department of Revenue Tax Clearance (Form ITR-1)
- Proof of Illinois tax clearance
- Certificate of Good Standing from the Illinois Secretary of State (if applicable)
- Evidence that the company is authorized to do business in Illinois
- Documentation relating to a Resident Copyright, including evidence of ownership or a direct agreement with the copyright owner (if applicable)



Program Materials

- Diversity Plan based on the template.
- Statement indicating whether the company intends to participate in available Illinois workforce, education and recruitment programs
- Economic impact information, including anticipated Illinois jobs and spending

Remember

QMC Applications are due **Dec. 1**. Any deficiencies must be corrected by **December 31**.

QMC eligibility must be established **each year**.

DCEO makes the final eligibility determination. Meeting the requirements does not guarantee approval.



Required Documentation

Production Certification & Claiming the Credit

Reminder: After QMC is approved, complete two additional steps: (1) get each production certified and (2) request your tax credit certificate

State-Certified Production Application

For each production or series of productions, be prepared to provide:

- Production/Project Description
- Related companies (if any)
- Production length and primary Illinois location
- Estimated training (if any)
- Number of Illinois production days
- Date principal rehearsals/recording begin in Illinois
- Estimated total production budget (including IL labor and other in-state expenditures)
- Estimated Illinois labor expenditures
- Estimated post-production budget (if applicable)
- Jobs created and retained, by classification
- Diversity Plan (production-specific)
- Workforce, education & recruitment participation (if applicable)
- Vendor cost documentation commitment
- Resident Copyright documentation (if applicable)

Deadline is December 1

Request for Certification of the Tax Credit

After the production is complete, submit the following for each State-Certified Production or Series:

For Every Request

- Itemized statement of Illinois Labor Expenditures and Expenditures in the State
- Documentation supporting the tax credit calculation
- Licensed CPA agreed-upon procedures attestation
- Disclosure of all related-party transactions
- Sworn affidavit that the submitted information is true, correct & complete.

Additional Documentation for Specific Credits

- **High poverty/high-unemployment area credit:** Itemized payroll, employee names and home addresses & identification of qualifying locations
- **Prevailing wage credit:** Evidence each employee was paid the applicable prevailing hourly rate, including supporting payroll records & wage scales
- **Illinois post-production credit (TV/film):** Detailed vendor cost documentation, Illinois resident staff/crew, wages and payments to Illinois-domiciled subvendors
- **Resident Copyright credit:** Evidence of copyright ownership or a direct agreement with the copyright owner.

Deadline is March 1

(following the applicable calendar year)

CFM Support & Resources



The application and resources through DCEO can be found here:

dceo.illinois.gov/expandrelocate/incentives/taxassistance/music-musicians-tax-credit.html.

For program details or application guidance, please contact CEO.MusicTaxCredit@Illinois.gov

Interested in bringing a project to Illinois? CFM will provide:

- Guidance on application process
- Program updates and developments
- Union labor requirement information
- Support through the application process



For more in depth information and additional frequently asked questions, visit our website: <https://cfm10208.com/>