

Valuation of Motion Picture Films
in Computing the Property Factor of the
Business Allocation Percentage

The Tax Commission has approved the following policy with regard to corporations engaged in the business of producing, financing or distributing motion pictures for theater presentation.

A motion picture film is the embodiment of a play, story or other literary or artistic work, created for public entertainment or for educational purposes. For purposes of computing the property factor of the business allocation percentage, the fair market value of a motion picture shall be presumed to be its adjusted basis for Federal income tax purposes. The fair market value of motion picture distribution prints shall be the striking costs of such prints. Striking costs are the cost of raw film stock plus the cost of laboratory processing.

For Example: A taxpayer owns a film located outside of New York with an adjusted basis of \$1,000,000 including the striking cost of prints. Of 100 distribution prints, having striking cost of \$500 per print, 10 are located in New York.

The \$1,000,000 of adjusted basis will be included in the denominator of the property factor and \$5,000 ($\500×10) will be included in the numerator.

This policy is effective for taxable periods beginning after December 31, 1974.