



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

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MEMORANDUM FOR DIRECTOR, SPECIALTY EXAMINATION; EMPLOYMENT TAX  
TERRITORY MANAGERS, GROUP MANAGERS AND  
EMPLOYMENT TAX EXAMINERS

Signed by

FROM: Alfredo Valdespino /s/ *Alfredo Valdespino*  
Director, SB/SE Examination - Specialty Policy

SUBJECT: Interim Guidance on IRC 3512, Motion Picture Project Employers

The purpose of this memorandum is to provide guidance to SB/SE Employment Tax (ET) Managers and Examiners on motion picture project employers.

## Background

For background on the development of this code section, see *Cencast Services, L.P. v. U.S.*, 729 F.3d 1352, (2013). Due to this court case, Congress changed the law regarding wages paid by a motion picture project employer to motion picture project employees.

## Employment Tax Changes

To reflect the new law, IRM 4.23.5 will renumber and incorporate new subsection IRM 4.23.5.14, *IRC 3512 Motion Picture Project Employers*, reflecting new IRC 3512. The new subsection will read:

- (1) Beginning January 1, 2016, all wages paid by a motion picture project employer to a motion picture project worker during a calendar year are subject to a single social security tax wage base (\$118,500 for 2016 and \$127,200 for 2017) and a single FUTA tax wage base (\$7,000 for 2016 and 2017) regardless of the worker's status as a common law employee of multiple clients of the motion picture project employer. For more information, including the definitions of a motion picture project employer and motion picture project worker, see IRC 3512(b).
- (2) For background on the development of this code section, see *Cencast Services, L.P. v. U.S.*, 729 F.3d 1352, (2013).

**Effective Date:**

This interim guidance is effective upon issuance and remains in force until expiration on the date reflected above, or when superseded by an updated IRM or interim guidance.

If you have any questions concerning this interim guidance, contact Laird MacMillan, Policy Analyst, SB/SE Employment Tax Policy.

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