



# AN OVERVIEW OF CANADIAN TAX CREDITS FOR NON-INDIGENOUS FILM AND TELEVISION PRODUCTION

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All currency in Canadian dollars unless otherwise noted.

## INTRODUCTION

Canada, often referred to as “Hollywood North,” continues as a leading innovator in the development and implementation of public sector incentives for film and television production. These incentives have stimulated a billion dollar industry in Canada for the production of both domestic or indigenous programming content and foreign based Canadian location or service productions.

Currently, these public sector initiatives comprise:

1. Direct Federal and provincial assistance in the form of grants, loans and equity investments in Canadian content programming;
2. Federal and provincial refundable tax credit programs available to domestic producers of Canadian content programming;
3. Federal and provincial refundable tax credit programs available to domestic and foreign producers of non-Canadian content programming that employ Canadians and choose Canada as a location or service centre; *and*
4. Canadian content program recognition designation for both qualifying Canadian domestic productions and foreign co-ventures.

In this monograph, we focus on the last two groups of these initiatives and in particular, their application to US-based film and television productions.

# FEDERAL REFUNDABLE TAX CREDIT PROGRAM FOR SERVICE PRODUCTIONS

## THE FEDERAL TAX CREDIT PROGRAM

Under the administration of the Canadian Audio-Visual Certification Office (“CAVCO”) and the Canada Revenue Agency (“CRA”), the Canadian Federal government assists domestic and foreign producers by offering two types of refundable tax credits:

1. **The Canadian Film or Video Production Tax Credit (“CPTC”)**  
A refundable tax credit available to Canadian domestic producers for qualified labour expenditures paid for services rendered in connection with the production of eligible Canadian content film and television productions. The CPTC program is intended to encourage indigenous Canadian programming and to strengthen the domestic production sector. The CPTC is calculated at a rate of 25% of actual qualified labour expenditures capped at 60% of total production costs. To the domestic producer of Canadian content programming, the CPTC represents a budgetary contribution of approximately 15% of the total cost of production (i.e., 25% of 60%), net of assistance.
2. **The Film or Video Production Services Tax Credit (“PSTC”)**  
A refundable tax credit available to both Canadian producers and foreign producers with a permanent establishment (i.e., a production office) in Canada, for qualified *Canadian* labour expenditures paid for services rendered in connection with the production of qualifying non-Canadian content film and television productions. The PSTC program was designed to strengthen Canada’s international reputation as a location of choice for film and video productions employing the services of Canadians. This refundable tax credit is based upon “qualified Canadian labour expenditures” incurred by an “eligible production corporation” for services provided in Canada by Canadian residents or taxable Canadian corporations for the production of an “accredited production.” As a fully refundable tax credit, an eligible production corporation is entitled to a refund of the PSTC where the corporation has no federal income tax payable in a particular taxation year or where the credit is more than the amount owed in federal income tax.

## HOW MUCH DOES THE PSTC REPRESENT?

The PSTC is calculated at a rate of 16% of qualified Canadian labour expenditures. There is no cap on the amount of credit that can be received and the credit is completely refundable. The PSTC is not available where the production has received a tax credit under the CPTC.

## WHO IS ELIGIBLE TO CLAIM THE PSTC?

Canadian domestic corporate producers and foreign-owned corporations having a permanent establishment (a production office) in Canada are eligible to claim the PSTC. The corporation's primary activity must be in relation to a film or video production business or a film or video production services business. The applicant corporation must either own the copyright in the film during the production period or be engaged directly by the copyright holder to provide production services.

## MINIMUM EXPENDITURE REQUIREMENTS TO QUALIFY FOR THE PSTC

To qualify for the PSTC, a film or television production must meet the following minimum expenditure requirements:

- \$1,000,000 Cdn. for a feature film;
- \$200,000 Cdn. for a one-hour television episode; *or*
- \$100,000 Cdn. for a 30-minute television episode.

## ELIGIBLE GENRES OF PRODUCTION

The following genres of production do not qualify for PSTC benefits:

- News, current event or public affairs programming, or a programme that includes weather or market reports
- Talk and game shows
- Sporting and award events
- Reality television
- Productions that solicit funds
- Pornography
- Advertising
- Industrial, institutional or corporate productions
- A gala presentation or an awards show

## WHAT LABOUR EXPENDITURES QUALIFY FOR THE PSTC?

Qualifying Canadian labour expenditures consist of the following for the stages of production from the final script stage to the end of post-production, paid in the year or within 60 days after the year end:

- Salaries and wages:
  - Paid to persons who were resident in Canada at the time the payments were made
  - Paid for services provided in Canada
- Remuneration paid to:
  - Non-employee(s) of the producer who are Canadian residents
  - Taxable Canadian corporations for the services of their employee(s) who are Canadian residents
  - Loan-out corporations or personal services corporations for the services of a Canadian resident, subject to certain restrictions
  - Partnerships for the services of a partner who is a Canadian resident
- Reimbursements by a wholly-owned production company to its parent company for qualifying labour expenditures that were paid by the parent company on behalf of the production company

A producer's labour expenditure for the purposes of the CPTC must be reasonable in the circumstances and directly attributable to the production.

## CAN THE PSTC BE COMBINED WITH OTHER TAX CREDITS?

While the PSTC can be claimed in conjunction with complimentary provincial tax credit programs, it cannot be combined with a claim for the federal refundable CPTC available to qualifying domestic Canadian content production.

## COMPLEMENTARY PROVINCIAL TAX CREDIT PROGRAMS

In many provinces, provincial tax credits and incentive programs provide an additional source of funding for qualifying film and television productions. In a number of provinces, these provincial incentives are boosted by incentive credits and bonuses for regional production and training initiatives. In most cases, provincial tax credits can be combined with federal tax credits to augment the total benefits available to domestic and foreign productions produced in Canada. As is the case with Federal film tax credit programs, Provincial film tax credits are refundable to the extent the credit exceeds the producer's Canadian income tax payable.

Moreover, recognizing the importance of stimulating the domestic employment market for skilled animation, special effects and digital media workers, provincial governments in Ontario, British Columbia and Québec have legislated refundable tax credits for eligible computer animation and special effects activities, as well as interactive digital media products.

Assistance provided at the provincial level changes from time to time due to industry pressure on government to remain competitive with foreign tax credit programs. As well, competitive pressures between provinces result in some degree of jockeying at a provincial level. As one province enhances its film and television program, the remaining provinces are pressured to boost their support of film and television industries.

The attached chart provides a brief overview of the various provincial film and television tax credit programs as they exist on August 2012. Please consult the applicable provincial funding agencies at the links provided on pages 9–11 for full particulars, limitations and restrictions applicable to these provincial tax credit programs.

## CANADIAN CONTENT PROGRAM RECOGNITION FOR CO-VENTURES

Canada is currently a party to over 50 international treaties setting rules and procedures for Official Co-Productions with other nations qualifying those productions, or the Canadian component of those productions, as domestic productions for the CPTC and other Canadian public sector financing initiatives. However, no co-production treaty exists or is anticipated with the United States of America.

Having said this, both Official Co-Productions and other qualifying co-ventures may still be eligible for Canadian content program recognition, as designated by the Canadian Radio-television and Telecommunications Commission (“CRTC”).

The CRTC is the Canadian agency responsible, among other things, for the administration of the *Broadcasting Act* (Canada), and the licensing of Canadian broadcast undertakings. In the licensing of broadcast undertakings, the CRTC assures a voice for Canadian content programming by mandating defined levels of Canadian programming during various hours of the broadcast day. Moreover, the CRTC mandates minimum expenditure requirements on Canadian programming by Canadian pay and specialty television channels. In many cases then, CRTC “Canadian content” designation is advantageous in negotiating Canadian broadcast licenses and in garnering greater Canadian broadcast license fees.

Clearly, film and television productions that qualify for the CPTC meet the Canadian content criteria administered by both CAVCO and the CRTC. However, programming that does not qualify for the CPTC, like programming seeking to take the benefit of the PSTC, may still achieve designation as “Canadian” for CRTC purposes if it qualifies as produced pursuant to a Co-Venture under the CRTC’s guidelines.

In order to qualify as a CRTC recognized Canadian co-venture, the following thresholds must be met:

1. A Canadian producer must have an equal measure of decision making responsibility over the creative elements of production;
2. The Canadian producer must have both entrepreneurial and financial risk by retaining the obligation to provide 50% of the financing and 50% of the profits;
3. The Canadian producer does not have to own the copyright;

4. An expenditure test must be met:
  - In the case of a co-venture with a US-based partner, 75% of the production costs must be spent to or for Canadians, and 75% of processing and final preparation must be paid to or for Canadians; *or*
  - In the case of a co-venture with a co-producer from a Commonwealth or French-speaking country, or from a country with which Canada has a co-production treaty, 50% of the production costs must be spent to or for Canadians, and 50% of processing and final preparation must be paid to or for Canadians; *and*
5. A Canadian content points test must be met:
  - In the case of a co-venture with a US-based partner, at least six CRTC points must be achieved; *or*
  - In the case of a co-venture with a co-producer from a Commonwealth or French-speaking country, or from a country with which Canada has a co-production treaty, at least five CRTC points must be achieved.

Slightly varied criteria apply to co-venture production packages (i.e., co-ventures for more than one production undertaken by a Canadian and a foreign producer).

Canadian content points are as follows:

**Live Action (including continuous action animation)**

| <b>Production Element</b>             | <b>Points</b> |
|---------------------------------------|---------------|
| Director                              | 2             |
| Screenwriter                          | 2             |
| Lead Performer or First Voice         | 1             |
| Second Lead Performer or Second Voice | 1             |
| Production Designer                   | 1             |
| Director of Photography               | 1             |
| Music Composer                        | 1             |
| Picture Editor                        | 1             |

**Animation (other than continuous action animation)**

| <b>Production Element</b>                               | <b>Points</b> |
|---|---------------|
| Director  | 1             |
| Scriptwriter and Storyboard Supervisor                  | 1             |
| First or Second Voice or First or Second Lead Performer | 1             |
| Design Supervisor                                       | 1             |
| Layout and Background (location)                        | 1             |
| Key Animation (location)                                | 1             |
| Assistant Animation/In-Betweening (location)            | 1             |
| Camera Operator (person) and Operation (location)       | 1             |
| Music Composer  | 1             |
| Picture Editor  | 1             |

At least one of the director or the screenwriter must be Canadian, and at least one of the two lead performers must be Canadian.

## USEFUL LINKS

Canadian Film or Video Production Tax Credit (CPTC)

[www.pch.gc.ca/cavco](http://www.pch.gc.ca/cavco)

Alberta Film Commission

[www.albertafilm.ca](http://www.albertafilm.ca)

BC Film + Media

[www.bcfilm.bc.ca](http://www.bcfilm.bc.ca)

Film or Video Production Services Tax Credit (PSTC)

[www.pch.gc.ca/cavco](http://www.pch.gc.ca/cavco)

Manitoba Film and Video Production Tax Credit

[www.mbfilmmusic.ca](http://www.mbfilmmusic.ca)

New Brunswick's Labour Incentive Film Tax Credit

[www.nbfilm.ca](http://www.nbfilm.ca)

Newfoundland and Labrador Film and Video Industry Tax Credit

[www.nlfdc.ca](http://www.nlfdc.ca)

Nova Scotia Film Industry Tax Credit

[www.film.ns.ca](http://www.film.ns.ca)

Nunavut Film Development Corporation

[www.nunavutfilm.ca](http://www.nunavutfilm.ca)

Ontario Film and Television Tax Credit (OFTTC)

[www.omdc.on.ca](http://www.omdc.on.ca)

Ontario Interactive Digital Media Tax Credit (OIDMTC)

[www.omdc.on.ca](http://www.omdc.on.ca)

Ontario Production Services Tax Credit (OPSTC)

[www.omdc.on.ca](http://www.omdc.on.ca)

Prince Edward Island Film & Television Office

<http://www.innovationpei.com>

Québec Film and Television Production Tax Credit

[www.sodec.gouv.qc.ca](http://www.sodec.gouv.qc.ca)

Québec Production Services Tax Credit

[www.sodec.gouv.qc.ca](http://www.sodec.gouv.qc.ca)

Saskatchewan Film Employment Tax Credit (SFETC)

[www.saskfilm.com](http://www.saskfilm.com)

Yukon Film Incentive Program

[www.reelyukon.com](http://www.reelyukon.com)

## CULTURAL AGENCIES

Telefilm Canada

[www.telefilm.gc.ca/accueil.asp](http://www.telefilm.gc.ca/accueil.asp)

National Film Board

[www.onf.ca](http://www.onf.ca)

## FUNDING AGENCIES

Ontario Media Development Corporation

[www.omdc.on.ca/site11.aspx](http://www.omdc.on.ca/site11.aspx)

Canadian Film Centre

[www.cfccreates.com](http://www.cfccreates.com)

Canadian Media Fund

[www.cmf-fmc.ca](http://www.cmf-fmc.ca)

Société de développement des entreprises culturelles (SODEC)

[www.sodec.gouv.gc.ca](http://www.sodec.gouv.gc.ca)

## PROFESSIONAL ASSOCIATIONS

Canadian Media Production Association (CMPA)

[www.cmpa.ca](http://www.cmpa.ca)

# OVERVIEW OF PROVINCIAL TAX INCENTIVE PROGRAMS

## ALBERTA

|  |   |
|--|---|
| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Incentive program (a flexible grant equivalent to a labour-based tax credit of 45%-55%)</li> </ul>   |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• Indigenous Albertan or Alberta Co-Production (30% - 100% Albertan ownership and control) — up to 30% of eligible Alberta costs</li> <li>• Nominal or Non-Albertan owned (less than 30% Albertan ownership and control) — up to 26% of eligible Alberta costs</li> </ul>  |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Funding capped at \$5,000,000 per project</li> </ul>   |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film and television production corporation in Alberta</li> <li>• Must demonstrate that 70% of financing is in place for projects over \$1,000,000 or 50% for projects under \$1,000,000. If a commercial license is not attached to the project, 100% of financing must be in place</li> </ul>   |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership is not required</li> </ul>   |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• None, but incentive increases with increased Albertan resident control</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• Maximum annual per project funding is \$5,000,000</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• Minimum \$50,000 spend in Alberta if a commercial license is attached, and a minimum \$100,000 spend in Alberta if a commercial license is not attached</li> </ul>   |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• Eligible costs for goods and services in Alberta</li> </ul>  |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• Indigenous Albertan or Alberta Co-Production – must engage a minimum of 6 Albertans in key creative positions (or 50% of key creative positions in the budget)</li> <li>• Nominal or Non-Albertan owned - must engage a minimum of 4 Albertans in key creative positions (or 33.3% of key creative positions in the budget)</li> </ul> |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• All production expenditures are eligible provided they were incurred in Alberta</li> </ul>   |

## BRITISH COLUMBIA

|  |  |
|--|--|
| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Refundable tax credit</li> </ul>  |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• Basic Production Services Credit: 33% of qualified labour expenditures</li> </ul>   |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Basic Production Services Credit: amount is not capped</li> </ul>   |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• DAVE (Digital Animated or Visual Effects) tax credit of 17.5%. There is also a regional bonus of 6% and a distant location regional bonus of 6%.</li> </ul>   |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film production corporation with a permanent establishment in B.C.</li> <li>• Corporation must primarily carry on a business in the film or video production sector</li> <li>• Corporation can hold a broadcasting licence</li> </ul>                       |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership (or direct contract with the copyright owner) is required throughout the period of production</li> </ul>  |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• No provincial or Canadian content requirements</li> </ul>   |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• No requirement that the corporation's officers or directors be B.C. residents</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• Amount that can be claimed for a particular project is capped at 60% of total production costs</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• \$1,000,000 for feature film</li> <li>• \$200,000 for an episode of 30 minutes – 1 hour</li> <li>• \$100,000 for an episode of less than 30-minutes</li> <li>• \$0 for an episode of less than 30 minutes if all episodes are digitally animated</li> </ul> |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• Some excluded genres of production similar to the Federal PSTC</li> </ul>   |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• Total eligible labour expenditures are reduced by other forms of assistance received in respect of eligible labour (except CTF license fees)</li> </ul>   |

## MANITOBA

|  |  |
|--|--|
| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Refundable tax credit</li> </ul>  |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• A tax credit of 45% (and up to 65%) based on eligible labour cost <u>or</u> a 30% tax credit based on production costs incurred and paid for labour, goods and services provided in Manitoba, plus the bonuses noted below</li> </ul>   |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Amount is not capped</li> </ul>   |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• For the base cost-to-salaries 45% tax credit, add:</li> <li>• “Frequent Filming” Bonus: additional 10% credit on a third film shot in Manitoba within a two-year period</li> <li>• “Rural Filming” Bonus: additional 5% credit for shooting a minimum of 50% of Manitoba production days at least 35 km outside of Winnipeg</li> <li>• “Manitoba Producer” Bonus: additional 5% credit for having a Manitoba resident fill the role of Producer, Co-Producer or Executive Producer</li> </ul> |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film production corporation with a permanent establishment in Manitoba</li> <li>• Corporation must be incorporated in Canada, either federally or provincially</li> <li>• Corporation must primarily carry on a business in the film or video production sector</li> <li>• Corporation can hold a broadcasting licence</li> </ul>   |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership is not required</li> </ul>  |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• No provincial or Canadian content requirements</li> </ul>   |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• No requirement that the corporation’s officers or directors be Manitoba residents</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• For cost-of-production tax credit, a minimum of 25% of labour costs must be paid in Manitoba to eligible employees who are principally residents of Manitoba</li> <li>• Certain payments to non-residents of Manitoba qualify to a cap of 30% if two Manitoban trainees are engaged per non-resident</li> </ul>   |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• Total eligible labour expenditures are reduced by other forms of government assistance (except federal tax credits, Manitoba tax credits, equity funding from Telefilm or Canada Media Fund (CMF), or Manitoba or CTF licence fees)</li> </ul>  |

## NEW BRUNSWICK

|  |   |
|--|---|
| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Refundable tax credit</li> </ul>   |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• 25% - 30% of eligible labour expenditures paid to New Brunswick residents</li> </ul>   |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Service productions are capped at 25% of eligible New Brunswick labour expense</li> </ul>  |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• The base rate of 25% is increased to 30% for qualifying New Brunswick controlled applicants</li> </ul>   |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film production corporation with a permanent establishment in New Brunswick</li> <li>• Corporation must be incorporated in Canada</li> <li>• Corporation cannot hold a broadcasting licence</li> </ul> |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership is not required, except for certain forms of co-production</li> </ul>  |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• “Substantial” portion of the production must be carried out within New Brunswick</li> </ul>  |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• Film tax credit shall only be paid to New Brunswick resident</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• Wages in excess of 50% of total cost of production are not eligible</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• For service productions, 60% of total production budget must be spent in New Brunswick</li> </ul>  |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• For service productions, a minimum of 25% of labour costs must be paid in New Brunswick to residents of New Brunswick</li> </ul>   |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• Total eligible production expenditures are reduced by other forms of New Brunswick provincial government assistance but not by federal or other provincial assistance</li> </ul>                       |

## NEWFOUNDLAND

|  |   |
|--|---|
| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Refundable tax credit</li> </ul>   |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• 40% of eligible labour expenditures paid to Newfoundland residents or deemed residents</li> </ul>  |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Capped at 25% of the total eligible production costs</li> </ul>  |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• 75 % of non-resident mentor's salary and 100% of resident mentored person's salary is an eligible labour expenditure</li> </ul>  |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film production corporation with a permanent establishment in Newfoundland</li> <li>• Corporation must be incorporated in Canada, either federally or provincially</li> <li>• Corporation cannot hold a broadcasting licence</li> <li>• Corporation must primarily carry on business in the film or video production sector</li> </ul> |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership is not required</li> </ul>   |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• No provincial or Canadian content requirements</li> </ul>  |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• Government may waive requirement that the credit apply only to wages of Newfoundland residents</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• \$3 million for a 12-month period</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• See project criteria below</li> </ul>  |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• A minimum of 25% of labour costs must be paid to eligible employees who are principally residents of Newfoundland</li> </ul>   |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• Total eligible production costs are reduced by other forms of government assistance (except federal and Newfoundland tax credits, receivables under Canada Television and Cable Production Fund Licence Fee Program and government Equity Investments)</li> </ul>  |

## NOVA SCOTIA

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| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Refundable tax credit</li> </ul>  |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• Metro-Halifax: 50% of eligible labour expenditures paid to Nova Scotia residents</li> <li>• Regions: 60% of eligible labour expenditures paid to Nova Scotia residents</li> </ul>       |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• No cap for productions starting after December 1, 2010</li> </ul>   |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• “Frequent Filming” Bonus: additional 5% credit on a third film shot in Nova Scotia over a two-year period, with no cap</li> </ul>   |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film production corporation with a permanent establishment in Nova Scotia</li> <li>• Corporation must be incorporated in Canada, either federally or provincially</li> </ul>            |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership is not required</li> </ul>  |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• No provincial or Canadian content requirements</li> </ul>   |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• No requirement that the corporation’s officers or directors be Nova Scotia residents</li> </ul>   |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• See project criteria below</li> </ul>   |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• Production company must pay minimum of 25% of salaries and wages to residents of Nova Scotia</li> </ul>   |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• Total eligible production expenditures are reduced by other forms of government assistance (except other federal or provincial tax credits or government Equity Investments)</li> </ul> |

## NUNAVUT

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| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Incentive Program</li> </ul>  |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• Majority Nunavut owned spend rebate is 27% of total eligible cost of production goods and services purchased and consumed in Nunavut, plus enhancements to a maximum of 30% in total</li> <li>• Minority Nunavut owned (10%-50%) – spend rebate is 17% of total eligible cost of production goods and services purchased and consumed in Nunavut, plus enhancements to a maximum of 20% in total</li> </ul> |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• 1% (to a maximum of 2%) of total eligible Nunavut costs for each Nunavut resident individual in key creative personnel positions</li> <li>• 1% of total eligible Nunavut costs if production is versioned in the Inuktitut/Inuinnaqtun language</li> </ul>  |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film production corporation incorporated in Nunavut</li> <li>• Applicant must be operated by individual producer(s) who respect the Inuit social values posted on Nunavut Film Development Corporation website</li> </ul>   |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership is required (with special rules applicable in the case of co-productions)</li> </ul>  |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• Incentives increase with percentage ownership by residents of Nunavut</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• Limits eligibility of fees for key creative services provided by producers</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• Minimum \$25,000 spend in Nunavut</li> </ul>  |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• Eligible costs for goods and services purchased and consumed in Nunavut</li> </ul>  |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• None</li> </ul>   |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• All qualifying production expenditures are eligible for qualifying productions, provided they are purchased and consumed in Nunavut</li> </ul>  |

## ONTARIO

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| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Refundable tax credit</li> </ul>   |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• Basic Production Services Credit: 25% of all qualifying expenditures incurred in Ontario</li> </ul>  |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Basic Production Services Credit: amount is not capped</li> </ul>  |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• OCASE (Ontario Computer Animation and Special Effects) tax credit of 20% of eligible expenditures</li> </ul>   |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Canadian or foreign-owned film production corporation with a permanent establishment in Ontario</li> <li>• Corporation must primarily carry on business in the film or video production sector</li> <li>• Corporation can hold a broadcasting licence</li> </ul> |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership (or direct contract with the copyright owner) is required throughout the period of production</li> </ul>   |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• No provincial or Canadian content requirements</li> </ul>  |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• No requirement that the corporation's officers or directors be Ontario residents</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• \$1,000,000 for feature film</li> <li>• \$200,000 for a one-hour episode</li> <li>• \$100,000 for a 30-minute episode</li> </ul>   |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• The OFTTC and the OPSTC can not both be claimed for the same production (note: the OFTTC is a 35% tax credit available to Canadian-controlled corporations for productions with at least six Canadian-content points)</li> </ul>                                 |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• Total eligible labour expenditures are reduced by other forms of government assistance (except federal PSTC and OCASE Tax Credit)</li> </ul>   |

## PRINCE EDWARD ISLAND

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| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>The province of Prince Edward Island no longer offers a specific film or television tax credit program, but opportunities exist to apply for specialized labour and other incentives on a case-by-case basis negotiated with the provincial government</li> </ul> |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |

## QUÉBEC

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| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Refundable tax credit</li> </ul>   |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• Production Services Credit: 25% of all eligible Québec labour expenditures and all costs of Québec qualified properties</li> </ul>   |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Basic Production Services Credit: amount is not capped</li> <li>• Additional 20% credit is available for labour expenditures directly attributable to digital animation or visual effects</li> </ul>                                     |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Film production corporation with a permanent establishment in Québec</li> <li>• Corporation must primarily carry on business in the film or video production sector</li> <li>• Corporation cannot hold a broadcasting licence</li> </ul> |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership (or direct contract with the copyright owner) is required throughout the period of production</li> </ul>   |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• No provincial or Canadian content requirements</li> </ul>  |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>• No requirement that the corporation's officers or directors be Québec residents</li> </ul>   |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• \$1,000,000 for feature film</li> <li>• \$200,000 for a one-hour episode</li> <li>• \$100,000 for a 30-minute episode</li> </ul>   |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• None</li> </ul>  |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• Total eligible labour expenditures are reduced by other forms of assistance received in respect of eligible labour</li> <li>• Not available if production receives Québec Film and Television productions credit</li> </ul>              |

## SASKATCHEWAN

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| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>As of July 1<sup>st</sup>, 2012 the Saskatchewan provincial government terminated its former refundable service production tax credit and replaced it with a straight line 25% <u>non-refundable</u> tax credit calculated on all production costs (including labour expenditure)</li> </ul>   |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>The Government of Saskatchewan announced that the new non-refundable tax credit program will incorporate significant bonuses for copyright and intellectual ownership, use of Saskatchewan labour, production and post-production that occurs in Saskatchewan, and for convergence if film and digital companies collaborate on a project. With all bonuses included, the total incentive is 43%. Particulars of the new program may be downloaded at <a href="http://www.saskfilm.com">www.saskfilm.com</a> when available</li> </ul> |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Resident Requirement</b>                        | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |

## YUKON

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| <b>Refundable Tax Credit or Incentive Program</b>  | <ul style="list-style-type: none"> <li>• Incentive Program</li> </ul>  |
| <b>Tax Credit Rate</b>                             | <ul style="list-style-type: none"> <li>• Yukon Spend Rebate: 25% of the Yukon below-the-line spend, where the eligible Yukon labour content equals or exceeds 50% of the total person days on the Yukon portion of the production</li> </ul>   |
| <b>Effective Rate</b>                              | <ul style="list-style-type: none"> <li>• Capped at 50% of total expenditures incurred in Yukon</li> </ul>  |
| <b>Bonus Features</b>                              | <ul style="list-style-type: none"> <li>• Travel Rebate: 50% of travel costs from Calgary, Edmonton, or Vancouver to Whitehorse; calculated to maximum of \$15,000 or 15% of total cost incurred in Yukon; Yukon labour content must be at least 15% of the total person days on the portion of the production shot in Yukon (not available if the producer claims the Yukon Spend Rebate)</li> <li>• Training Program Rebate: 25% of a trainer's wages for the period during which he or she is transferring skills to a Yukon trainee, capped to an agreed upon amount</li> </ul> |
| <b>Eligibility Requirements for Applicants</b>     | <ul style="list-style-type: none"> <li>• Production companies filming in Yukon and using Yukon labour</li> <li>• Applicants must be pre-approved based on anticipated production arrangements</li> </ul>   |
| <b>Copyright Ownership Requirement</b>             | <ul style="list-style-type: none"> <li>• Copyright ownership is not required</li> </ul>  |
| <b>Canadian Content Certification Required</b>     | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  |
| <b>Resident requirement</b>                        | <ul style="list-style-type: none"> <li>• No requirement that the corporation's officers or directors be Yukon residents</li> </ul>   |
| <b>Project Cap</b>                                 | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  |
| <b>Minimum Expenditure Requirement</b>             | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  |
| <b>Project Criteria</b>                            | <ul style="list-style-type: none"> <li>• Yukon labour content must be at least 50% of the total person days on the portion of the production shot in Yukon</li> </ul>  |
| <b>Additional Requirements</b>                     | <ul style="list-style-type: none"> <li>• In the case of documentaries, evidence of a broadcast licence must be supplied</li> </ul>   |
| <b>Deductions from Total Eligible Expenditures</b> | <ul style="list-style-type: none"> <li>• N/A</li> </ul>  |

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