

FILM AND TELEVISION TAX CREDIT CERTIFICATION/ EXPLANATION OF REPORTING METHODOLOGY

OVERVIEW OF CREATIVE BC DATA ON TAX CREDIT CERTIFICATIONS FOR FILM AND TELEVISION

Creative BC provides statistics on film and television production in BC based on information that the agency collects as part of its administration of the Government of British Columbia's film and television tax credit programs. Tax credit certifications are a good overall indicator of film and television production activity but there are limitations to the data. Due to the timing of the receipt of an application, a tax credit certification may be issued in a fiscal year different from when the production took place. Additionally, BC production and labour expenditures are based on budgets that Creative BC receives at the time of application and may differ from the final production and labour costs.

WHAT IS A TAX CREDIT CERTIFICATION?

A tax credit certification is proof that the production and production company meet the criteria of the Government of British Columbia's film and television tax credit programs. The Canada Revenue Agency (CRA) requires a tax credit certification in order to process the actual film and television tax credit claim on the applicant's income tax return.

HOW DOES CREATIVE BC REPORT ON TAX CREDIT CERTIFICATIONS?

Creative BC processes and reviews tax credit applications within 25 days of receipt of a complete application and, based on its review, makes recommendations on tax credit certification to the Government of British Columbia. The agency reports the tax credit certification in the fiscal year that an application is approved and not necessarily in the year when the production took place.

DO TAX CREDIT CERTIFICATIONS CORRESPOND TO ACTUAL PRODUCTION VOLUMES?

The reporting of tax credit certifications may not correspond to fiscal production volumes due to the timing and nature of tax credit certifications. Production corporations have up to 36 months from their first fiscal year end following the start of principal photography to file their final income tax return and receive the film and television tax credit claim with the CRA. As a result, Creative BC may receive, and recommend, a tax credit certification before the production began, in the same fiscal year as when the production took place, or after the production was completed. Due to the reporting methodology, Creative BC recommends analyzing statistics over a three year fiscal period to more accurately determine trends in film and television production volumes.

WHAT PRODUCTIONS ARE COVERED UNDER BC TAX CREDIT CERTIFICATIONS?

Creative BC administers the Film Incentive BC Tax Credit (FIBC) and the Production Services Tax Credit (PSTC) Programs. The FIBC is available for productions that are Canadian owned and controlled and have qualifying levels of Canadian content whereas the PSTC is available to Canadian and international productions and does not have any Canadian content requirements. Productions that are not eligible under these tax credit programs (i.e. game shows, live sports, news, talk shows and reality television) are not included in Creative BC's tax credit certification tables.