

INCENTIVES

TAX CREDITS AVAILABLE TO FOREIGN FILM AND TELEVISION PRODUCTIONS

Foreign productions in British Columbia can access a variety of provincial and federal tax credit programs and if eligibility requirements are met, a producer can combine them to access exceptional savings.

PRODUCTION SERVICES TAX CREDIT (PSTC)

The Production Services Tax Credit (PSTC) is an economic initiative designed to encourage film, television, digital animation and visual effects production in British Columbia. Eligible applicants are film, television and animation production corporations that have incurred qualifying labour expenses in British Columbia. The PSTC is not subject to any Canadian content requirements and is available to international or Canadian productions produced in British Columbia.

HOW THE PSTC WORKS

The PSTC is a refundable corporate income tax credit. When filing tax returns, production corporations may claim a specified percentage of the labour costs incurred in making film, television, digital animation or visual effects productions. The credits are applied to reduce tax payable, and any remaining balance is paid to the corporation.

There is no limit on the PSTC that may be claimed on a particular production and there is no limit that a corporation or group of corporations can claim. The production corporation must apply to Creative BC to receive an accreditation certificate for the production.

In order to claim the PSTC tax credits, the production corporation must file a corporate income tax return, along with the certificates, to the Canada Revenue Agency.

	<u>TAX CREDIT</u>	<u>VALUE</u>	<u>TAX CREDIT CALCULATION BASED ON</u>
	Basic	33* 28%**	The qualified BC labour expenditure of the corporation.
	Regional	6%	The qualified BC labour expenditure of the corporation pro-rated by the number of days of principal photography in BC outside of the designated Vancouver area to the total days of principal photography in BC. This tax credit must be accessed in conjunction with the Basic tax credit.
	Distant Location	6%	The distant location regional tax credit is added to the regional tax credit for principal photography done outside of the Lower Mainland region, north of Whistler and east of Hope. It is pro-rated by the number of distant location principal photography days to the total BC principal photography days and must be accessed in conjunction with the Regional and Basic tax credit.
	Digital Animation or Visual Effects	17.5%* 16%**	The BC labour expenditures directly attributable to digital animation or visual effects activities. This tax credit must be accessed in conjunction with the Basic PSTC.
	CDN Federal PSTC***	16%	Qualified Canadian labour expenditures of the corporation.

*For productions with a principal photography start date up to September 30, 2016

** For productions with a principal photography start date after September 30, 2016

***THE CANADIAN FEDERAL PSTC IS IN ADDITION TO THE PROVINCIAL TAX CREDITS.

GENERAL ELIGIBILITY RULES

Production corporations and their productions must meet the following minimum conditions to qualify for the PSTC:

- 1 Minimum budget levels:
 - Greater than \$100,000 per episode - For episodic television, episodes that are less than ½ hour;
 - Greater than \$0 per episode - For episodic television, where episodes are all or substantially all digitally animated and are less than ½ hour;
 - Greater than \$200,000 per episode - For episodic television, episodes that are a ½ hour or longer;
 - Greater than \$1,000,000 – In all other cases;
2. The corporation claiming the tax credit must own the copyright in the production or be directly contracted with the owner of the copyright in the production.
3. The corporation claiming the tax credit must have a permanent establishment in BC.
4. Some genres are excluded from the PSTC including, but not limited to, pornography, talk shows, news, live sports events, game shows, reality television, and advertising.

FOR MORE INFORMATION

Copies of the tax credit guidelines, legislation, regulations and application forms may be obtained from Creative BC's website: www.creativebc.com

For more information on British Columbia's Production Service Tax Credit process, eligibility and timelines, contact:

Creative BC

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CANADIAN FEDERAL TAX CREDIT

The Federal Film or Video Production Services Tax Credit (PSTC) is designed to enhance Canada as a location of choice for film and video productions employing talented Canadians, as well as strengthening the industry and securing investment. The Federal Film or Video Production Services Tax Credit is primarily for foreign productions (although domestic producers can also apply) and is 16% of qualified labour expenditures. This refundable tax credit has no cap on the amount which can be claimed and is available to taxable Canadian corporations or foreign-owned corporations with permanent establishments in Canada.

The Canadian Audio-Visual Certification Office (CAVCO) is responsible for issuing certificates on behalf of the Minister of Canadian Heritage. For more information on the Federal Production Services Tax Credit process, eligibility and timelines, contact:

Canadian Audio-Visual Certification Office
Department of Canadian Heritage
Telephone 1 819 934 9830
Telephone (Toll free): 1 888 433 2200
Fax: 819 934 9828
Email: bcpac-cavco@pch.gc.ca
Website: www.pch.gc.ca/cavco

NOTE: This document is intended as a general overview. It is not exhaustive and should not be relied upon to determine eligibility or the final amount of an anticipated tax credit. In case of any discrepancies between this document and the legislation and regulations, the regulations and legislation shall prevail.