

TAX INCENTIVES FOR 'CANADIAN CONTENT' PRODUCTIONS

<u>NAME OF INCENTIVE PROGRAM</u>	<u>TYPE OF INCENTIVE</u>	<u>MAXIMUM BENEFIT</u>	<u>CAPS PER PROJECT: FUNDING PER YEAR</u>	<u>PROJECT CRITERIA</u>	<u>ELIGIBLE ENTITIES</u>	<u>SUNSET/REVIEW</u>	<u>SOURCE</u>	<u>EFFECTIVE DATE</u>
<b>FEDERAL</b> - Canadian Film or Video Production Tax Credit (CPTC)	Refundable tax credit.	25% of qualifying Canadian labor expenditures. Labour caps at 60% of 'total production costs, net of assistance (which includes provincial credits)'. (which includes provincial credits)'.	Project labour caps at 60% of 'total production costs, net of assistance (which includes provincial credits); no annual funding caps.	A qualifying "Canadian" production must earn ≥ 6 out of 10 key creative services points under the CAVCO point system, meet the producer "control" guidelines and: (1) ≥ 75% of the production costs must be paid to Canadian individuals/companies (net of specific excluded costs); (2) ≥ 75% of the post-production/laboratory work must be performed in Canada; (3) the production must be completed within 2 years, and a certificate of completion must be issued within 30 mos., after the end of the tax year in which principal photography commenced; (4) the production company must own exclusive worldwide copyright in the production for ≥ 25 years from completion, must control the initial licensing and retain a share of revenues from the exploitation in non-Canadian markets; and (5) the production must be exhibited/broadcast in Canada by a Canadian distributor/broadcaster within 2 years of completion.	The production company must be a Canadian-owned and controlled corporation, taxable in Canada, whose primary activity is the production of Canadian films or videos. Private broadcasting/cable subsidiaries are eligible.	None	Section 125.4 of the Canadian Income Tax Act, R.S. 1985, c.1 (5th Supp.); section 1100 of the Canadian Income Tax Regulations; and CAVCO's Canadian Film or Video Production Tax Credit program guidelines: <a href="http://bit.ly/95pjPW">http://bit.ly/95pjPW</a>	Passed in 1996, applicable to wages incurred after 1994.
<b>ALBERTA</b> - Alberta Film Development Program (AFDP)	Cash grant.	20-29% of qualifying Alberta spend (goods and services). There are 3 "Streams" of Alberta ownership which determine the amount of the benefit available: Stream I - Majority Albertan-Owned Productions with 2 AB keys = 27 %; Stream II - Equal or Minority Albertan Ownership with 1 AB key = 25 %; Stream III - No Albertan Ownership (foreign ownership is permissible) = 20 %. BONUSSES: Each Stream can earn an additional 1 to 2 % of production expenses by employing additional Albertans in key creative positions.	Cap per project \$5 million; value of the fund fixed at \$20 million for fiscal year 2009-2010.	The production must be supported by a broadcast license of FMV or a distribution agreement and be shown within 2 years of completion; must be an eligible genre; minimum local spend of > C\$25,000; production must provide evidence of 65% confirmed financing for projects > C\$1,000,000, and 45% confirmed financing for projects < C\$1,000,000; the projected grant may be included as part of the confirmed financing; must also provide either: audited financial statements for productions > C\$500,000, an engagement review for productions between C\$200,000 and C\$500,000, or an uncertified final cost report with a statutory declaration for productions < C\$200,000; application must be submitted prior to the start of principal photography	The production company must be incorporated in Alberta or registered to do business in Alberta and be in good standing with Corporate Registry; distributors/broadcasters are ineligible	None	Program Guidelines and Submission Information and related information can be found at <a href="http://bit.ly/bar9We">http://bit.ly/bar9We</a>	Originally established in 2002. Program migrated to the Ministry of Culture and Community Spirit on December 15, 2006. Current maximum benefits and caps effective after March 30, 2009.

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<b>BRITISH COLUMBIA</b> - Film Incentive BC	Refundable tax credit.	35% of qualifying British Columbia labour expenditures. Labour caps at 48% of net production costs. <u>BONUSES: Digital Animation or Visual Effects (DAVE) Credit:</u> 17.5% additional credit on qualifying DAVE labour; <u>Regional Tax Credit:</u> 12.5 % of qualifying BC labour when > 50% of BC principal photography is done outside Vancouver area (pro rate no. of regional days by total BC days), minimum 5 regional days required; <u>Distant Location Credit:</u> Additional 6% of qualifying BC 'distant' labour (calculated by pro rating no. of days shot in 'distant location' by total BC days), must first qualify for Regional Tax Credit. <u>Training Tax Credit:</u> 30% of amount paid to a BC-based individual registered in an approved training program; credit capped at 3% of qualifying BC labour expenditures.	Project labour caps at 48 % of 'total production costs, net of assistance'; no annual funding caps.	Qualifying production must earn ≥ 6 out of 10 key creative services points under the CAVCO point system, meet the producer "control" guidelines and: (1) ≥ 75% of the total production costs must be paid in BC to BC residents; (2) ≥ 75% of the total post-production/laboratory costs must be paid in BC to BC residents; (3) ≥ 75% of shooting days in BC (exemption for documentaries, treaty co-productions and interprovincial co-productions); (4) the production must be exhibited or broadcast in Canada by a Canadian distributor/broadcaster within 2 years of completion.	The production company must be Canadian-owned and whose primary business is film and video production. Production company must own > 50% of copyright. Broadcasting/cable subsidiaries are eligible.	None	Part 5 of the BC Income Tax Act, R.S.B.C. 1996, c. 215; Film and Television Tax Credit Regulation, BC Reg. 4/99; and <a href="http://bit.ly/clpNX1">http://bit.ly/clpNX1</a>	In effect for labour costs incurred after March 31, 1998. Current tax credit rate applies to labour costs incurred after December 31, 2007, except for DAVE rate, which applies to productions whose principal photography starts after February 28, 2010.
<b>MANITOBA</b> - Manitoba Film and Video Production Tax Credit	Refundable tax credit.	choice of: 30% of qualifying Manitoba expenditures (not limited to MB labour) <b>OR</b> 45% of qualifying Manitoba labour expenditures (which can also include labour paid to non-MB residents who work in technical, below-the-line positions, to a maximum of 30% of total actual MB labour expenditures if 2 MB residents trained per non-resident; the non-residents do not have to deliver the training) <u>BONUSES: Regional Tax Credit:</u> 5% of eligible Manitoba labour expenditures if ≥ 50% of Manitoba production days shot at least 35 km from the centre of Winnipeg; <u>Frequent Filming Credit:</u> 10% of qualifying Manitoba labour expenditures on third film shot within 2 year period (producers can access bonus by co-venturing with a company that has Frequent Filming Status); <u>Manitoba Producer Incentive:</u> 5% of qualifying Manitoba labour expenditure for productions where a Manitoba resident receives credit as a Producer.	No caps.	≥ 25% of salaries and wages paid by production company must be paid to eligible Manitoba employees for work performed in Manitoba.	The production company must be a corporation taxable in Canada, with a permanent establishment in Manitoba, primarily carrying on the business of film, TV or video production. Broadcasters are eligible.	Extended to March 1, 2014	Sections 7.5 - 7.12 of the Manitoba Income Tax Act, C.C.S.M., c.110; Manitoba Film and Video Production Tax Credit Regulation, Man. Reg. 208/98; and <a href="http://www.mbfilmmusic.ca/">http://www.mbfilmmusic.ca/</a>	Current rates apply to productions whose principal photography starts after March 2010.
<b>NEW BRUNSWICK</b> - Film Tax Credit	Refundable tax credit.	40% of qualifying NB labour expenditures. Labour caps at 50 % of total production costs.	Project labour caps at 50 % of total production costs. No annual funding caps.	≥ 25% of salaries and wages paid by production company must be paid to eligible NB employees for work performed in NB.	The production company must be a corporation taxable in Canada, with a permanent establishment in New Brunswick, primarily carrying on the business of film, TV or video production. Broadcasters are not eligible.	None	Section 5.2 of the New Brunswick Income Tax Act, R.S.N.B. 1973, c.1-2; New Brunswick Film Tax Credit Regulation 2001-12; and <a href="http://bit.ly/aHABYh">http://bit.ly/aHABYh</a>	Deemed in force on June 13, 1996.

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<b>NEWFOUNDLAND AND LABRADOR</b> - Film and Video Tax Credit	Refundable tax credit.	40% of qualifying NFLD-Labrador labour expenditures.	Tax credit caps at the lesser of: 25% of the total production costs, or C\$3 million per 12 mo. period.	≥ 25% of salaries and wages paid by production company must be paid to eligible NFLD and Labrador employees for work performed in NFLD and Labrador.	The production company must be a corporation taxable in Canada, with a permanent establishment in NFLD and Labrador, primarily carrying on the business of film, TV or video production. Broadcasters are not eligible.	None	Section 45 of the Newfoundland and Labrador Income Tax Act, 2000, S.N.L. 2000, c. 1-1.1; Newfoundland and Labrador Regulation 3/99; <a href="http://bit.ly/cEFIPA">http://bit.ly/cEFIPA</a>	Enacted November 25, 1998.
<b>NOVA SCOTIA</b> - Nova Scotia Film Industry Tax Credit	Refundable tax credit.	50% of qualifying Nova Scotia labour expenditures; credit caps at 25 % of total production costs. <u>BONUSES: Regional Credit:</u> 10% of qualifying NS labour expenditures for productions shooting outside metro Halifax; credit caps at 30 % of total production costs. <u>Frequent Filming Credit:</u> 5% of qualifying NS labour expenditures on third film shot within 2 year period.	Project labour caps at 50 % of total production costs. No annual funding caps.	≥ 25% of labour costs paid to NS residents (including personal service corporations); Also qualifying are wages and salaries paid to Nova Scotians for work performed outside province; Projects with budgets > C\$500,000 require an audited cost report; budgets > C\$100,000 require a review engagement report; budgets ≤ C\$100,000 require a Producer's affidavit certifying the final cost report.	The production company must be a corporation taxable in Canada, with a permanent establishment in Nova Scotia, primarily carrying on the business of film, TV or video production. Broadcasters are not eligible.	Subject to review in 2016.	Section 47 of the Nova Scotia Income Tax Act, R.S.N.S. 1989, c. 217; Film Industry Tax Credit Regulation, N.S. Reg. 15/96; and <a href="http://film.ns.ca/">http://film.ns.ca/</a>	Enacted January 23, 1996. Current tax credit rate applies to productions commencing after Sept 30, 2007.
<b>ONTARIO</b> - Ontario Film and Television Tax Credit	Refundable tax credit.	35% of qualifying Ontario labour expenditures. <u>BONUSES: Ontario Computer Animation and Special Effects Tax Credit (OCASE):</u> 20% of qualifying Ontario labour expenditures related to digital animation and special effects work. <u>Regional credit:</u> 10% of qualifying Ontario labour expenditures when > 85% of production shot outside Greater Toronto Area (minimum 5 location days in Ontario); <u>First time Producer credit:</u> 5 % on the first C\$240,000 of qualifying Ontario labour expenditures.	No caps.	Qualifying production must earn ≥ 6 out of 10 key creative services points under the CAVCO point system (unless it is an official treaty co-production); must be predominately shot and posted in Ontario; ≥ 75% of the total production costs must be paid to Ontario-resident individuals or companies for work performed in Ontario; Producer must be an Ontario resident; the production must be exhibited or broadcast in Ontario by an Ontario-based film distributor or Canadian broadcaster within 2 years of completion in Prime Time slot; company must own copyright for 25 years from completion	The production company must be Canadian-owned and Ontario-based whose primary business activity is the production of Canadian film, TV or video. Broadcasting/cable subsidiaries are eligible but cannot be initial broadcaster of the program.	None	Section 43.10 of the Corporations Tax Act, R.S.O. 1990, c. C.40; Section 92 of the Taxation Act, SO 2007, c. 11, Sched. A; Ontario Production Services Tax Credit Regulation, enacted by Corporations Tax Regulation, General, R.R.O. 1990, Reg. 183, Section 904; and <a href="http://bit.ly/8XtiUT">http://bit.ly/8XtiUT</a>	Deemed in force on May 8, 1996. Current tax credit rate applies to labour expenditures incurred after December 31, 2007.
<b>PRINCE EDWARD ISLAND</b> - The program is currently under review; no incentives available at this time. Responsibility for the incentive is also under review and the responsible department and staff members have yet to be identified.								

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<b>QUEBEC</b> - Refundable Tax Credit for Quebec Film and Television Productions	Refundable tax credit.	<u>English language format:</u> 35% of qualifying Quebec labour expenditures. <u>French-language and Giant-screen format:</u> 45% of qualifying Quebec labour expenditures. <u>Regional format:</u> 48.5625% of qualifying Quebec labour expenditures, for films produced 25 km or more outside Montreal. <u>NOTE:</u> for each of above, labour caps at 50% of 'total production costs, net of assistance'; <u>BONUS: Quebec Computer Animation and Special Effects Tax Credit:</u> 10.2083% of Quebec labour related to computer animation and special effects work.	No caps.	Qualifying productions > 75 minutes: must earn ≥ 6 out of 10 key creative services points under the Quebec point system; > 75% of post-production costs must be paid for services provided in Quebec; ≥ 75% of the total production costs must be paid to Quebec residents (excluding key Quebec content staff and Quebec post-production and financing costs); exemption from 75% requirement for giant-screen format films for expenses relating to production, and for post-production services not available in Quebec.	The production company must be a Quebec-controlled corporation whose primary business is production of film and video; must be directly controlled by Quebec resident for at least 2 years prior to principal photography. NOT eligible: holder of a broadcasting license issued by CRTC, or a production company that is not at arm's length to such broadcaster in the 24 months preceding year of application, unless production company holds, for each taxation year, an eligibility certificate issued by SODEC.	None	Sections 1029.8.34 - 1029.8.36 of the Quebec Taxation Act, RSO c.I-3; Regulation respecting the recognition of a film as Quebec films, R.Q. c. C-18.1, r.0.1.6; and <a href="http://www.sodec.gouv.qc.ca/cinema_mesures_en.php#outils">http://www.sodec.gouv.qc.ca/cinema_mesures_en.php#outils</a>	In effect since 1997.
<b>SASKATCHEWAN</b> - Saskatchewan Film Employment Tax Credit Program	Refundable tax credit.	45% of qualifying Saskatchewan labour expenditures (which can also include labour paid to non-SK residents who train a SK resident in all job categories, above and below-the-line, to a maximum of 25% of actual SK labour expenditures); labour caps at 50 % of total production costs. <u>BONUSES: Regional Credit:</u> 5% of total Saskatchewan spend if > 50% of principal photography shot at least 40 km outside Regina or Saskatoon; <u>Key Position credit:</u> 5% of total Saskatchewan spend for productions that attain ≥ 6 out of 10 points for hiring SK residents in key positions.	Project labour caps at 50 % of total production costs. No annual funding cap.	≥ 25% of salaries and wages must be paid to Saskatchewan residents.	The production company must be a corporation taxable in Canada, with a permanent establishment in Saskatchewan, primarily carrying on the business of film, TV or video production. Broadcasters are not eligible.	None	Film Employment Tax Credit Act, S.S. 1998, c. F-13.11; Film Employment Tax Credit Regulations, R.R.S. c.F-13.11, Reg. 1; and <a href="http://bit.ly/d8bjni">http://bit.ly/d8bjni</a>	Enacted on January 1, 1998. Current rate applies to expenditures incurred on or after January 1, 2006.
<b>YUKON</b> - Film & Sound Incentive Programs	Spend, travel, and training rebates.	<u>Yukon Spend Rebate:</u> TV programs, MOW's, documentaries and feature films (not commercials) are eligible for a rebate of up to 25% of below-the-line Yukon spend, provided criteria are met; <u>Training Rebate:</u> Productions (not commercials) are eligible for a rebate of up to 25% of the wages paid to individuals providing on-set training (techniques and equipment) to eligible Yukon labour; <u>Travel rebate:</u> (for productions not accessing the 25% spend rebate - i.e. commercials) 50% of travel costs, to a maximum of the lesser of: C\$10,000, or 10% of total Yukon expenditures	No project limits to Spend Rebate	The spend rebate is available to productions filming in Yukon with 50% of the person days in Yukon crewed by eligible Yukon Residents; all elements of the fund must be applied for and approved in advance by the Yukon Film & Sound Commission.	The applicant must be a corporation taxable in Canada, and registered with Yukon Corporate.	None	Yukon Economic Development, Yukon Film Location Incentive Program Guidelines <a href="http://www.reelyukon.com/">http://www.reelyukon.com/</a>	N/A