

TAX INCENTIVES FOR 'PRODUCTION SERVICES' PRODUCTIONS
(NO Canadian Content or Canadian ownership required)

<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>
FEDERAL - Film or Video Production Services Tax Credit (PSTC)	Refundable tax credit.	16% of qualifying Canadian labor expenditures, net of assistance (which includes provincial credits).	No caps.	Costs must be > C\$1,000,000 on worldwide basis within 24 months after start of principal photography for feature film or video; > C\$100,000 per episode for series or pilot ≤ 30 minutes; and > C\$200,000 per episode for series or pilot > 30 minutes.	An "eligible production corporation" must have a permanent establishment in Canada whose primary activity is the production of films or videos or the provision of film or video production services AND must own the copyright throughout production in Canada <u>or</u> must contract directly with the copyright owner. Private broadcasting/cable subsidiaries are eligible.	None	Section 125.5 of the Canadian Income Tax Act, R.S. 1985, c.1 (5th Supp.); section 9300 of the Canadian Income Tax Regulations; and CAVCO's Film or Video Production Services Tax Credit program guidelines: http://bit.ly/cBvatA	The Act received Royal Assent on June 18, 1998 and applies to expenses incurred after March 30, 2009.
ALBERTA - 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 %. <u>BONUSES</u> : 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 http://bit.ly/bar9We	Originally established in 2002. Program migrated to the Ministry of Culture and Community Spirit on December 15, 2006.
BRITISH COLUMBIA - Film or Video Production Services Tax Credit	Refundable tax credit.	33% of qualifying British Columbia labour expenditures - labour capped at 60% of production costs. <u>BONUSES</u> : <u>Digital Animation or Visual Effects (DAVE) Credit</u> : 17.5% additional credit on qualifying DAVE labour; <u>Regional Tax Credit</u> : 6% 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.	No caps.	Production budget must be > C\$1,000,000 for feature film or video; > C\$100,000 per episode for series or pilot ≤ 30 minutes (exception: productions that consist of all or substantially all digital animation or visual effects); and > C\$200,000 per episode for series or pilot > 30 minutes.	The production company must be a Canadian taxable company with a permanent establishment in BC whose primary business is film or video production or provision of production services. Broadcasting/cable subsidiaries are eligible.	None	Part 5 of the BC Income Tax Act, RSBC 1996, c. 215; Film and Television Tax Credit Regulation, BC Reg. 4.99; and http://www.bcfilm.bc.ca/pstc.php	In effect for labour costs incurred after March 31, 1998. Current tax credit rates apply to productions whose principal photography starts after February 28, 2010.

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MANITOBA - Manitoba Film and Video Production Tax Credit	Refundable tax credit.	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.	None	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 http://www.mbfilmmusic.ca/	Deemed in force on April 28, 1998. Current rate applies to productions whose principal photography starts after March 8, 2005.
NEW BRUNSWICK - 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.I-2; New Brunswick Film Tax Credit Regulation 2001-12; and http://bit.ly/aHABYh	Deemed in force on June 13, 1996.
NEWFOUNDLAND AND LABRADOR - 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. I-1.1; Newfoundland and Labrador Regulation 3/99; http://www.nfldc.ca/taxcredit.asp	Enacted November 25, 1998.
NOVA SCOTIA - Nova Scotia Film Industry Tax Credit	Refundable tax credit.	50% of qualifying Nova Scotia (NS) labor expenditures; tax credit caps at 25% of total production costs; Regional Credit bonus: 10% of qualifying NS labor expenditures for productions shooting outside metro Halifax; tax credit caps at 30% of total production costs; Frequent Filming bonus: 5% of qualifying NS labor expenditures on third film shot within 2-year period	Project labor caps at 50% of total production costs; no annual funding caps. No labour caps; no limit to the tax credit.	≥ 25% of labor 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 http://film.ns.ca/	Enacted January 23, 1996. Current tax credit rate applies to productions commencing after Sept 30, 2007.

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ONTARIO - Ontario Production Services Tax Credit	Refundable tax credit.	25% of qualifying Ontario expenditures (not limited to Ontario labour). <u>BONUSES: Ontario Computer Animation and Special Effects Tax Credit (OCASE):</u> 20% of qualifying Ontario labour related to digital animation and special effects work.	No caps.	Production budget must be > C\$1,000,000 for feature film or video; > C\$100,000 per episode for series or pilot ≤ 30 minutes; and > C\$200,000 per episode for series or pilot > 30 minutes.	The production company must be a corporation taxable in Canada, with a permanent establishment in Ontario, primarily carrying on the business of film, TV or video production. Broadcasters are eligible.	None	Section 43.5 of the Corporations Tax Act, R.S.O. 1990, c. C.40; Section 91 of the Taxation Act, S.O. 2007, c. 11, Sched. A; Ontario Film and Television Tax Credit Regulation, O. Reg. 322/97; and http://www.omdc.on.ca/site11.aspx	Enacted in February 1999. Current tax credit rate applies to labour expenditures incurred from June 30, 2009.
PRINCE EDWARD ISLAND - 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.								
QUEBEC - Refundable Tax Credit for Film or Television Production Services	Refundable tax credit.	25% of qualifying Quebec expenditures (not limited to Quebec labour). <u>BONUSES: Quebec Computer Animation and Special Effects Tax Credit:</u> 5 % additional credit on qualifying animation and special effects Quebec expenditures (not limited to labour).	No caps.	Production budget must be > C\$1,000,000 for feature film or video; > C\$100,000 per episode for series or pilot ≤ 30 minutes; and > C\$200,000 per episode for series or pilot > 30 minutes.	The production company must be a corporation taxable in Canada, with a permanent establishment in Quebec, primarily carrying on the business of film, TV or video production. Broadcasters are eligible.	None	Department of Finance Budget Speeches of March 31, 1998, March 29, 2001, March 11, 2003, June 12, 2003 and March 30, 2004 as amended by Information Bulletins no. 1998-3, 1999-2, 2004-12, 2007-10 and 2009-3; and http://bit.ly/cUeIo1	In effect for expenditures incurred from February 12, 1998. Tax credit rate applies to qualifying expenditures incurred from June 12, 2009.
SASKATCHEWAN - 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 http://bit.ly/d8bini	Enacted on January 1, 1998. Current rate applies to expenditures incurred on or after January 1, 2006.
YUKON - 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 http://www.reelyukon.com/	N/A