



## Tax Credits available to Domestic Film and Television Productions

Domestic 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 (see graph on the back of this page).

### BRITISH COLUMBIA TAX CREDITS

The Province of British Columbia offers two tax credit programs:

1. **Film Incentive BC (FIBC)** program is for domestic productions that are BC owned and controlled and have qualifying levels of Canadian content.
2. **Production Services Tax Credit (PSTC)**, open to both domestic and foreign producers, has no Canadian content requirements.

### FILM INCENTIVE BC (FIBC) – ACCESSIBLE TO DOMESTIC PRODUCTIONS ONLY

Film Incentive BC (FIBC) includes four components:

1. the **Basic FIBC** tax credit is 20% of eligible BC labour costs
2. the **new Digital animation or visual effects** credit is 15%\*
3. the **Regional production** credit is 12.5%
4. the **Training** credit is the lesser of 3% or 30% of trainee salaries

#### HOW THE INCENTIVES WORK

The incentives are refundable corporate income tax credits. When filing its tax return, a production company may claim a specified percentage of the labour costs incurred in making a film or television production. The credit is applied to reduce tax payable and any balance is paid to the company.

#### GENERAL ELIGIBILITY

FIBC is for BC-controlled production companies that have controlling ownership of the copyright in qualifying productions. The producer must be a BC resident and a Canadian. The corporation may not claim any FIBC tax credit in addition to any PSTC tax credit in respect to the same production. Production corporations and their productions must meet the following minimum conditions to qualify:

- The production must qualify as Canadian content – meaning it must achieve 6 out of 10 points. The points represent key individuals in the production such as director, writer,

lead actors, etc. who are Canadians.

- BC labour costs during a taxation year are capped at 48% of total production costs for the basic, regional and training credits. The animation or visual effects credit is not capped.
- There is no minimum size of production that may qualify.
- There is no cap on the total FIBC tax credits that may be claimed with respect to a particular production or on the total credits that a corporation or group of related corporations may claim.
- The **digital animation or visual effects\* credit** is for defined labour costs incurred in the production of digitally-created motion picture images.
- The **regional incentive\*** is for productions that shoot a minimum of 5 days of principal photography, representing more than 50% of the total days of principal photography in BC, outside the Vancouver area. For a series, a minimum of 3 episodes must qualify. The tax credit is prorated by the number of days of regional principal photography divided by the total number of days of principal photography in BC.
- The **training incentive** assists producers to hire trainees registered in approved training programs. The programs must be in film and television production and designated by the certifying authority.

### BC PRODUCTION SERVICES TAX CREDIT (PSTC) – ACCESSIBLE TO DOMESTIC AND FOREIGN PRODUCTIONS

The British Columbia Production Services Tax Credit (PSTC) encourages film, television and animation production in BC and can be accessed by a broad range of domestic and foreign productions. There are 3 components:

1. the basic **PSTC tax credit is 11%** of accredited qualified British Columbia labour expenditures.
2. the **new REGIONAL tax credit is 6%** of accredited qualified British Columbia labour expenditures.
3. the **new DIGITAL ANIMATION OR VISUAL EFFECTS tax credit is 15%** of accredited qualified British Columbia labour expenditures.

#### \*NOTE:

THE DIGITAL ANIMATION OR VISUAL EFFECTS CREDIT AND THE REGIONAL PRODUCTION CREDIT WERE MADE EFFECTIVE APRIL 1, 2003. TO ACCESS FIBC & PSTC CREDITS UNDER THOSE PROVISIONS, PRINCIPAL PHOTOGRAPHY MUST START AFTER MARCH 31, 2003. BC LABOUR COSTS INCURRED AFTER DECEMBER 31, 2002 MAY, HOWEVER, BE ELIGIBLE FOR THOSE CREDITS.

For more information on British Columbia's process, eligibility and time-lines contact the program administrator:

**British Columbia Film**

2225 West Broadway  
Vancouver, BC V6K 2E4  
Canada  
Tel: 604 736-7997  
Fax: 604 736-7290  
Web www.bcfilm.bc.ca  
Email:bcf@bcfilm.bc.ca

For more information on the Canadian Federal Government's process, eligibility and time-lines contact:

**(CAVCO) Canadian Audio-Visual Certification Office**

Department of Canadian Heritage  
100 Sparks Street, 4th Floor  
Ottawa, ON K1A 0M5 Canada  
Tel: (613) 946-7600  
Toll free: (888) 433-2200  
Fax: (613) 946-7602  
Web: www.pch.gc.ca/cavco

There is no limit on PSTC tax credits that may be claimed on a particular production and there is no limit that a corporation or group of corporations can claim.

**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 or animation productions. The credits are applied to reduce tax payable, and any balance is paid to the corporation. A corporation must have an Accreditation Certificate issued by the certifying authority and the certificate must be included with the corporation's income tax return.

**GENERAL ELIGIBILITY**

Eligible applicants are film, television and animation production corporations that have incurred qualifying labour expenses in BC. The applicant corporation does not have to be a Canadian-owned corporation, and there is no requirement that it have an interest in the copyright. Production corporations and their productions must meet the following minimum conditions to qualify:

Minimum budget levels:

- For episodic television, episodes that are less than 1/2 hour - \$100,000 per episode;
- For episodic television, episodes that are

- greater than 1/2 hour - \$200,000 per episode;
- In all other cases - \$1,000,000.

The corporation claiming the tax credit must either own the copyright in the production or have contracted directly with the owner of the copyright in the production to provide production services;

The corporation claiming the tax credit must have a permanent establishment in BC;

Some genres are excluded from this tax credit, including, but not limited to, pornography, talk shows, news, live sports events, game shows, reality television, and advertising.

**CANADIAN FEDERAL TAX CREDITS**

There are two tax credit programs offered by the Government of Canada.

1. **Canadian Film or Video Production Tax Credit** is for Canadian-owned and controlled production and is 25% of specified labour costs.
2. **Film or Video Production Services Tax Credit** is for primarily foreign production (although domestic producers can also apply) and is 16% of labour costs (increased from 11% effective February 18, 2003). Producers cannot access both credits.

The Canadian Audio-Visual Certification Office (CAVCO) is the entity responsible for issuing certificates on behalf of the Minister of Canadian Heritage.

**Combining Federal and BC Tax Credits**

If the eligibility requirements are met, a producer can combine the Canadian federal and British Columbia credits.

Tax credit	Maximum value	Possible combinations			
Film Incentive BC					
• Basic	20%	•		•	
• Digital animation or visual effects	15%	•		•	
• Regional production	12.5%	•		•	
• Training	3%	•		•	
BC Production Services					
• Basic	11%		•		•
• Digital animation or visual effects	15%		•		•
• Regional production	6%		•		•
Canadian Film or Video Production	25%	•	•		
Canadian Production Services	16%			•	•

**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 LEGISLATION AND REGULATIONS SHALL PREVAIL.