



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 (see graph below).

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.

BRITISH COLUMBIA TAX CREDITS

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 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.

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 CREDIT

The Canadian federal government's Film or Video Production Services Tax Credit (PSTC) is primarily for foreign production and has been increased to 16% of Canadian labour costs from 11% effective February 18, 2003.

The Canadian Audio-Visual Certification Office (CAVCO) is the entity responsible for issuing certificates on behalf of the Minister of Canadian Heritage. The terms and qualifying conditions are substantially similar to the British Columbia Production Services Tax Credit.

COMBINING FEDERAL AND BC PRODUCTION SERVICES TAX CREDITS

If the applicable conditions are met, a foreign production can combine the federal and BC credits.

Program	Max. value
Federal PSTC	16%
BC PSTC	
• Basic	11%
• Regional production	6%
• Digital animation or visual effects	15%

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