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Producing in Canada

A guide to Canadian film, television and interactive digital media incentive programs.

Producing in Canada

Foreword

This publication has been prepared to provide a general overview of some of the incentives available, and considerations related thereto, for film and television production in Canada. The material is not meant to be an exhaustive analysis of the law and should not be relied on with respect to any particular transaction or other proceeding. We highly recommend that all persons seek professional legal advice from any of the offices of Dentons Canada LLP before undertaking a transaction.

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Introduction

Canada is recognized as a major player in film, television and interactive digital media production. The growth of Canada's multibillion-dollar production industry is attributable to our high-standard facilities, competent workforce, physical and cultural proximity to the United States, as well as to favourable economic factors. These include lower location and production costs than in the US and Europe, a good exchange rate, and advantageous government tax incentives and funding policies.

At Dentons, we know the advantages associated with producing in Canada, including the various tax incentives provided by both federal and provincial governments. Producing in Canada—our comprehensive guide to Canadian film, television and interactive digital media incentive programs—provides an overview of some of the available incentives and the criteria that must be satisfied to qualify for them. Although each financing program is described separately for ease of reference, any given production may qualify for two or more programs.

The information provided in this printed edition of Producing in Canada is current as of April 2018. The online version of our guide— available at dentons.com—will be updated on a regular basis.

Further, Dentons understands that deciding how to structure the production of an audio-visual production in Canada can be complicated. That's why Dentons is pleased to provide this comparison chart which aims to simplify the process by identifying the primary structuring considerations and how they differ among the four primary options: "Canadian content," "production services," co-ventures and international treaty co-productions:

https://www.dentons.com/en/insights/articles/2015/march/31/comparison-of-canadian-content-production-services-co-ventures-and-treaty-co-productions

To find out more about Canadian film, television and interactive digital media incentive programs,or structuring productions **please contact one of the lawyers listed at the end of this document**.

Summary of provincial and federal government tax credits

A more detailed description of each of the credits set out below can be found by province beginning on page 26.

Jurisdiction		Tax credit
FEDERAL[1]		
25%	of QLE CAP	**Film or Video Production Tax Credit** • 25 percent of labour expenditures[1] capped at 60 percent of production budget (approximately 15 percent of budget)
16%	of QLE NO CAP	**Film or Video Production Services Tax Credit** • 16 percent of qualifying Canadian labour expenditures
ALBERTA		
N/A		None, but see details on Alberta Media Fund on page 26, which provides funding through direct grants
BRITISH COLUMBIA		
35%	of QLE CAP	**Film Incentive British Columbia** • Basic: 35 percent of eligible British Columbia labour expenditures up to a maximum of 60 percent of total eligible production costs • Regional: 12.5 percent of eligible British Columbia labour expenditures pro-rated by the number of days of principal photography outside the Vancouver area, divided by the total number of days of principal photography in British Columbia • Distant Location: an additional 6 percent of eligible British Columbia labour expenditures pro-rated by the number of days of principal photography done in a distant location in British Columbia within a prescribed area, divided by the total number of days of principal photography in British Columbia. • Training: The lesser of 30 percent of trainee salaries or 3 percent of eligible British Columbia labour expenditures • Scriptwriting: 35 percent of screenwriting labour expenditures. • Combined benefit of above four tax incentives is the amount of eligible labour capped at 60 percent of total production costs • Digital Animation or Visual Effects (DAVE) Incentive: 16 percent of eligible British Columbia labour costs directly attributable to eligible digital animation or visual effects activities or eligible post-production activities

[1] Please note that the amount of the actual federal tax credit will reduce the base number for the calculation of many provincial tax credits. Please consult the applicable legislation to confirm.

Jurisdiction		Tax credit
28%	of QLE NO CAP	**Production Services Tax Credits** • Basic: 28 percent of accredited qualified British Columbia labour expenditures • Regional: 6 percent of accredited qualified British Columbia labour costs, pro-rated by the number of days of principal photography outside the designated Vancouver area, divided by the total number of days of principal photography in British Columbia • Distant location regional: 6 percent of accredited qualified British Columbia labour costs, pro-rated by the number of days of principal photography in British Columbia within a prescribed area divided by the total number of days of principal photography in British Columbia • DAVE incentive: 16 percent of accredited qualified British Columbia labour costs directly attributable to eligible digital animation or visual effects activity or eligible post-production activities.
17.5%	of QLE NO CAP	**Interactive Digital Media Tax Credit** • 17.5 percent of qualified British Columbia labour expenditure for video game development
MANITOBA		
up to 65%	of QLE NO CAP	**Film and Video Production Tax Credit** • Basic: 45 percent of qualified Manitoba labour expenditures or 30 percent of eligible Manitoban labour and other non-labour expenditures • Frequent filming credit: 10 percent frequent filming bonus • Regional tax credit: 5 percent bonus for location filming outside of Winnipeg • Producer credit: 5 percent Manitoba Producer bonus
or		
30%	*All spend NO CAP	
40%	of QLE CAP	**Interactive Digital Media Tax Credit** • 40 percent of Manitoba labour costs on eligible projects with a maximum tax credit on an eligible project of CA$500,000 • CA$100,000 in eligible marketing and distribution attributable to the project
NEW BRUNSWICK		
40%	of QLE CAP	**New Brunswick Film, Television & Multimedia Industry Support Program** • 40 percent of eligible expenditures incurred in New Brunswick depending on project genre and company eligibility
25% or 30%	*All spend CAP	• Up to 25 percent of all New Brunswick expenditures for variety and service productions, or to a maximum 30% of all New Brunswick expenditures for New Brunswick based productions or co-productions.

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Jurisdiction		Tax credit
NEWFOUNDLAND AND LABRADOR		
40%	of QLE CAP	**Film and Video Industry Tax Credit** • Lesser of 40 percent of eligible labour expenditures or 25 percent of the total eligible production budget
NORTHWEST TERRITORIES		
N/A	Rebate Program (not a tax credit)	**Film Rebate Program *[Note: Not a tax credit]*** • Labour/ Training rebate: 25 percent rebate for eligible NWT labour. An additional 15 percent rebate for recognized film industry positions or for NWT resident candidates receiving on-set training • Expenditure rebate: 25 percent rebate for all Goods and Services that qualify as NWT spend purchased and consumed in the NWT. An additional 15 percent rebate for Goods and Services for productions shooting outside of Yellowknife city limits. • Travel rebate: 10 percent rebate for travel to and from the NWT from anywhere in the world. 35 percent rebate for travel within the NWT (excluding aerial photography).
NOVA SCOTIA		
25%-32%	of QLE CAP	**Film and Television Production Incentive Fund *[Note: Not a tax credit]*** • 26 percent of the eligible Nova Scotia (NS) expenses for companies with 50-100 percent NS ownership and control • 25 percent of the eligible NS expenses for companies with 50 percent or less NS ownership and control • Additional percentages for regional shoots, longer shoots and productions that meet NS content incentive criteria
NUNAVUT		
N/A	Rebate Program (not a tax credit)	**Nunavut Labour Rebate *[Note: Not a tax credit]*** • 17 percent or 27 percent of the eligible Nunavut costs, plus additional bonuses may be applicable • Rebate ≠ Tax program

Jurisdiction		Tax credit
ONTARIO		
35%	of QLE NO CAP	**Film and Television Tax Credit** • Basic: 35 percent of eligible labour expenditures • First-time producers: 40 percent on the first CA$240,000 of eligible labour expenditures • Regional bonus: an additional 10 percent of eligible labour expenditures for a total of 45 percent of labour expenditures (minimum of five location days in Ontario, 85 percent of which must be outside of the Greater Toronto Area)
21.5%	"All spend" NO CAP	**Production Services Tax Credit** • Basic: 21.5 percent of all qualifying production expenditures in Ontario (includes qualified labour costs and additional eligible expenses).
18%	of QLE NO CAP	**Computer Animation and Special Effects Tax Credit** • 18 percent of eligible labour expenditures related to computer animation or visual effects
40%	of QLE NO CAP	**Interactive Digital Media Tax Credit** • 40 percent of eligible labour expenditures related to interactive digital media products for qualifying corporations which are not providing a fee-for-service arrangement • 35 percent of eligible labour expenditures related to interactive digital media products for corporations which are developing products under a fee-for-service arrangement • 35 percent credit on eligible labour expenditures is available to qualifying digital game corporations and specialized digital game corporations.
PRINCE EDWARD ISLAND		
N/A		**P.E.I no longer has a tax credit program targeted at the film industry. Please see page 44 for details on how an indigenous component may result in funding**
QUÉBEC		
up to **56%** up to **52%**	of QLE for non-foreign CAP of QLE for foreign CAP	**Refundable Tax Credit for Québec Film and Television Productions** • 40 percent of eligible labour expenditures for original French language or giant screen productions • 36 percent of eligible labour expenditures for French language or giant screen productions which have been adapted from a foreign format • 32 percent of eligible labour expenditures for other non-foreign productions

Jurisdiction	Tax credit
	• 28 percent eligible labour expenditures for other productions adapted from a foreign format • capped at 50 percent of production costs • 8 percent bonus for production costs related to the creation of digital animation or visual effects (for non-French non-giant screen productions only) • up to 16 percent bonus for Québec regional productions • 8 percent bonus for fiction feature film or single documentary that does not receive any financial assistance from a public organization
20% "All spend" NO CAP **16% BONUS** of QLE for SFX	**Refundable Tax Credit for Film Production Services** • 20 percent of all-spend production costs (includes qualified labour costs and the cost of qualified properties) • An additional 16 percent of eligible labour expenditures related to the creation of digital animation and computer-aided special effects provided such labour costs relate to the completion of computer aided special effects and animation
35% of QLE CAP	**Dubbing Tax Credit** • 35 percent of eligible labour expenditures capped at 45 percent of eligible dubbing costs
FRENCH TITLES **37.5%** of QLE NO CAP NO-FRENCH TITLES **30%** of QLE NO CAP OTHER TITLES **26.25%** of QLE NO CAP	**Multimedia Production Tax Credit** • 37.5 percent of eligible labour expenditures for French "mass market" titles • 30 percent of eligible labour expenditures for non-French "mass market" titles • 26.25 percent of eligible labour expenditures for all other eligible titles
SASKATCHEWAN	
N/A of QLE CAP	**Saskatchewan's Film/TV and Digital Tax Credit Program** • Has been eliminated. Refer to page 49 for information on the Saskatchewan Film Employment Tax Credit.

Jurisdiction		Tax credit
YUKON		
N/A	Rebate Program (not a tax credit)	**Film Incentive Program *[Note: Not a tax credit]*** • 25 percent rebate of Yukon below-the-line spend where eligible Yukon labour content equals or exceeds 50 percent of the total person days on the Yukon portion of the production • Film and TV: 50 percent rebate for travel expenditures from Calgary, Edmonton and Vancouver to Whitehorse to a maximum of the lesser of CA$15,000 or 15 percent of total expenditures incurred in Yukon. • Commercials: 50 percent rebate for travel expenditures from Calgary, Edmonton and Vancouver to Whitehorse to a maximum of the lesser of CA$10,000 or 10 percent of total expenditures incurred in Yukon.

[1] "Labour expenditures" for the federal tax credit are defend as the labour expenditures incurred from the final script stage to post-production directly attributable to the production, reasonable in the circumstances and included in the cost to the corporation. For the provincial tax credits, a similar definition is used, but such labour expenditures must be paid to residents of that province. Eligible expenditures can be incurred as early as two years before principal photography begins so that in-house development labour costs of a script are eligible.

Federal government incentive programs

Federal Tax Credits

The Canadian federal government assists domestic and foreign producers by offering a number of tax incentives and funding programs that are available to both “service” productions and “Canadian-content” productions. The Canadian Audio-Visual Certification Office (CAVCO), a branch of the Department of Canadian Heritage and the Canada Revenue Agency (CRA), jointly administer the Canadian Film or Video Production Tax Credit Program and the Film or Video Production Services Tax Credit Program. Only one of these tax credits may be claimed for a particular production.

Canadian Film or Video Production Tax Credit Program (CPTC)

The CPTC was established to aid in the development of the Canadian film and television production industry and to promote Canadian television programming. This tax credit is equal to 25 percent of eligible labour expenditures, capped at 60 percent of total production costs.

The tax credit is a refundable tax credit (that is, it is fully payable to the production company even if it owes no taxes). It is calculated in conjunction with provincial credits such that the eligible production costs are reduced by any applicable provincial tax credit amount. The holding of an interest in a film or video production by a person other than the production corporation will no longer disqualify the production for eligibility for a tax credit, unless the production or one of the investors is associated with a tax shelter.

Eligibility requirements

- An application for certificate of completion (Part B certificate) must be made within 24 months of the first fiscal year-end following the commencement of principal photography. The certificate must be issued by CAVCO within six months of this date.
- The production company must be a taxable Canadian corporation which satisfies the criteria established by the *Income Tax Act* Regulations, as interpreted and administered by CAVCO.
- The corporation must be primarily in the business of Canadian film or photography production.
- The production company must own the copyright of the production.
- The production must not fall under the excluded genre categories or productions listed by CAVCO. These are news programs, talk and game shows, sporting and award events, reality television, productions that solicit funds, pornography, advertising, industrial or corporate productions and productions other than a documentary, all or substantially all of which consists of stock footage.
- The production must meet CAVCO’s key creative point requirements.
- The production company must be owned and controlled, either directly or indirectly, by Canadian citizens or permanent residents in accordance with definitions found in a combination of the *Citizenship Act*, the *Immigration Act* and the *Investment Canada Act.*
- All producer-related personnel must be Canadian (some exceptions for productions involving non-Canadian development).
- Not less than 75 percent of total labour costs must be payable for services provided to/by individuals who are Canadian.
- The production company must control the initial worldwide exploitation rights over the production.
- Confirmation in writing from a Canadian distributor or a CRTC-licensed broadcaster that the production will be shown in Canada within the two-year period following its completion.
- The production cannot be distributed in Canada by an entity that is not Canadian within the two-year period that begins when the production first becomes commercially exploitable.

- The production company or a related taxable Canadian corporation must retain an acceptable share of revenues from the exploitation of the production in non-Canadian markets.

- Some of the above do not apply to Treaty co-productions. Treaty co-productions should refer to the Telefilm Canada guidelines.

Eligible expenses

- Eligible labour expenditures must be reasonable under the circumstances, must be included in the cost to the production company, must be incurred for the stages of production (pre to post production) and must be directly attributable to the production itself.

- Eligible labour expenditures exclude amounts paid for the services of non-Canadian residents, unless the person was a Canadian citizen at the time the payment was made.

- Eligible costs may be incurred as early as two years before principal photography begins so that in-house development labour costs of an initial draft of a script, as well as the cost of further revisions are eligible.

Qualifying as a Canadian production for the CPTC

CAVCO and the Canadian Radio-television and Telecommunications Commission (CRTC) are the two government bodies responsible for determining whether a production qualifies as “Canadian.” For more information on certification by the CRTC, see the “Qualifying as a Canadian Production for CRTC Purposes” section below. CAVCO bases its determination on a draft regulation to the *Income Tax Act* (Canada) and it has set guidelines that must be satisfied before a film or television production is certified as Canadian.

Qualifying as a Canadian production: CAVCO

In order for a production, other than a co-production or co-venture,[1] to qualify as a Canadian film or video production under the CAVCO rules for Canadian content-based tax incentives and other government incentives or enhanced Canadian broadcast license fees available for Canadian programs, the following must be satisfied:

Producer eligibility under CAVCO

The Production Control Guidelines provide further guidance in the determination of the eligibility of productions to the CPTC.

The Canadian producer[2] must satisfy the following requirements of production control:

- The Canadian producer must have and maintain full control over the development of the project from the time at which the producer has secured underlying rights. Prior development of the project by non-Canadians is permitted.

- The Canadian producer must have and maintain full responsibility and control over all (creative and financial) aspects of the production of the project. A non-Canadian individual or entity cannot have the right to overrule any decision by the producer.

- The Canadian producer must have and maintain full responsibility and control over all aspects of production financing. Documentation must demonstrate that the producer has assumed and retained the commercial risks associated with the financing and production of the project. Where a non-Canadian has the right to overrule any decision by the producer, the producer will have the onus of establishing, to the satisfaction of CAVCO, that the situation does not interfere with the producer’s responsibilities and control.

- The Canadian producer must have and maintain full responsibility and control over the negotiation of initial exploitation agreements. Where the non-Canadian prior owner of the underlying rights retains exploitation rights to more than one significant territory (i.e., US, Europe, Asia), after the producer has acquired the underlying rights, the producer will have the onus of establishing, to the satisfaction of CAVCO, that the situation does not interfere with the producer’s responsibilities and control.

- The Canadian producer is entitled to reasonable and demonstrable monetary participation in terms of budgeted fees and overhead, and participation in revenues of exploitation. For example, the producer must demonstrate an equity ownership in the project and retain at least 25 percent of the net profits from the exploitation of the production in non-Canadian markets.

The CAVCO point system

A production must earn a *minimum of six points* based on the following allocation system, with points being awarded in each case if the function is wholly performed by a Canadian.

Under CAVCO's policy regarding proof of Canadian citizenship or permanent residency, producers and key creative personnel working under the Canadian Film or Video Production Tax Credit (CPTC) are required to have a CAVCO personnel number to be eligible for Canadian content points. To receive a CAVCO personnel number, each eligible individual must send a copy of their proof of Canadian citizenship or permanent residency directly to CAVCO. Previously, CAVCO required applicants under the CPTC to retain a copy of an individual's citizenship or permanent residency documentation. Now, producers must collect CAVCO personnel numbers and include them in their applications.

Live action productions

The point system is as follows for productions other than animated productions:

Position	Points
Director	2
Screenwriter[3]	2
Highest Paid Lead Performer (or first voice)[4]	1
Second Highest Paid Lead Performer (or second voice)	1
Production Designer/Art Director	1
Director of Photography	1
Music Composer (original music only)	1
Picture Editor	1
Total	**10**

In addition, it should be noted that either the Director or the Screenwriter, and either one of the two highest paid leading performers must be Canadian.

Animated productions

A different 10-point scale applies to animated productions. Animated productions must satisfy a minimum of six of the following 10 points to qualify as a Canadian film or video production. Points are only awarded where the function is wholly performed by a Canadian.

Position	Points
Director	1
Writer and Storyboard Supervisor	1
Highest Paid or Second Highest Paid Lead Voice	1
Design Supervisor	1
Camera Operator where operation is in Canada	1
Composer of the Musical Score (original music only)	1
Picture Editor	1
Layout and Background performed in Canada	1
Key Animation performed in Canada	1
Assistant Animation/In- betweening performed in Canada	1
Total	**10**

As with live action productions, at least one of the Director or the Writer and Storyboard Supervisor must be Canadian. In addition, the highest or second highest paid lead voice must be Canadian and all key animation must be done in Canada.

The CAVCO cost criteria: Canadian expenditures

The CAVCO rules require that at least 75 percent of the total costs for services provided in relation to production must be paid to Canadians in respect of services rendered by Canadians, regardless of where such services are rendered. The following costs are excluded from the calculation:

- Post-production and laboratory services
- Producer remuneration (only fees paid to Canadian producer or co-producer)
- Amounts paid to key creative personnel who are covered by the point system
- Legal and accounting costs
- Insurance costs
- Financing costs

In the case of animated productions, the costs associated with positions that entitle the production to a point based on the location where the work is done are not considered to be excluded costs.

In addition, a minimum of 75 percent of the aggregate cost of post-production and laboratory work, processing and final preparation must be paid for services provided in Canada.

It should also be noted that producers and licensees can apply to CAVCO for preliminary recognition that a film or television production will be a Canadian Film or Video Production if the final production conforms to information submitted to CAVCO. This Canadian Film or Video Production Certificate or "Part A Certificate" (which also provides an estimate of the claimable tax credit) assists producers in financing productions. The production in question must be completed within two years of the year end in which principal photography began, and must file for a final certificate of completion or "Part B Certificate" within 24 months from the end of the year in which principal photography began. The Part B Certificate must be issued within 30 months from the end of the year in which principal photography began.

For more information on CAVCO, visit **www.pch.gc.ca/cavco**

Qualifying as a Canadian production for CRTC purposes

In addition to the content requirements administered by CAVCO, the *Broadcasting Act* provides a framework of rules to determine what is "Canadian." The organization charged with the responsibility of interpreting and applying these rules is the CRTC. The CRTC is also the government organization with the responsibility of issuing licences to Canadian broadcasters and regulating the amount of time that the broadcasters must devote to Canadian programs.

The CRTC has two Pilot Projects to encourage the creation of "high impact productions". They sit outside of the normal parameters for deeming a production to be Canadian. If a program is not recognized within the Pilot Projects, it must follow the full criteria.

Pilot project 1

The CRTC will recognize as Canadian live action drama and comedy productions based on the adaptation of best-selling novels written by Canadian authors.

Pilot project 2

The CRTC will recognize as Canadian live action drama and comedy productions with a budget of at least CA$2 million per hour.

Productions under both pilot projects will only have to meet the following criteria:

- The screenwriter is Canadian
- One lead performer is Canadian
- The production company is Canadian
- At least 75 percent of the services costs are paid to Canadians
- At least 75 percent of the post-production costs are paid to Canadians

Traditional criteria

There are clear similarities in the criteria used by CRTC and CAVCO, and a production which is certified by CAVCO as a "Canadian film or video production" will automatically qualify as "Canadian" for CRTC purposes.

However, a production which the CRTC certifies as "Canadian" may not necessarily be certified as a "Canadian film or video production" by CAVCO

A program which only achieves certification by the CRTC as "Canadian" will not be able to access the CPTC. However, there are other benefits available to a program being accorded certification as "Canadian" by the CRTC. Canadian broadcasters (which include pay and specialty channels) are required as a condition of their licences to air a minimum amount of Canadian programming in prime time, so they are willing to pay a premium for programming which has been certified as Canadian. In addition, Canadian pay and speciality channels specialty channels have to ensure that 35 percent of all programs broadcast overall are made by Canadians. For the foregoing purposes, programming which is certified by either the CRTC or CAVCO as "Canadian" will suffice.

I. Basic definition of Canadian content

The CRTC will certify a program as "Canadian" if it meets the requirements outlined in the three sections listed below.

(A) Producer

The producer must be a Canadian citizen that is the central decision-maker throughout the production. In the event that there are non-Canadians engaged in producer-related functions, the production may still be certified as "Canadian" provided:

- Remuneration of the Canadian producer exceeds the total remuneration to foreign producers
- Non-Canadian producers are on set only to observe, to a maximum of 25 percent of principal photography.

(B) Point system

In evaluating Canadian content, the CRTC adopts CAVCO's point system. In addition the Canadian expenditure requirements are substantially similar to CAVCO's requirements. The CRTC has established criteria for live action and animated productions and each must achieve six points based on the following key creative functions being performed by Canadians.

Live-action production or continuous action animated production

Position	Points
Director	2
Screenwriter	2
Lead Performer or First Voice	1
Second Lead Performer or Second Voice	1
Production Designer	1
Director of Photography	1
Music Composer	1
Picture Editor	1
Total	**10**

Animated production (other than continuous action animation)

Position	Points
Director	1
Scriptwriter and Storyboard Supervisor	1
First or Second Voice or First or Second Lead Performer	1
Design Supervisor	1
Layout and Background (location)	1
Key Animation (location)	1
Assistant Animation/In-betweening (location)	1
Camera Operator (person) and Operation (location)	1
Music Composer	1
Picture Editor	1
Total	**10**

Notwithstanding the above tables, at least one of the Director or Screenwriter positions and at least one of the two lead performers must be a Canadian.

The CRTC will evaluate a live, videotape or film production as a live-action or a continuous action production. Animation is the process of creating the illusion of motion through the use of inanimate or still images. The CRTC recognizes two types of animation:

- **Computer animation**: Refers to the use of computers assisting or generating animated movement principally or wholly through digital image synthesis using computers and computer programs.

- **Traditional animation**: is referred to as either "continuous" or "frame-by-frame." "Continuous" animation refers to the process of filming real figures as they are manipulated using mechanical devices, and for the purpose of CRTC "Canadian content" these animations will be treated as "live-action" productions. "Frame-by-frame" animation refers to the process of filming or recording a series of poses of figures, shapes, objects, etc. in sequence on successive frames of recording material, thereby giving the illusion of movement.

(C) Expenditure requirements

Service costs. These costs represent all expenditures associated with a production. At least 75 percent of service costs less the costs listed below must be spent on Canadians:

- Remuneration for key creative personnel eligible for points
- Remuneration for producer(s) and co-producer(s) (except for producer-related positions)
- Post-production/lab costs
- Accounting and legal fees
- Insurance brokerage and financing costs
- Indirect expenses
- Contingency costs
- Goods purchased, such as film/videotape supplies
- Other costs not directly related to production

Post-production/lab costs. At least 75 percent of all such costs need to be paid for services rendered in Canada by Canadians or Canadian companies.

II. Series

A series is defined as a program with two or more episodes produced by the same producer or production company. The programs must be equal in length and share a common title, theme and situation or set of characters.

The CRTC has recognized that production elements of a series may vary and as such has established a degree of flexibility. A series will be certified as “Canadian” by the CRTC even if certain individual episodes do not satisfy the minimum point requirements, provided that:

- At least 60 percent of the series’ episodes meet or exceed the requirement of six Canadian content points per episode
- The series attains an average of six points per episode
- All episodes are broadcast at equitable times.

III. Sporting events

Sporting events or tournaments are classified as Canadian by the CRTC, provided that the Canadian licensee or production company maintains control over the production and provides commentators. At least one of the major on-screen personalities must be Canadian and, if the event takes place outside of Canada, Canadian teams or athletes must compete.

IV. Special recognition for co-ventures with Americans and other international partners

Co-ventures include co-productions with a foreign producer where there is no co-production treaty between the two countries or where the co-production treaty does not include the venture in question. In the absence of official co-production status, these productions do not qualify for the CPTC. However, co-ventures certified by the CRTC are eligible for enhanced broadcast license fees since they will qualify as “Canadian” for CRTC purposes. Furthermore, unlike Official Co-Productions, co-ventures may be produced with American partners.

Co-ventures are considered “Canadian” if it can be shown that the Canadian production company has at least equal decision-making power over creative elements and is responsible for administering the entire portion of the Canadian budget. The production must also obtain a minimum of six Canadian content points, spend 75 percent on Canadian costs in the services and post-production categories and the director or writer and at least one of the two leading performers must be Canadian.

When broadcast or distributed by a licensee of the CRTC, co-ventures will qualify for special recognition if the CRTC is satisfied that the documentation shows that the Canadian production company:

- Has equal decision-making responsibility on all creative elements
- Is responsible for the administration of at least the Canadian element of the production budget.

When determining whether the decision-making responsibility for the production resides with the Canadian production company, the CRTC will require the following:

- The Canadian production must have sole or co-signing authority on the production bank account
- The Canadian production company must retain a 50 percent financial stake and a 50 percent share of the profits
- The Canadian production company must be at financial risk and have budgetary responsibility
- The Canadian production company must have at least an equal measure of approval over all elements of the production with its co-venture partners.

Co-ventures with Commonwealth countries, French-speaking countries or countries with which Canada has a film or television production treaty, may be provided additional flexibility. The production will be considered Canadian if:

- The director or the writer, and at least one of the two leading performers are Canadian
- It meets a minimum of five points for key creative personnel
- A minimum of 50 percent of the total costs incurred for services is paid to Canadians
- At least 50 percent of processing and final preparation are paid for services in Canada.

V. Production packages

The CRTC defines a "production package" as two or more co-productions or co-ventures, undertaken by a Canadian production company in connection with one or more foreign production companies, where a production with minor foreign involvement is matched with a foreign production with minor Canadian involvement. A "twinning" involves matching a Canadian production with a foreign production with only a financial role being played by Canadians. Under the CRTC rules, "production packages" and "twins" can qualify as Canadian content if the following criteria are satisfied:

- The Canadian copyright is held by Canadians for both productions
- The budgets of both productions must be approximately equal
- The co-production agreements for the productions are submitted to the CRTC
- The Canadian production company has financial participation and a minimum 20 percent share in the profits of both productions
- A broadcaster may receive a credit for a production that has fewer Canadian elements, if it were to broadcast the production with more Canadian elements at an equitable time
- All the productions within the package fall in the same program category. It should be noted that animation productions are not eligible to form part of a production package
- The duration of both matched (aka twinned) productions are approximately equal
- The production package program is a drama, comedy, variety, documentary and children's programming
- Both matched (aka twinned) productions receive equitable scheduling on the same Canadian station or network.

VI. Dramatic Program Credit

The CRTC will grant a 150 percent time credit to a Canadian broadcaster each time a certified dramatic production is broadcast that meet the following criteria:

- Produced by a Canadian independent production company or licensee of the CRTC after April 15, 1984
- Certified as a Canadian program and achieves 10 points
- Broadcasts between the hours of 7 p.m. and 11 p.m. or at an appropriate children's viewing time (if children are the main audience)
- Contains a minimum of 90 percent dramatic content.

The time credit will be granted within a two-year period from the date of the first broadcast. This credit is not available to the largest multi-station ownership groups.

For more information on these criteria, visit **www.crtc.gc.ca/canrec/eng/canrec.htm**

Film or Video Production Services Tax Credit Program (PSTC)

A production that does not meet the Canadian content criteria for the CPTC may be eligible for the PSTC. The PSTC was designed to encourage corporations to employ Canadians. The company can be a foreign owned or Canadian owned corporation. This tax credit is equal to 16 percent of qualifying labour expenditures paid to Canadian residents and there is no cap on the amount that can be claimed under this credit.

The tax credit is a refundable tax credit (that is, it is fully payable to the production company even if it owes no taxes) and it is calculated in conjunction with similar provincial tax credits.

Eligibility requirements

- The applicant company performing production services must be either a Canadian-owned or foreign-owned corporation with a permanent establishment in Canada.
- The corporation must be primarily in the business of video or video production services. If the business of a corporation includes other activities such as the distribution of films and videos, it may not be considered an eligible production corporation for the PSTC.
- The production company must either own the copyright in the film during the production period or be engaged directly by the copyright holder to provide production services.
- The cost for a production for the period ending 24 months after principal photography has begun must exceed CA$1 million, except in the case of a series consisting of two or more episodes or a pilot for such a series. The cost for each episode in a series, which has a running time of less than 30 minutes, must exceed CA$100,000 per episode. The cost for episodes or a pilot with a longer running time must exceed CA$200,000 per episode.
- The production must not fall under the excluded genre categories or productions listed by CAVCO.

Eligible expenses

Expenses must be Canadian labour expenditures which:

- Are reasonable in the circumstances
- Are directly attributable to the production
- Were incurred after October 1997
- Were paid to persons who were resident to Canada at the time the payment was made
- Were incurred during the production process (final script to post production)
- Are paid for services provided in Canada.
- Are paid in the year or within 60 days after the end of the year.

For more information on the PSTC program, visit **www.pch.gc.ca/cavco**

Canada Media Fund (CMF)

The purpose of the CMF is to “assist in the creation of successful, innovative Canadian content and applications for current and emerging digital platforms through financial support and industry research.”

The CMF operates on a budget of approximately CA$375 million and is subject to yearly review.

Streams of funding

CMF’s contributions are divided into two streams of funding:

- The Experimental Stream funds innovative, interactive digital media content and software applications. Projects are to be developed for commercial potential by the Canadian media industry or public use by Canadians.; and
- The Convergent Stream, which supports the creation of convergent television and digital media content.

Experimental Stream

This selective stream supports digital content that is innovative and interactive. There are three core programs within the stream: (i) the Innovation Program- designed to support leading-edge and innovative digital media content, (ii) the Web Series Pilot Program- designed to support linear series in their second, or subsequent season; and (iii) the Commercial Projects Pilot Program- intended to support projects with potential commercial success. Funding will be delivered in the form of a recoupable investment or recoupable advance, which must be repaid from revenue generated by exploitation of the project.

The CMF will choose projects under this stream according to an evaluation grid weighed differently per program.

Eligibility requirements

- Eligible applicants must be Canadian-controlled, taxable Canadian corporations with their head office in Canada. Or, the applicant can be a Canadian broadcaster.
- The applicant must own the copyright for the production.
- The project's underlying rights must be owned and are significantly and meaningfully developed by Canadians.
- The project must be produced in Canada, with at least 75 percent of its eligible costs being Canadian costs. And at least 50 percent of its eligible costs being Canadian costs for marketing.
- The project must be, and remain throughout its production, under Canadian ownership and Canadian executive, creative and financial control.
- An eligible project must be digital media content and/or application software which is innovative and interactive. It must be connected to the Canadian cultural sector.
- Eligible projects include, but are not limited to mobile applications, video games, and web series. Film and Television convergent projects are not eligible.
- For Production and Marketing and Promotion support, Eligible Projects must have a letter of intent from a third party market-channel partner committing to take the project to market and to actively promote it. This may be waived if the Applicant can demonstrate their ability to self-distribute the project.

CMF contribution

Innovation: Prototyping- A maximum contribution of 75 percent of the project's eligible development costs or CA$250,000, whichever is less. Production- A maximum contribution of 75 percent of the project's eligible development costs or CA$1,000,000, whichever is less. Marketing- A maximum contribution of 75 percent of the project's eligible development costs or CA$400,000, whichever is less.

Web Series Pilot Program: A maximum contribution of 60 percent of the project's eligible development costs or CA$250,000, whichever is less.

Commercial Projects Pilot Program: Production- A maximum contribution of the lesser of 60 percent of the project's eligible costs or CA$1,200,000, whichever is less. Marketing- A maximum contribution of the lesser of 75 percent of the project's eligible marketing costs or CA$400,000, whichever is less

Convergent Stream

This stream is intended to support the creation of multi-platform projects, with one platform being television.

Funding will be paid directly to the applicant producer in the form of license fee top-ups, equity investments, and repayable contributions that are paid directly to the producers.

Eligibility requirements

- Eligible applicants must be Canadian-controlled, taxable Canadian corporations with their head office in Canada. Or, the applicant can be a Canadian broadcaster that is licensed to operate by the Canadian Radio-Television Telecommunications Commission.
- A digital media component must be rich, interactive content such as games, interactive web content,

podcasts, on-demand content, webisodes and mobisodes.

- The project must be certified by CAVCO and achieve 10/10 points (or the maximum number of points appropriate to the project) as per the CAVCO scale.

- Underlying rights must be owned and be significantly and meaningfully developed by Canadians.

Summary of Convergent Stream Programs

Development Program

This program allocates funding to projects in the development stage through three sub-programs. These programs support Canadian television from both French and English regions of the country as well as in the English and French languages. The sub-programs are:

English and French Development Envelopes

This sub-program allows the CMF to make contributions to Canadian broadcasters who then choose which development projects they wish to allocate funds. Projects must have received a financial commitment from the broadcaster in question which meets or exceeds a specific amount. This amount is calculated by the CMF.

Amount of contribution

For the television component the CMF's maximum contribution will be the lesser of:

- 50 percent (or 75 percent for an English regional development project) of the eligible costs in development, up to CA$200,000 for all phases combined.

For the digital media component(s) the CMF's maximum contribution will be the lesser of:

- 75 percent of the eligible costs in development; and CA$50,000, all phases combined.

Québec French Regional Development

Nature of funding

This program contributes on a first come, first served basis, until funds are depleted. Contributions are in the form of non-interest bearing advance. For all projects, 100 percent of the advance must be repaid on or before the earliest event of repayment. For television this is the first day or prep for principal photography. For digital media this is the first day of commencement of production, or any other use of the concept.

Eligibility requirements

- Applicants must have their head-office in the province of Québec and their projects must be Regional (150 km from Montréal).

- To be eligible, projects must have received a financial commitment from a Canadian broadcaster that meets or exceeds a specified minimum amount.

- Applicants may apply with a maximum of two projects per fiscal year, only one may be a returning series.

Amount of contribution

For the television component the CMF's maximum contribution will be the lesser of:

- Television: 75 percent of the eligible costs in development, up to CA$200,000 for all phases combined and all eligible types of programming ; and
- Digital Media Component: 75 percent of the Eligible Costs in development, up to CA$50,000, for all phases combined.

English and French Pre-Development

This segment seeks to fund English and Québec French projects in pre-development which have not yet received development funding from a broadcaster. The stage includes writing a preliminary synopsis and/or treatment.

Eligibility requirements

- For English projects, eligible applicants may apply with a maximum of three eligible projects, neither of which may be a returning series. For French projects, the maximum is two.

- All applications must include a letter of interest from a Canadian broadcaster. There is no requirement for a broadcaster fee.

- Any individual broadcaster or broadcaster corporate group is limited to a maximum of 25 projects that it can trigger. Returning series, Affiliated and In-house Programming are not eligible in predevelopment.

Amount of contribution

- up to 84 percent of the eligible costs, based on amounts reflected in the CMF's costs chart.

CORUS-CMF "Page to Pitch" Program

This program is devoted to funding creative and business activities during the development of television projects in a CMF-supported genre. This program is a runs as a selective process.

Eligibility requirements

- Projects must be in a CMF supported genre.
- Applicants under this program may only submit Projects in their first seasons.
- Projects submitted in the page stream must be new projects that have not received any previous CMF funding.
- Projects that have received page stream funding, however, may be submitted to other CMF Development Programs (with the exception of the pitch stream during the same fiscal year). It is important to note that any Page Stream funding a Project receives in addition to funding available through the CMF's development envelope program will be integrated into that Project's development budget and financial structure.
- Projects submitted in the pitch stream may be projects that have previously received funding from a CMF Development Program (other than funding from the page stream during the same fiscal year). Funding of the pitch stream will be awarded separately and in addition to any amounts contributed to the project through other CMF Programs and without regard to maximum contribution amounts applicable to those Programs.
- Page funding:
  - o Projects must have already secured a financial commitment from any Canadian broadcaster.
  - o Eligible costs include (but are not limited to) acquisition of underlying rights, scripts, bibles and storyboards.
- Pitch funding:
  - o Projects must already have secured a Development Fee or Licence Fee from a Canadian Broadcaster.
  - o Eligible costs include (but are not limited to) travel, accommodation, sales market attendance, pitch materials and non-broadcast demos.

Amount of contribution

- Per project Page Stream contributions are the lesser of 75 percent of a Project's Eligible Costs or CA$75,000;
- Per project Pitch Stream contributions are the lesser of 75 percent of a Project's Eligible Costs or CA$75,000.

Performance Envelope Program

This program enables the CMF to allocate funding envelopes to Canadian broadcasters. Canadian broadcasters are then able to choose which projects to contribute portions of their envelope to subject to specified maximum contribution amounts. The Television Component must have Eligible cash Licence Fees which meet the applicable Licence Fee Threshold.

Amount of contribution

- For the television component, the maximum contribution is 49 percent of the component's eligible costs.
- For the digital media component(s) the maximum contribution is 75 percent of a component's eligible costs, or CA$500,000, whichever is less. Where there are multiple digital media components (e.g., a

website, a mobile application, and a game), the CA$500,000 maximum contribution applies to each eligible component.

Francophone Minority Program

This program is designed to encourage the creation of content that reflect the realities of French language communities living outside of Québec. The company must be Canadian and primarily producing in the French-language outside of Québec. As it is part of the convergent program, projects must include distribution on at least two platforms, one of which must be television. This program is allocated on a selective basis.

Amount of contribution

For the television component the CMF's maximum contribution will be the lesser of:

- 49 percent of the eligible costs; and
- CA$1.4 million for a drama, CA$750,000 for an animation, or CA$550,000 for other genres.

For the digital media component(s) the CMF's maximum contribution will be the lesser of:

- 75 percent of a components eligible costs; and CA$500,000.

Anglophone Minority Program

This program is designed to encourage the creation of English-language content from Canadian producers within Québec. As it is part of the convergent program, projects must include distribution on at least two platforms, one of which must be television. However, only the television component will be supported by this program. This program is allocated on a first come, first served basis, until funds are depleted or the application deadline, whichever comes first. This program is intended for projects that have applied for CMF funding in the current fiscal year. The TV component must be 100 percent fully financed at application. Principal photography must occur in Québec.

Amount of contribution

The CMF's contribution will be a licence fee top up of 15 percent of the eligible costs up to a per-project maximum of CA$900,000.

Northern Production Incentive

This program provides incentives to ensure that production occurs throughout all parts of Canada. As it is part of the convergent program, projects must include distribution on at least two platforms, one of which must be television. This program is allocated on a first come, first served basis.

Eligibility requirements

- Television Component must be shot in Nunavut, the Yukon or the Northwest Territories.
- The Digital Media work and expenses must occur in Nunavut, the Yukon or the Northwest Territories.
- The Applicant is based in Nunavut, the Yukon or the Northwest Territories and exercises full control of the creative and financial aspects of the TV component and owns at least 51 percent of the copyright. The project be an international or interprovincial co-production.
- Projects must be fully financed at application.

Amount of contribution

For the television component the CMF's maximum contribution will be the lesser of:

- Television component: 30 percent of the eligible costs; and CA$200,000
- Digital media component: 75 percent of eligible costs; and CA$100,000

Aboriginal Program

This program supports independent Aboriginal production in Canada. Aboriginal language projects may also be eligible for funding. The applicant must be a self-declared Aboriginal person who owns at least 51 percent of the production company and copyright in the eligible project. The CMF will solely decide the amount of funding a project receives up to a maximum amount.

Amount of contribution

- If an Applicant is eligible to apply for other CMF incentives, the amount offered to Applicant through the Aboriginal Program may be lower than the Applicant's originally requested amount.

- Additionally, broadcasters may combine funds from their Performance Envelopes with funding from the Aboriginal Program. The Licence Fee Threshold amount for the Aboriginal Program will then apply to the total Eligible Costs. Projects may receive amounts up to the Maximum Contribution specified for the Aboriginal Program; any additional funds will be taken from the broadcaster's Performance Envelope. The total CMF contribution from all programs is limited to 84 percent of Eligible Costs.

For the television component the CMF's maximum contribution will be the lesser of:

- 60 percent of eligible costs; or CA$750,000 for drama and animation, and CA$550,000 for documentary, variety and children and youth.

For the digital media component(s) the CMF's maximum contribution will be the lesser of:

- 75 percent of the eligible costs; and CA$200,000.

English Regional Production Bonus

This program provides incentives to ensure that production occurs throughout all parts of Canada. A Region is defined as any part of Canada more than 150km from Toronto. However, projects from Québec, Northwest Territories, Nunavut and Yukon are not eligible since they have their own dedicated funds. The Television Component must be 100 percent financed at application.

For the television component, the CMF's maximum contribution will be the lesser of:

- 15 percent of eligible costs; and CA$1,000,000

Diverse Languages Program Funding

This program supports independent production in languages other than English, French or Aboriginal Languages in order to reflect the diversity of Canadians. Funding is allocated according to a selective process using an evaluation grid.

Amount of contribution

For the television component the CMF's maximum contribution will be the lesser of:

- 49 percent of eligible costs; and CA$200,000.

For the digital media component(s) the CMF's maximum contribution will be the lesser of:

- 75 percent of eligible costs; and CA$100,000.

Convergent digital media incentive

This program provides incentives to encourage the creation of value added digital media components that are related to funded television productions. This program is allocated on a first come, first served basis.

Eligibility requirements

Project must be one or a combination of:

- Interactive or linear original content related to the Television Component, but created specifically for consumption on digital platforms.
- Activities and applications using digital and social media aimed at building audiences.
- Interactive online activities or applications providing a synchronised experience during television broadcast.
- The total of eligible costs of the Digital Media Component must be at least CA$350,000 for English-language productions and CA$150,000 for French-language productions.

Amount of contribution

The incentive takes the form of a non-repayable contribution of up to 75 percent of the Digital Component's eligible costs up to a per project maximum of CA$500,000.

English point-of-view (POV) program funding

This program encourages the production of point-of-view documentaries in the English market. The projects must be English-language one-off Auteur Point-of-View Documentaries. This program is a selective process.

Amount of contribution

For the television component the CMF's maximum contribution will be the lesser of:

- 49 percent of eligible costs; and CA$400,000.

For the digital media component(s) the CMF's maximum contribution will be the lesser of:

- 75 percent of eligible costs; and CA$200,000.

International co-production and co-development incentives

The Canada Media Fund (CMF) is creating innovative solutions to support the coproduction and co-development of content with international partners. The CMF is partnering with funding organizations in other countries to develop matching funds to support the creation of innovative projects that have at least one Canadian and one international producer.

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[1] The criteria are different for co-productions and co-ventures. Co-productions may qualify as Canadian Film or Video Productions for the purposes of both the CPTC and the CRTC rules, whereas co-ventures may qualify for status as a Canadian program only for CRTC purposes (see "Qualifying as a Canadian Production for CRTC Purposes").

[2] The definition of "Canadian" and "producer" are set out in section 1106 of the Income Tax Regulations (C.R.C., c. 945).

[3] In the case of films, points will only be awarded for the screenwriter if all screenwriters are Canadian, or if the principal screenwriter and author of the published work on which the screenplay is based are Canadian.

[4] The criteria used to determine which performers are lead performers are: (i) remuneration, including benefits, residuals, travel and living expenses, etc., (ii) billing and (iii) screen time.

Official co-productions

Canada is a party to co-production treaties with more than 50 countries, which notably exclude the United States. For a current list of co-production treaties between Canada and other countries visit telefilm.ca

Co-production treaties are designed to assist Canadian producers and their counterparts in one or more other countries to collaborate on a production. This pooling of the creative, technical and financial resources of both producers helps to reduce the various risks of production and enhances the ability of the co-producers to finance and proceed with the production. Co-production treaties also simplify administrative and regulatory procedures such that goods and equipment used for production can flow easily between the participating countries.

When a production is made in accordance with a co-production treaty, the production gains “Official Co-Production” status. In Canada, the certification of official co-productions is handled by the Certification Department of Telefilm Canada. As an official co-production, the production is treated as a “national production” of each co-producing country and is subsequently eligible for government incentives and tax benefits in both countries on a proportionate basis. In Canada, an official co-production should qualify for treatment as a Canadian Film or Video Production for the purposes of the CPTC and as a Canadian program for the purposes of the CRTC. For example, if the Canadian co-producer is responsible for 60 percent of the co-production budget, then 60 percent of the budget is generally eligible for Canadian subsidies and the CPTC. The production may also be eligible for benefits under provincial programs, and, as a Canadian program, may be able to command higher license fees from broadcasters. It is important to note that these are general rules, and that the level and type of government support available are subject to the terms of the particular treaty and the application of specific provincial rules.

Co-production agreements generally specify the minimum financial, creative and technical participation required by each party, conditions for participation by third parties and procedures for entry and exit of personnel and equipment from participating countries. Such agreements also specify the language of the production and the co-producers, and stipulate that all services are to be provided by nationals of the participating countries. In general, the production must be filmed in one or more of the co-producers’ countries. However, approval to film in a third-party country is occasionally granted. Approval may also be obtained to use an actor who is not a national of any of the co-producers’ countries.

Generally, co-producers share responsibility for the exploitation of the completed production. Exploitation within a co-producer’s home country is the responsibility of that producer and proceeds from such exploitation generally belong to that co-producer. Receipts from exploitation in other countries are usually split between co-producers in proportion to their contributions to the production budget. Typically, the copyright is shared, while domestic use of the copyright is controlled by the respective co-producers.

For an international co-production to gain official co-production status, a co-production must be approved by the Co-Production office of Telefilm Canada. The approval process begins when the co-production agreement and supporting material are submitted to Telefilm Canada for a “Preliminary Recommendation.” This recommendation will be granted if the production appears to comply with all aspects of the relevant co-production treaty. If the production is financed and made in accordance with the co-production agreement, Telefilm Canada will generally grant a “Final Recommendation.” Telefilm’s recommendation will be communicated to CAVCO for the purposes of certification and eligibility for the CPTC (and other analogous credits). Any changes to a project may result in the loss of official co-production status. Consequently, all changes are subject to review by Telefilm.

If Canada is not party to a co-production treaty with a specific country, a Canadian producer may obtain ad hoc approval from Telefilm Canada for official co-production status. For Canadian authorities to grant such approval it must be shown that official co-production status would be beneficial. However, ad hoc approval is not generally granted for a Canada-US co- production.

Telefilm Canada certification for co-productions

Co-productions will generally be certified by Telefilm Canada if all of the following criteria are satisfied:

- Creative and technical participation is proportionate to the financial contribution of each co-producing country.
- The Canadian financing covers the cost of Canadian elements, which can never be lower than the minimum applicable treaty requirement. The minimum financial participation of each country varies from 15 percent to 30 percent depending on the treaty.
- The producer, the crew and the personnel exercising control over the creative, financial and technical aspects of the Canadian share of the project must be Canadian citizens or permanent residents.
- The sharing of copyright and revenues must be, in principle, proportional to the percentage of financial participation of each of the co-producers and may not be less than the minimum percentage set out in the applicable coproduction treaty.
- For co-productions with a European Union member country, the director(s) and scriptwriter(s) must be citizens or permanent residents of Canada or of a European Union member country.

Eligible projects

- A film intended for theatrical release, television broadcast (including VOD), or DVD distribution which may be accompanied by one or more online works or apps.
- A television production intended for broadcast (including VOD) or DVD distribution, which may be accompanied by one or more online works or apps.
- An online video work or application that engages the user in a storytelling experience and is designed for and made available to the public by way of the internet or mobile network. These include:
    - o Original linear content including films, TV productions, webisodes made for consumption online.
    - o Original non-linear content including immersive websites, mobile content and applications.
- The Canadian producer must be able to demonstrate that a commitment has been obtained for the distribution or broadcast of the project in Canada and in the territory of the coproducing partner.

Interprovincial co-productions

The guidelines for interprovincial co-productions are designed to assist Canadian producers in one or more other provinces to collaborate on a production and access tax incentives and government financing in their respective province. Similar to international co-productions, interprovincial co-productions facilitate the financial and creative collaboration between producers from various provinces. However, guidelines for interprovincial co-productions tend to be less complex than those set out in various international co-production treaties. Still, there may be various requirements dealing with ownership issues and minimum expenditures in order to qualify for some provincial tax credits.

Private incentives

There are various private programming funds available to assist in the financing of film and television program development, production and/or distribution. Similar to government incentives, these private incentives support distinctively Canadian-content productions and stimulate production in certain provinces. These incentives are usually in the form of equity, loans or grants.

Information contacts for some of these programs are as follows:

Bell Fund
bellfund.ca
info@bellfund.ca
416 977.8154

The Harold Greenberg Fund
http://www.bellmedia.ca/harold-greenberg-fund/
hgfund@bellmedia.ca
416.384.3446

Independent Production Fund
ipf.ca
info@ipf.ca
416 977.8966

MaxFACT
maxfact.org
514 939.5094

Northern Ontario Heritage Fund
http://nohfc.ca
nohfc.ndm@ontario.ca

Rogers Group of Funds
rogersgroupoffunds.com
robin.mirsky-daniels@rci.rogers.com
416 935.2526

Shaw Rocket Fund
rocketfund.ca
info@rocketfund.ca
403 750.4517

Super Channel Development Fund
http://www.superchannel.ca/producers/

Telus Fund
telusfund.ca
info@telusfund.ca

Alberta government incentive programs

The Alberta Media Fund (AMF) provides incentives to filmmakers shooting productions in Alberta by way of the following direct grants:

Screen-Based Production Grant

Eligibility and requirements

- Eligible organizations must be engaged primarily in film, television, and digital media production for public viewing.
- Recipients of this grant must be incorporated in Alberta, or registered to do business in the province.
- Recipients must be in good standing with the AMF.
- Applications must be received one day prior to the start of principal photography.
- Complete applications will be reviewed on a first-in, first-out basis.

For the purposes of this grant, productions are classified into two categories based on percentage of ownership:

Stream 1: Albertan- 50% or Greater Albertan Ownership

- Between 50-100 percent Albertan ownership of production and proportionate creative and financial control
- Minimum of eight Albertans must be employed in Head of Department positions. Two trainee positions in eligible departments may be substituted for one Head of Department position to a max of four trainees in instances where qualified Alberta defined Head of Departments are not available.
- 29 percent of all Alberta costs.
- For productions that can demonstrate a minimum of 35% percent of off-screen crew members who self-identify as members of an underrepresented group, 1 percent additional funding will be granted to a maximum of 30 percent of total funding.

Stream 2: Non-Albertan- Less Than 50% Albertan Ownership

- Less than 50 percent of Albertan ownership of production.
- Alberta incorporated corporation (foreign ownership permitted).
- Minimum of four Albertans must be employed in Head of Department positions. Two trainee positions in eligible departments may be substituted for one Head of Department position to a max of four trainees in instances where qualified Alberta defined Heads of Department are not available.
- 25 percent of all eligible Alberta costs.
- For productions that can demonstrate a minimum of 35% percent of off-screen crew members who self-identify as members of an underrepresented group, 1 percent additional funding will be granted to a maximum of 30 percent of total funding.

Project/script development grant

Eligibility and requirements

- Applications require the participation of both a writer and a producer (the same person may fulfill both roles), and the producer must be an Alberta resident.
- Recipients of funding must be incorporated in Alberta or registered to conduct business in Alberta.

- Recipients must be in good standing with the AMF.
- Start-up companies must be incorporated and must include a business plan with their application.
- Projects must be new productions, and at least 30 minutes in length.
- Applicants may apply for more than one phase of development per submission.
- The maximum grant is:
- CA$15,000 for the pre-development phase; CA$25,000 for the first-draft phase; and CA$15,000 for the final draft phase.
- The maximum available funding per project is CA$55,000.
- Corporate parent companies may apply for different projects or phases, per fiscal year (April 1 – March) to a maximum of CA$70,000 total for all projects.
- The grant for pre-development may not exceed 50 percent of the pre-development budget and Producer investment may not exceed 50 percent of that budget. Grants for first and final drafts may not exceed 30 percent of the draft budget. Producer deferrals can comprise a maximum of 20 percent of the draft budget. A minimum of 15 percent third-party financing is required for first draft and final draft phases. Producer investment may comprise the balance of the budget.

https://www.alberta.ca/alberta-media-fund.aspx

British Columbia government incentive programs

Creative BC administers the following tax credit programs.

Film Incentive BC (FIBC)

The FIBC is a package of refundable corporate income tax credits for Canadian content productions which are divided into five specific categories:

Scriptwriting Tax Credit

This tax credit is is a refundable film and television tax credit that is 35% of eligible B.C. scriptwriting expenditures incurred by a qualifying production corporation before the end of the final script stage of a production. Scriptwriting expenditures include screenwriters' labour directly involved with the development of the script, but not any costs associated with acquiring published or finished literary materials or screenplays.

Basic incentive

This tax credit is equal to 35 percent of eligible British Columbia labour costs up to a maximum of 60 percent of total eligible production costs. To be eligible for this incentive the production company must be a taxable Canadian corporation, must have a permanent establishment in British Columbia, and be Canadian controlled, and the producer or eligible production corporation must control the ownership of the copyright. In addition, the producer must be both a Canadian resident and a resident of British Columbia on December 31 of the year prior to the year principal photography commences.

Regional incentive

This tax credit is equal to 12.5 percent of qualified British Columbia labour costs, prorated by the number of days of principal photography outside the designated Vancouver area divided by the total number of days of principal photography in British Columbia. It assists production companies who shoot their productions outside of the designated Vancouver area. To be eligible, principal photography of the production must occur in British Columbia outside the designated Vancouver area for a minimum of five days, and more than 50 percent of the total number of days in which principal photography is done in British Columbia. This incentive must be accessed in conjunction with the FIBC Basic Incentive.

Distant location regional incentive

This tax credit is equal to an additional six percent of qualified British Columbia labour costs, prorated by the number of days of principal photography filmed in British Columbia within a prescribed distant location area, divided by the total number of days of principal photography in British Columbia. It assists production companies who shoot their productions in prescribed distant locations of British Columbia. To be eligible, principal photography of the production must occur in British Columbia in the distant location zone for at least one day. This incentive must be accessed in conjunction with the FIBC Basic Incentive and the Regional Incentive.

Training incentive

This tax credit is the lesser of 30 percent of trainee salaries or three percent of eligible British Columbia labour costs. To be eligible for the training incentive tax credit a trainee must be a British Columbia-based individual registered in an approved training program. This incentive must be accessed in conjunction with the FIBC Basic Incentive.

The above four tax incentives allow a production company to claim a combined benefit in the amount of eligible British Columbia labour capped at 60 percent of total production costs.

Digital animation or visual effects (DAVE) incentive

This tax credit is equal to 16 percent of eligible British Columbia labour costs incurred in making the production and which are directly attributable to eligible digital animation or visual effects activities or eligible post-production activities for productions that start principal photography on or after March 1, 2015. This incentive must be accessed in conjunction with the FIBC Basic

Incentive. There is no cap on the amount that can be claimed for a particular production or corporation.

Eligibility requirements

- The production corporation claiming the tax credit must be a BC-based Canadian-controlled corporation.
- The "producer" of the production must be a BC-based individual, who is a Canadian.
- More than 50 percent of the copyright of the production must be owned by the BC-based Canadian controlled corporation.
- 75 percent of principal photography must occur in British Columbia.
- The production must attain six of the possible 10 CAVCO points.
- A minimum of 75 percent of total production costs must be spent on goods or services provided in British Columbia by British Columbia based individuals or companies. In addition, a minimum of 75 percent of post-production costs must be paid in respect of post-production work carried out in British Columbia.
- The production must be shown in Canada within two years from completion of the production by a Canadian distributor or broadcaster.
- Some genres are excluded, such as: pornography, talk shows, news, live sporting events, game shows, reality television and advertising.
- If for television broadcast, each episode of the series must have a minimum 30-minute broadcast length, except for children's programming.

It should be noted that special rules apply to documentaries, international treaty co-productions and inter-provincial co-productions.

Production Services Tax Credit (PSTC)

The PSTC is a package of refundable corporate income tax credits available to productions that are not Canadian content productions, which are divided into four specific categories (it should be noted that a particular production may access only one of the FIBC or the PSTC, but not both).

Basic PSTC incentive

This tax credit is equal to 28 percent of accredited qualified British Columbia labour costs incurred by an eligible BC-based corporation in making the production.

Regional PSTC incentive

This tax credit is equal to six percent of accredited qualified British Columbia labour costs incurred by an eligible BC-based corporation in making the production, pro-rated by the number of days of principal photography outside the designated Vancouver area divided by the total number of days of principal photography in British Columbia. To be eligible, principal photography of the production must occur in British Columbia outside the designated Vancouver area for a minimum of five days; and more than 50 percent of the total number of days in which principal photography is completed in British Columbia. This incentive must be accessed in conjunction with the PSTC Basic Incentive.

Distant location regional PSTC incentive

This tax credit is equal to 6 percent of accredited qualified British Columbia labour costs incurred by an eligible BC based corporation in making the production, pro-rated by the number of days of principal photography in British Columbia within a prescribed distant location area to the total days of principal photography in British Columbia. This credit must be accessed in conjunction with the Regional PSTC Incentive.

A detailed map of the regional and distant location areas is available at **http://www.creativebc.com/database/files/library/CreativeBC_Tax_Areas.pdf**

Digital Animation or Visual Effects (DAVE) PSTC incentive

This tax credit is equal to 16 percent of accredited qualified British Columbia labour costs incurred by an eligible BC-based corporation in making the production which are directly attributable to eligible digital animation or visual effects activities or eligible post-production activities for productions that start principal photography on or after March 1, 2015. This incentive must be accessed in conjunction with the Basic PSTC Incentive.

There is no cap on the amount that can be claimed for a particular production, corporation, or group of corporations.

Eligibility requirements

The PSTC is available to both international and Canadian projects shot in British Columbia and is not subject to any Canadian content or Canadian ownership requirements. To be eligible for the PSTC:

- The production company must have a permanent establishment in British Columbia.
- Except in the case of episodes of less than 30 minutes consisting of all, or substantially all, digital animation or visual effects, for which no minimum per-episode budget is set, episodes of less than 30 minutes must have a budget level greater than CA$100,000 per episode, and episodes that are 30 minutes or longer must have a budget level greater than CA$200,000 per episode. For all other productions the budget level must be greater than CA$1,000,000.
- The eligible BC-based production company 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.
- Some genres are excluded, such as: pornography, talk shows, news, live sporting events, game shows, reality television and advertising.

Interactive Digital Media Tax Credit

This tax credit is administered by the British Columbia taxation authority, and is a refundable corporate income tax credit of 17.5 percent of qualified British Columbia labour expenditures available to taxable Canadian corporations with a permanent establishment in British Columbia to develop qualifying interactive digital media products, the primary purpose of which is to educate, inform or entertain and which include at least two of text, sound or images, for expenses incurred between September 1, 2010 and August 31, 2018.

Creative BC - project development fund

Creative BC also offers financing on a project-by-project basis for the development of independent film and television productions, including digital media projects designed to enhance viewers’ experience of a film or television project. Funding is available for specific applicants and projects that meet the following eligibility requirements:

- The company must be incorporated in British Columbia or Canada, with its head office in British Columbia.
- BC residents, who must also be Canadian citizens or permanent residents, must hold a majority of the issued common voting shares of the applicant.
- With some exceptions, copyright of the project must be fully owned (or optioned) and controlled by the applicant.
- Must have a commitment from an eligible “Triggering Agent” to advance development funds for the project.
- The principals, directors, officers and shareholders of the applicant company must be in good standing with Creative BC

Successful applicants may receive a non-recoupable advance of up to 50 percent of the broadcast or distribution commitment, up to CA$10,000 per project, or CA$20,000 for a series.

Eligible projects include feature films (live action or animated); television movies, pilots, series and mini-series (live action, animation, variety, human interest, lifestyle and performing arts and entertainment); and documentaries and docudramas (made for television broadcast or theatrical release).

Creative BC - Passport to Markets Program

This program is an initiative that provides financial support to British Columbia-resident producers at certain markets, conferences and exchanges to promote projects that producers have in development, assist in securing broadcast pre-sales, and stimulate co-production opportunities.

Eligible applicants

British Columbia based producers, distributors or sales agents who have a track record in the Canadian film and television industry, who have been pre-selected to attend a particular market, or who have experience producing domestically owned and controlled digital media content are eligible to apply for the Passport to Markets Program.

Individual applicants are eligible to receive support of CA$1,500 to CA$2,500 for select markets, for up to three markets per fiscal year. One producer per company may apply for support to an individual market site. In the case of a competitive call for applications, preference is given to producers who can demonstrate recent production credits (i.e. in the last two years).

For more information and updates on the Passport to Markets Program and full detail of the eligibility and selection criteria, visit **creativebc.com.**

Manitoba government incentive programs

Manitoba Film and Video Production Tax Credit

The Manitoba Film and Video Production Tax Credit is broken down into: (i) the Cost-of-Salaries Tax Credit, and (ii) the Cost-of-Production Tax Credit one of which must be chosen to apply. The cost-of-production credit provides a 30 percent fully refundable corporate income tax credit based on all eligible Manitoba expenditures including labour and deemed labour. The cost-of-salaries credit provides a 45 percent- 65 percent fully refundable credit based on eligible labour expenses.

Under the Cost-of-Salaries Tax Credit, the following bonuses are also available:

- Frequent filming bonus equal to 10 percent of eligible Manitoba labour expenditures. In order to qualify for this bonus, the company must produce three films in Manitoba within two years (the third film will be eligible for the bonus)
- Rural and northern bonus equal to 5 percent of eligible Manitoba labour expenditures. In order to qualify for this bonus, at least 50 percent of a production's Manitoba production days must involve shooting at locations 35 kilometres (22 miles) outside of Winnipeg
- Manitoba producer bonus equal to 5 percent based on eligible salaries where a Manitoba resident receives credit as a Producer on an eligible film.

If the foregoing bonuses are combined, the Manitoba Film and Video Production Tax Credit can be as high as 65 percent of eligible Manitoba labour expenditures.

Eligibility requirements

- Applicants must have a permanent establishment (as defined in the Income Tax Act) in Manitoba, must be incorporated in Canada (either federally or provincially) and must be a taxable Canadian corporation primarily carrying on a business that is a film or video production
- A minimum 25 percent of the corporation's salaries and wages must be paid for when performed in Manitoba (excluding documentaries)
- There are no Canada or Manitoba content requirements
- Copyright ownership is not required
- There is no requirement to work with Manitoba producers.
- Co-productions qualify for this tax credit.
- Where a non-resident is hired due to lack of available Manitoba crew, his/her salary may be deemed an eligible labour expenditure provided that at least one Manitoba resident receives training on the production for each non-resident being deemed.
- Deemed salaries are capped at 30 percent of the total eligible Manitoba salaries if at least two Manitoba residents are trained per non-resident. The cap is 10 percent if only one Manitoba resident is trained per non-resident
- Outside share ownership of the production company does not affect eligibility.
- There are no corporate caps regarding the number of applications or the amount of tax credit available.

Eligible projects include: fully financed television movies, documentaries, features, dramatic series, animation, children's programming, music programming, informational series, variety, multimedia, digital and CD-ROM productions.

Additional Manitoba film and music programs include:

- Pitch readiness program for multi-episode productions
- Television and web-based development and production funds
- Feature film development, production and marketing funds
- Grant program for emerging talent and micro-budget production
- Access to markets and access to festivals programs

For more information on these and other programs, visit mbfilmmusic.ca

Manitoba Interactive Digital Media Tax Credit (MIDMTC)

The tax credit will be equal to 40 percent of the remuneration paid to Manitobans on eligible products approved. The maximum tax credit on an eligible product is CA$500,000.

Eligibility requirements

- Must be a taxable Canadian corporation with a permanent establishment in Manitoba
- Must pay at least 25 percent of its remuneration to employees who are Manitoba residents
- Product must be an eligible interactive digital media product in accordance with MIDMTC regulations
- Eligible labour costs include 100 percent of salaries and wages incurred and paid to internal employees who are Manitoba residents for the project period; and 65 percent of fees incurred and paid to third parties

For more information on this program, visit **http://mbfilmmusic.ca/en/film/tax-credits**

New Brunswick government incentive programs

NB Film, TV & New Media Industry Support Program

The Program has two streams: (i) Development, and (ii) Production, with the Production stream being sub-divided into either a Labour-Based Incentive or an All-Spend Incentive.

Eligibility requirements

- The production company must be incorporated in New Brunswick
- The directors of the company must qualify as residents by showing that they were resident in New Brunswick on December 31 of the previous year, and that they filed income tax in New Brunswick
- The production company must have a permanent establishment in New Brunswick
- The production company must hold assets of less than CA$25 million at all times during the taxation year
- The production company must demonstrate that its primary purpose is the domestic or collaborative production of film, television or interactive new-media

Production companies can also be involved in co-production agreements and still receive funding under the Multimedia Initiative.

Development incentive

This incentive supports the development of projects that have already secured intent or commitment from a broadcaster, funding agency and/or third party financier. Feature films, MOWs, TV series and mini-series are eligible for up to 50 percent of the development budget, up to a maximum of $60,000. All other genres are eligible for up to 40 percent of the development budget, up to a maximum of $25,000.

Production incentive

Labour Based: Is equal to a maximum of 40% of eligible salaries paid to New Brunswick residents. Eligible salaries and wages cannot exceed 50% of the eligible costs of production.
All-Spend Based: Is equal to a maximum of 25% of all New Brunswick expenditures for variety and service productions, or to a maximum 30% of all New Brunswick expenditures for New Brunswick based productions or co-productions.

Service productions

Service productions must ensure a minimum of 50 percent of the total production budget is to be spent in New Brunswick, and 25 percent of all labour is New Brunsiwick based. The contribution will not exceed 25 percent for service productions. Services productions can only apply for apply for the All-Spend Incentive (to a maximum of 25% of all spend in NB) or the Labour Based Incentive (to a maximum of 40% of the labour expenditure).

Inter-provincial co-production requirements

There must be an eligible New Brunswick company who shares in the creative and financial control of the project. However, the determination of whether an inter-provincial co-production is eligible for funding is at the discretion of the department of Culture, Tourism and Healthy Living. The following factors are minimum requirements and will not guarantee funding:

- The production company applying for the funding must be owned and controlled by an eligible New Brunswick resident
- The applicant company must receive shared credit as a producer of the project
- The applicant company must share in the revenues of the production at terms no less favorable than the proportion of funding it brings to the project

- The New Brunswick company's copyright ownership must not be less than 33 percent
- A minimum of 50 percent of the total production budget must be spent in New Brunswick

International co-productions

International co-productions must meet the requirements of inter-provincial projects, in addition to the following:

- The New Brunswick production company must retain not less than 20 percent of total revenues
- The New Brunswick production company must own at least 20 percent of any copyrighted material
- The New Brunswick company must demonstrate that it has satisfied all relevant international co-production treaties, as determined by the Canadian Media Fund

For more information on the Industry Support Program and other projects, please visit **gnb.ca**

Newfoundland and Labrador government incentive programs

Newfoundland and Labrador film and video industry tax credit

The Newfoundland and Labrador film and video industry tax credit is limited to the lesser of 40 percent of total eligible labour expenditures in Newfoundland and Labrador and 25 percent of the total eligible production costs. There is a corporate cap of CA$4 million for a 12 month period. There are no provincial or CAVCO Canadian content requirements for this tax credit.

Eligibility requirements

- A production company must be incorporated under the laws of Newfoundland and Labrador, another Province of Canada or Canada, have a permanent establishment in Newfoundland or Labrador, and be primarily in the business of film, television or video production.
- The company must pay a minimum of 25 percent of salaries and wages within Newfoundland and Labrador to provincial residents.
- There is a Deeming Provision which allows the residency requirement to be waived when a qualified resident person is not available; and the non-resident person serves as a mentor of a resident of the province. In this case, 75 percent of the mentor's salary and 100 percent of the resident mentored person's salary is eligible for the tax credit.

Broadcasters and cable companies are not eligible to apply for this tax credit.

Eligible genres include feature films, television series and movies and video programs in the following areas: drama, variety, animation, children's programming, music programming, informational series or documentary.

The following genres are excluded from the program: news, talk shows, sporting events, galas, pornography, advertising, projects contrary to public policy or projects the government determines are not eligible.

Newfoundland and Labrador Film Development Corporation

The Newfoundland and Labrador Film Development Corporation administers an equity investment program to assist in scriptwriting, production, postproduction, distribution and marketing. To be eligible for this equity investment program, film and video production companies must be incorporated in the province, and be at least 51 percent owned by residents of Newfoundland and Labrador. Eligible projects include feature films, TV movies, mini-series, TV specials and non-theatrical films, provided that a market can be demonstrated. The project must meet Canadian content requirements as set out by CAVCO. The program has the following maximum equity contributions:

- Phase one: Conception and/or First Draft- CA$15,000
- Phase two: Shooting Script and Production Development- CA$20,000
- Production: A maximum of 20 percent contribution of the overall costs of the project. Within genres, the NLFDC equity investment will normally be subject to the following maximums: Dramatic series – maximum CA$250,000, Theatrical feature film, television feature length move (MOW) - CA$250,000, Documentary (single or series), children's, other - CA$150,000

For more information on incentives provided by the Government of Newfoundland and Labrador, visit **nlfdc.ca**

Northwest Territories government incentive programs

No tax credit is available to production companies that produce in Northwest Territories (NWT). Instead, the NWT offers a 3-stream Rebate Program as an incentive to attract production companies to the area.

NWT Film Rebate Program

Labour/Training rebate

- 25 percent rebate for eligible NWT Labour.
- An additional 15 percent rebate for recognized film industry positions or for NWT residents receiving on-set training

Expenditure rebate

- 25 percent rebate for all goods and services that qualify as NWT spend purchased and consumed in the NWT.
- An additional 15 percent rebate for Goods and Services for productions shooting outside of Yellowknife city limits.

Travel rebate

- 10 percent rebate for travel to and from the NWT from anywhere in the world.
- 35 percent rebate for travel within the NWT (excluding aerial photography).
- Note that productions accessing the film development fund are not eligible to apply for rebates of Yukon expenditures under the Yukon Film Location Incentive Program.

For more information on rebates provided by the Government of NWT, visit **http://www.iti.gov.nt.ca/en/services/nwt-film-rebate-program**

Nova Scotia government incentive programs

Nova Scotia Film and Television Production Incentive Fund

It is a refundable corporate income tax credit, available to both indigenous and service productions.

There are two streams based on percentage of ownership.

Stream I: Indigenous/co-production

- Between 50-100 percent Nova Scotian owned and controlled production
- Minimum of 8 Nova Scotians employed as Head of Departments
- Receive base amount of 26 percent of all eligible NS costs
- 2 percent Regional Bonus for shooting outside of Halifax
- For shoots longer than 30 days, there's a 1 percent bonus.

Stream II: Foreign/service production

- 50 percent or less Nova Scotian owned and controlled production
- Minimum of 4 Nova Scotians employed as Head of Departments
- Receive a bas amount of 25 percent of all eligible Nova Scotia Costs
- 2 percent Regional Bonus for shooting outside of Halifax
- For shoots longer than 30 days, there's a 1 percent bonus.

Nova Scotia content incentives

In addition to the two base stream amounts, there are further bonuses for productions that meet content criteria. 1.5 percent can be added for hiring more than 60 percent Nova Scotian actors and a further 1.5 percent can be added by meeting at least three of the following requirements:

- A majority copyright ownership by the applicant Nova Scotia production company.
- A minimum of two Nova Scotia resident trainees with no prior paid film or TV production experience are employed for the duration of the production.
- 75 percent of the post-production work is carried out in Nova Scotia.
- A Nova Scotia resident as producer, who has been a resident for two years prior to principal photography.
- The amount of money spent in Nova Scotia is 75 percent of total production costs and greater than CA$25,000.
- The principal writer of the production is a Nova Scotia resident, or, for a series, the majority of episodes are written by Nova Scotia residents.
- The principal director of the production is a Nova Scotia resident, or, for a series, the majority of episodes are directed by Nova Scotia residents.

Eligibility requirements

Eligible production companies must:

- Nova Scotian spend must be at least CA$25,000 (before HST). Maximum funding available to any project is CACA$4 million.
- Be incorporated under the laws of Nova Scotia or another province of Canada, or federally
- Have a permanent establishment in Nova Scotia (which could include a production office)
- Be a taxable Canadian corporation primarily carrying on business related to film or video production.
- Applications must be received prior to commencement of principal photography

Nunavut government incentive programs

Nunavut Spend Incentive Program (NSIP)

The Nunavut Spend Incentive Program administered by the Nunavut Film Development Corporation (NFDC), awards production companies a rebate on the total eligible costs for production goods and services purchased and consumed in Nunavut.

For the purposes of the NSIP, productions are classified into the following two categories to determine the level of incentive that can be accessed:

Spending stream I: Majority (51 percent or more) Nunavut ownership and control of production and the company maintains a registered head office in Nunavut. Residents of Nunavut employed in at least two of the eight key creative positions, or one key creative position and two trainee key creative positions. Eligible to receive a spend rebate of 27 percent of eligible Nunavut expenses purchased and consumed in Nunavut. The project will have enhanced eligibility with employment and training of additional key creative personnel who are Nunavut residents, and can receive a further one percent for each additional Nunavut resident employed in a key creative position to a maximum total bonus of three percent. There is a 10 percent bonus to a maximum of CA$40,000 available for an original production in an Inuit language or a bonus of five percent to a maximum of CA$20,000 for versioning into the Inuktitut/Inuinnaqtun language.

Spending stream II: Equal minority (10 percent to 50 percent) owned, controlled and creatively directed by residents of Nunavut and the company maintains a registered office in Nunavut. Officers and Directors of the company who are resident in Nunavut participate in the management of business activities. Residents of Nunavut employed in at least two of the eight key creative positions, or one key creative position and two trainee key creative positions. Eligible to receive a spend rebate of 17 percent of eligible Nunavut expenses. The project will have enhanced eligibility with employment and training of additional key creative personnel who are Nunavut residents, and can receive a further one percent for each additional Nunavut resident employed in a key creative position to a maximum total bonus of two percent. There is a 10 percent bonus to a maximum of CA$40,000 available for an original production in an Inuit language or a bonus of five percent to a maximum of CA$20,000 for versioning into the Inuktitut/Inuinnaqtun language. The maximum spend rebate, including any bonuses, is 30 percent.

Eligibility requirements

- Recipients must be incorporated in Nunavut or Canada and their primary activity must be developing and producing film, television and/or digital media content.
- The amount spent in Nunavut for the project must be greater than CA$25,000.
- Note: Productions in Spending Stream II with budget exceeding CA$500,000 must show that they have entered into an agreement with a licensed Canadian broadcaster or bona fide distributor.

Genres of production NOT eligible for funding are:

- News, current events or public affairs programming or programs that include weather or market reports
- Talk shows
- Sports events or activities
- Gala presentations or award shows
- Projects that solicit funds
- Pornography
- Advertising and commercials
- Projects produced primarily for industrial, corporate, or institutional purposes
- Projects, other than documentaries, which substantially consist of stock footage
- Projects that contravene any civil or criminal law
- Productions which in the opinion of Nunavut Film will not be completed and delivered within the time frame proposed by the applicant

Other programs available

The Nunavut Film Development Corporation also administers the following funds for Nunavut Filmmakers:

- Creative content development fund – The NFDC provides grants of up to CA$7500 to assist in development of creative content by qualifying Nunavut film, television and digital media companies.

- Market endowment program - provides travel grants to qualifying filmmakers to attend film related events and festivals they have been invited to, to support a premier screening of a Nunavut production, to help with advertising costs related to a premier screening of a Nunavut production and for publication of promotional material for Nunavut productions.

- Industry development and training program - assists Nunavut professionals with training opportunities within the film, television and new media industry.

For more information on the programs provided by the Nunavut Film Development Corporation, visit **nunavutfilm.ca**.

Ontario government incentive programs

The Ontario Media Development Corporation (OMDC) jointly administers the following tax credit programs with the Ontario Minister of Finance.

OMDC Film Fund

The OMDC film fund has been developed to increase the level of indigenous film production in Ontario. It will provide support to Ontario producers for feature film projects in the final stages of development and production financing. The OMDC film fund consists of two components:

- Development – Provides funding in the form of an interest-free loan of up to CA$25,000 for the final development stage

- Production – Provides funding in the form of a repayable advance of up to CA$400,000 on a last-in basis to complete the financing of a feature film.

Complete eligibility requirements are outlined in the OMDC Film Fund Production Guidelines and the OMDC Film Fund Development Guidelines at **omdc.on.ca**.

Ontario Film and Television Tax Credit (OFTTC)

The OFTTC is equal to 35 percent of eligible labour costs, with no cap. First-time producers are eligible for an enhanced rate of 40 percent on the first CA$240,000 of labour costs.

Eligibility requirements

- At least 75 percent of total final production costs are Ontario expenditures (in the case of inter-provincial and international treaty co-productions, 75 percent of total expenditures are in respect of the Ontario portion of the production)

- In the case of an inter-provincial co-production, not less than 20 percent for the cost of producing the production is in respect of the Ontario portion of the production

- The production company must have a permanent establishment in Ontario

- The production company must be Canadian controlled and must be a qualified corporation for the purpose of the federal credit

- The production company's primary business must be the production of Canadian films and videos

- At least 95 percent of post-production costs must be incurred in Ontario other than in the case of co-productions

- The producer must be an Ontario resident for at least two years prior to the commencement of principal photography

- The film must be shown in Ontario within two years of completion by an Ontario-based film distributor or Canadian broadcaster during prime time (that is, between 7 p.m. and 11 p.m.)

- The production must attain at least 6 of the possible 10 CAVCO points (unless it is an official treaty co-production)

- A minimum of 85 percent of the total number of days of principal photography or key animation must be done in Ontario, unless it is a documentary or treaty co-production

- The Ontario Minister of Culture must certify the production as an Ontario production.

Ineligible productions include: television programs not shown in prime time other than children's programming and non-Canadian controlled service productions, news, game shows, award shows, fundraising shows, talk shows, reality television and sports shows.

Inter-provincial and international treaty co-productions are eligible for this tax credit. In such cases, the calculation is based on Ontario's portion of the production budget.

Regional bonus

Productions shot in Ontario and entirely outside of the Greater Toronto Area (GTA) or productions that have at least five location days in Ontario (in the case of a television series, the number of location days must be at least equal to the number of episodes in the series) and at least 85 percent of such location days outside of the GTA, are eligible to receive a 10 percent bonus on all Ontario labour expenditures.

Ontario Production Services Tax Credit (OPSTC)

The OPSTC is calculated at 21.5 percent of all qualifying production expenditures in Ontario. There is no limit on the amount of qualifying expenditures. In addition, this credit can be combined with the federal film or video production services tax credit of 16 percent of qualified Canadian labour expenditures. This credit is available to both Canadian and foreign production companies producing in Ontario.

Eligibility requirements

- The corporation must be primarily engaged in the business of film or video production
- The production must meet minimum budget levels of CA$100,000 per episode of 30 minutes or less of a television series, CA$200,000 per episode greater than 30 minutes and CA$1 million for all other productions
- The OFTTC and the OPSTC cannot both be claimed for the same production
- Ineligible genres include news shows, talk shows, game or contest productions, sports events, gala or award presentations, pornography, reality television and advertising or industrial productions.
- No content requirements need to be satisfied to be eligible for this tax credit provided that the production company has a permanent establishment in Ontario (which includes a production office set up in Ontario during filming), and either owns the copyright in the production or contracts directly with the copyright owner.

Ontario Computer Animation and Special Effects Tax Credit (OCASE)

This tax credit assists in the creation of digital animation or digital visual effects to be used in eligible film or television productions. The OCASE tax credit is equal to 18 percent of labour costs, with no cap of the eligible Ontario labour expenditures. This tax credit is available to both Canadian and foreign owned corporations that create digital animation or digital visual effects at a permanent establishment in Ontario. This includes digital animation and digital visual effects that are created for non-Canadian productions, provided that they are created at a permanent Ontario establishment.

Ontario Interactive Digital Media Tax Credit (OIDMTC)

This tax credit is equal to 40 percent of eligible Ontario labour expenditures and eligible marketing and distribution expenses incurred in the creation of eligible interactive digital media products by an eligible corporation that develops and markets their own products. The credit is 35 percent on eligible Ontario labour expenditures for products developed under a fee-for-service arrangement. A 35 percent credit on eligible labour expenditures is also available to qualifying digital game corporations and specialized digital game corporations. The maximum eligible marketing and distribution expenditures are capped at CA$100,000 per product.

Eligibility requirements

- 80/25 test: The 80/25 test rule requires that 80 percent of total development labour costs to create the product be for work performed in Ontario and paid to your company's Ontario resident employees, and eligible remuneration paid to arm's length personal services corporations, and individuals providing services as part of a sole proprietorship with no employees. Also, 25 percent of total development labour costs to create the product must be paid to your Ontario based employees for work performed in Ontario.

- The production must be an "eligible product" in accordance with OIDMTC regulations. Including, but not limited to, presenting information in at least two of the following three formats: text, sound and/or images.

- The product must be created at a permanent establishment in Ontario.

- The corporation which develops the eligible product must be a Canadian corporation, but need not be Canadian owned.

- The claim period for Ontario labour expenditures is 37 months preceding the end of the month in which the product was completed.

- The corporation must not be exempt from taxation under the *Corporations Tax Act*

- More than 50 percent of product content must meet the primary purpose test, meaning the product should be designed recreation, or for children under 12 the product should be designed as a tool for teaching.

Other programs

Other Ontario funding programs include:

- The Ontario Arts Council: Media Arts
- Toronto Arts Council: Media Artists Program

For more information on programs provided by the Ontario Media Development Corporation, visit **omdc.on.ca**

Prince Edward Island government incentive programs

P.E.I. no longer offers funding specific to the film industry through tax credits or grant programs. However, there may be funding for projects that have an indigenous component, but these awards are discretionary, and projects are selected on a case-by-case basis. For more information and updates, please visit **innovationpei.com**

Québec government incentive programs

Refundable tax credit for Québec film and television productions

The refundable tax credit for Québec film and television productions, which is administered by the Société de développement des entreprises culturelles (SODEC), is generally equal to 32 percent of eligible labour expenditures, to a maximum of 50 percent of production costs. However, film or television productions which are based on a foreign (created outside of Québec) concept or format may qualify for a lesser credit equal to 28 percent of eligible labour expenditures, to a maximum of 50 percent of production costs. An additional bonus credit of eight percent is available for eligible labour expenditures which are directly attributable to the creation of digital animation or visual effects. For giant screen films and for certain French-language productions including (i) animation; (ii) youth programming; and (iii) documentaries which meet higher content criteria, a tax credit, to a maximum of 50 percent of productions costs, of 40 percent of labour expenditures applies for original productions originating in Québec and of 36 percent of labour expenditures applies to foreign based productions made in Québec. For regional productions (in the Province of Québec but outside of the Montréal region) produced by regional producers, an additional credit of eight percent of eligible labour expenditures applies to a maximum of 50 percent of production costs for giant screen films and French-language productions, and of 16 percent of eligible labour expenditures applies to a maximum of 50 percent of production costs for other productions. Additionally, an eight percent tax credit of eligible labour expenditures is available per fiction feature film or single documentary that does not receive any financial assistance from a public organization. With the addition of bonus credits, the general maximum effective rate is 28 percent for non-foreign productions and 26 percent for foreign based productions.

Eligibility requirements

- A production company must first obtain an advance ruling or a certificate from SODEC
- A production company must be a corporation having an establishment in Québec, must carry on a Québec film or television production business, must not be directly or indirectly controlled by a person or persons not resident in Québec for at least 24 months prior to the year in which the tax credit is claimed, must not be a corporation holding a broadcast licence issued by the Canadian Radio-television and Telecommunications Commission (a Broadcaster), must not be a corporation that in the preceding 24 months has had a non-arm's length relationship with a Broadcaster unless the corporation has been issued an eligibility certificate by SODEC for the current fiscal year and must not be exempt from income tax
- The production must generally meet six of the possible 10 Québec content points (the Québec-content point scale is similar to that of CAVCO, but is based on residence of key personnel in Québec, rather than on Canadian citizenship). In certain circumstances, the production must meet seven of the 10 possible Québec content points where only five of the key personnel are residents of Québec but where two are residents of Canada.
- For productions of 75 minutes or more (per episode in the case of a series), 75 percent of post-production costs must be incurred and paid with respect to services rendered in Québec
- For productions of 75 minutes or more (per episode in the case of a series), a minimum of 75 percent of production costs, excluding payments to key personnel for purposes of the point scale and those related to financing, must be paid to individuals residing in Québec at the end of the previous year or to corporations or partnerships having an establishment in Québec during the year

- For productions of less than 75 minutes (per episode in the case of a series) and for all co-productions regardless of duration, the content points requirement relating to key personnel does not apply, but the production must meet the requirement that 75 percent of all production costs, except those relating to financing, must be paid to individuals residing in Québec at the end of the previous year or to corporations or partnerships having an establishment in Québec during the year

- A production must have a commitment from a Canadian broadcaster or distributor undertaking that the production will be broadcast or exhibited in theatres in Québec. However, for a giant-screen production, the production company only needs an undertaking that the production will be screened in Canada in a public performance venue.

Eligible projects (live action or animation) include feature films, television programs, documentaries and documentary series, children's programs, and certain variety and game programs.

Official treaty international co-productions and inter-provincial co-productions are also eligible for this tax credit if a minimum of 75 percent of production costs relating to the Canadian portion of the co-production are paid to Québec residents or incurred for services rendered in Québec. In such cases, the tax credit is calculated based on Québec's portion of the budget.

Refundable tax credit for film production services

This tax credit, administered by SODEC, is equal to 20 percent of all-spend production costs (including qualified labour costs and the cost of qualified properties). An additional bonus rate of 16 percent is available for qualified labour costs which are directly attributable to the creation of digital animation or computer aided special effects and animation.

Eligibility requirements

- A production company must first obtain an advance ruling or a certificate from SODEC

- The corporation must have an establishment in Québec

- The corporation's primary business must be the operation of a film or television production business or production service business

- The production company must either own the copyright in the production or have directly contracted with the copyright owner to render production services for the production

- The production must meet a cost minimum which varies depending on the type of production and duration, however, eligible corporations which do not meet the cost minimum may apply for the bonus credit applicable to digital animation and special effects qualified labour costs

- The corporation must not be exempt from income tax

Official treaty co-productions are eligible for the Québec refundable tax credit for film production services. Eligible projects (live action or animation) include feature films, television programs, documentaries and documentary series, children's programs, and certain variety and game programs.

Québec dubbing tax credit

The Québec dubbing tax credit administered by SODEC is equal to 35 percent of eligible labour expenditures incurred for dubbing an eligible production. This amount is capped at 45 percent of eligible dubbing costs. This credit cannot be claimed if dubbing costs were included in production costs for the refundable tax credit for Québec film and television productions or if claimed under the refundable tax credit for film production services.

Eligibility requirements

- The corporation must have an establishment in Québec;
- The corporation must provide dubbing services (this includes broadcaster affiliated companies);
- This tax credit is only available to productions which meet the genre requirements of the refundable tax credit for Québec film and television productions;
- The corporation must obtain a certificate from SODEC certifying the production as a qualified production; and
- 75 percent of the persons engaged in set direction or as talent associated with the dubbing of the qualified production must be Québec residents.

For more information on programs administered by the Société de développement des entreprises culturelles, visit **sodec.gouv.qc.ca**.

The Québec production of multimedia titles tax credit

This credit is administrated by Investissement Québec. The refundable tax credit for the production of multimedia titles is granted at a rate of 37.5 percent of eligible labour expenditures intended for commercial markets with a French-language version, 30 percent of eligible labour expenditures intended for commercial markets with no French-language version, and 26.25 percent of eligible labour expenditures for all other eligible titles. The eligible labour expenditures are capped at CA$100,000 per eligible employee, certain exceptions apply; and

A corporation for which 75 percent of its activities consist of producing eligible multimedia titles for itself or others, may expedite the process of applying for the credit by qualifying as a specialized corporation.

Eligibility requirements

- The corporation must have an establishment in Québec and operate a multimedia title production business;
- The corporation must first obtain an eligibility certificate from Investissement Québec;
- The corporation must not be exempt from income tax;
- The corporation must not be entitled to the tax credit for corporations specializing in the production of multimedia titles; and
- Eligible multimedia titles may be on-line or off-line, but must be interactive and contain a significant amount of at least three of the following elements: text, sound, images and animated images, unless intended for customers with a disability.

In general, interpersonal communication systems, transactional services and corporate promotion titles are not eligible.

For more information on Investissement Québec programs, visit **investQuébec.com**

Saskatchewan government incentive programs

Saskatchewan does not offer funding specific to the film industry through tax credits, it only offers a grant program.

Creative Saskatchewan

The creative Saskatchewan investment fund grant programs are available to creative industry projects and endeavors that encompass music, sound recording, film, television, screen-based media, interactive digital media, visual arts, crafts, publishing, and live performing arts. The following are the grant streams available to screen-based media:

Eligibility requirements

- Applicant must be incorporated or registered to carry on business in Saskatchewan;
- The corporation must have a permanent establishment in Saskatchewan;
- Saskatchewan residents must own the majority of outstanding voting shares;
- Projects must demonstrate a primary commercial intent;
- Projects must be intended for cinema, television, video or digital delivery;
- Projects must demonstrate economic and cultural benefit to Saskatchewan.

Screen-based media content development

This grant stream is for projects in the pre-development, first draft, or final draft stages or for slate development of two or more eligible projects. The amount of the grant, if any, within allowable caps, will be determined by the strength of the application. Applications will be reviewed through a non-juried continuous intake process.

Creative Saskatchewan's financial commitment shall be considered a grant for projects that proceed into production within the province of Saskatchewan. In the case of a dramatic project, principal photography and post-production must occur within the province, for non-dramatic projects post-production must take place in Saskatchewan.

Projects that have accessed development funds through Creative Saskatchewan, but do not comply with the above production and post-production requirements must repay the development amount committed by Creative Saskatchewan upon the first day of principal photography, or upon the first sale, auctioning, transfer, assignment or other disposition of the project or related work by the developer to a third party.

Pre-development

This stream assists with the financing of third party costs incurred to develop the project sufficiently to present to broadcasters and other financiers. Activities might include writing concept to outline, and creating pitching materials.

Eligible applicants may apply to creative Saskatchewan for a maximum of CA$5,000 or 50 percent of the total development cash budget, whichever is the lesser. Applicants and their parent companies are limited to two pre-development grants per fiscal.

This phase does not require evidence of market interest and does not have minimum production history requirements.

First draft

This stream supports the continuing development of projects that have secured development monies from a market relevant source (broadcaster, distributor, pay television, or other funding agencies) to a minimum of 10 percent of the development cash budget. Supportable activities include (but are not limited to) taking a script treatment to an outline or first draft.

Non-dramatic projects may apply to create a non-broadcast demo.

The maximum contribution is CA$25,000 or 50 percent of the total development cash budget (for this phase), whichever is the lesser.

Final draft

This stream supports the continuing development of projects that have secured development monies from a market relevant source to a minimum of 10 percent of the development cash budget. Supportable activities include (but are not limited to) completing a final draft script, script polish, and pre-production activities.

Co-productions will be considered eligible, but Creative Saskatchewan will require evidence of the Saskatchewan producer copyright and ownership share in the project.

The maximum contribution is CA$15,000 or 50 percent of the total development cash budget (for this phase), whichever is the lesser.

Slate development

Creative Saskatchewan will provide eligible Saskatchewan film, television, and interactive digital media entrepreneurs with funds to support the development of two or more eligible film, television or digital media projects in the form of a grant.

The applicant must meet the following minimum eligibility criteria:

- Film and television producers must have completed at least three films and/or television projects that have been theatrically released and/or broadcast on conventional and/or pay television in the past three years;
- Interactive producers must have a minimum of three interactive projects that have been completed within the past three years and are currently available for sale;

Eligible slate projects must meet the following criteria:

- 100 percent of the copyright of the intellectual property rights being developed must be owned, optioned, or controlled by the applicant. Exceptions may be granted for inter-provincial or international treaty co-productions where the Saskatchewan applicant retains at least 51 percent of the copyright interest and where it can be demonstrated that the copyright ownership granted to the Saskatchewan applicant is equal to the Saskatchewan applicant's financial, technical and Creative Saskatchewan contribution and control as specified in the co-production agreement.

The maximum contribution is a grant of CA$40,000 or 75 percent of the total slate development budget, whichever is the lesser, per fiscal.

Screen-based media production grant

The screen-based media production grant will provide financial support for 30 percent of all Saskatchewan spend to the film, television and interactive digital media industries for production activities.

Eligibility requirements

- Applicants must receive sole or, in the case of co-production, shared and equal stature Producer Credit on the project;
- Applicants must have experience as producers of commercial film and/or television and/or interactive projects or related experience;
- Applicants with insufficient experience in development or production for the project genre and scope must secure the participation of an experienced executive producer prior to application;
- At the time of submission, applicants must provide written evidence of a commercial license agreement for television projects, and a third-party distribution agreement for feature films;
- Applicants must provide written evidence of a minimum of 70 percent confirmed financing for

projects with budgets over CACA$1 million and 50 percent for projects under CACA$1 million;

- Interactive projects must demonstrate market interest in the form of a letter of intent from a market channel partner committing to take the project to market and to actively promote the project;
- Applications must be received prior to the completion of principal photography;
- Financial support for approved projects will equal 30 percent of all eligible Saskatchewan expenses;
- Except with the approval of the Lieutenant Governor in Council the maximum amount of financial support that may be provided to any applicant is CA$600,000 per fiscal year (April 1 to March 31);
- 80 percent of funding will be provided upon approval. The remaining 20 percent will be paid with completion of the project and receipt of the Screen-Based Media Production Grant applicant’s final report.

For more information on Saskatchewan’s film and television industry, please visit **www.creativesask.ca**

Yukon government incentive programs

Since no taxes are paid in the Yukon, no tax credit is available to production companies that produce in this territory. Instead, the Yukon Film and Sound Commission has developed other incentive programs to attract production companies to the area.

Yukon Filmmakers Fund

The Filmmakers Fund contributes up to CA$8,000 to film productions by Yukon Residents and Yukon businesses that are either produced or post-produced in the Yukon.

Yukon Film Location Incentive Policy

Spend rebate

This spend rebate is a 25 percent rebate of Yukon below-the-line spend where eligible Yukon labour content equals or exceeds 50 percent of the total person days on the Yukon portion of the production, where the production company has either a broadcast or distribution agreement with an internationally recognized entity.

Note that productions accessing the Yukon Spend Rebate are not eligible for the Travel Rebate.

Yukon Travel Rebate

This travel rebate is only available to production companies from outside Yukon and available to dramatic television productions, feature films and MOWs. Yukon Film will pay up to 50 percent of travel costs from Calgary, Edmonton or Vancouver to Whitehorse. This rebate is calculated as the lesser of CA$2,000 multiplied by the number of days of principal photography in the Yukon, to a maximum of CA$15,000, or 15 percent of Yukon expenditures.

This rebate is also available for the production of commercials. 50 percent of travel costs from Calgary, Edmonton or Vancouver to Whitehorse are paid subject to the following calculation: the lesser of CA$2,000 multiplied by the number of days of production in the Yukon, to a maximum of CA$10,000, or 10 percent of total Yukon expenditures.

For the Travel Rebate, the minimum Yukon crew level must be 15 percent or more of the total person days for the Yukon portion of the production. Travel costs for any non-Yukon crew member where a qualified Yukon crew member could have been hired instead, will not be considered for the Travel Rebate.

Training program

The production company may apply for a rebate of up to 25 percent of a trainer's wages for the period during which they are actively transferring skills to a Yukon trainee.

Film Development Fund

This fund can provide up to 50 percent of the Yukon expenditures to a maximum of CA$35,000, or 33 percent of the total project expenses, whichever is less, in the form of a grant. This includes the following four phases: concept to fully developed script; treatment to first-draft script; first-draft to final-draft screenplay; polish/rewrites and preproduction expenses. An additional CA$10,000 may be awarded for costs associated with training and mentoring a Yukon screenwriter or producer. The total contribution may not exceed 75 percent of the total project costs.

Eligibility requirements

- Applicants must be Yukon residents or Yukon registered corporations (majority owned by Yukon residents) whose primary business is film production
- Applicants must own 51 percent of the project, and must have a broadcast development agreement with a licensed broadcaster or a distribution arrangement.
- Broadcasters and distributors are not eligible.
- Note that productions accessing the film development fund are not eligible to apply for rebates of Yukon expenditures under the Yukon Film Location Incentive Program.

Film Production Fund

This fund offers a maximum project contribution of CA$500,000. For productions solely controlled by a Yukon resident or corporation, the contribution will be based on 30 percent of Yukon expenditures, or 30 percent of total production costs, whichever is less, in the form of a grant. Corporate and producer fees must be directly related to the project, but may not exceed 30 percent of the total budget combined. For co-productions, the contribution will be based on 30 percent of Yukon expenditures, or 20 percent of total production costs, whichever is less.

Eligibility requirements

- The applicant must be a Yukon-registered corporation (at least 51 percent owned by Yukon residents) whose primary business is film production, and must own controlling interest in the project. In the case of co-productions, the co-production company must be registered in the Yukon.
- Broadcasters and distributors are not eligible. In general, sports broadcasts, instructional programs, game shows, news, current affairs programming, infomercials, infotainment, commercials, industrials, amateur video and pornography are not eligible.
- Projects must be supported by a broadcast license with a licensed broadcaster or a distribution agreement.
- The Yukon producer must participate as a full partner in the production, and demonstrate a significant degree of financial and creative control and receive a corresponding share of the revenues of the production, at terms no less favorable than those of the non-Yukon producers.

Recipients under this program are not eligible to apply for the Yukon Film Location Incentive Program.

For more information on incentives provided by the Yukon government, visit **reelyukon.com**

Union and guild-related issues

SAG-AFTRA's Global Rule One

The "Global Rule One" (GR1) of the Screen Actors Guild - American Federation of Television and Radio Artists (SAG-AFTRA) extends the territoriality of the SAG-AFTRA collective agreement into Canada. As a consequence, many SAG-AFTRA members will not agree to render services in Canada unless they are engaged on SAG-AFTRA terms and minimums.

While the imposition of GR1 initially crea`ted many problems for foreign productions shooting in Canada, the introduction of certain exemptions by SAG-AFTRA, the support of the Canadian actors' union (ACTRA), and the establishment of an accepted protocol, have resulted in a fairly streamlined process.

Under the current rules, a foreign producer typically engages SAG-AFTRA members through a SAG-AFTRA signatory company and then lends the services of those SAG-AFTRA members to the local Canadian production company. In the situations where the foreign producer is not a SAG-AFTRA signatory and when the production is not primarily financed by an American company (eg. a "service production"), the Canadian production services company will become signatory to ACTRA and sign a memorandum with SAG-AFTRA for SAG-AFTRA members. The SAG-AFTRA members will work under the SAG-AFTRA rules but their agreement will fall under ACTRA jurisdiction. The Canadian producer will require the SAG-AFTRA member to sign the ACTRA "faceplate" contract and will attach the long form SAG-AFTRA agreement as a rider. In instances where the production is primarily financed by an American company (eg. a "service production") SAG-AFTRA will generally require the Canadian production company to become signatory to the SAG-AFTRA basic agreement, wich will apply solely to SAG-AFTRA members engaged on the production and ACTRA's jurisdiction will govern for all other performers engaged.

Director's Guild of Canada

A production company becomes a signatory to the Directors Guild of Canada (DGC) by signing a document called "Bargaining Authorization and Voluntary Recognition Agreement" (Agreement). This Agreement is between the production company, parent company and the DGC for the specific production. The parent does not become a signatory for all future productions by signing the Agreement; it only applies to the specific production.

Once the production company becomes a DGC signatory, it must hire DGC members for all job classifications covered by the DGC Basic Agreement (the DGC and DGA cover similar job classifications).

In the event the director on the production is a Directors Guild of America (DGA) member, the DGA and the DGC have a reciprocal agreement that DGA directors may work in a DGC jurisdiction under the DGA Agreement. The DGA application is more extensive than the DGC.

Despite the reciprocal agreement, the producer is still required to obtain prior approval from the DGC. The director needs to become a permittee by completing a work permit application for non-Canadians. The DGC also requires that a resume be attached to the permit application. A permit fee of CA$200.00 per week of engagement during principal photography will be deducted from gross remuneration and remitted by the producer to the DGC. The fringe benefits will be calculated and paid pursuant to the DGA Basic Agreement. The DGC may refuse the permit if it is a first-time or inexperienced director.

Writers Guild of Canada

Whether the Writers Guild of Canada (WGC) or the Writers Guild of America (WGA) has jurisdiction over a given production is determined by the location of the producer. If a Canadian producer is engaging a WGA member, the agreement will fall under the terms of the WGC Independent Production Agreement (WGC IPA), and the Canadian producer must become signatory to the WGC and sign a side letter with the WGA. The WGA writer then must obtain a Working Rule 8 Waiver from the WGA.

The WGA member's contract shall be subject to all the terms of the WGC IPA, except for the following:

- The minimum compensation payable to a WGA member shall be that under the WGA Basic Agreement, which is generally higher than the WGC
- The producer will have to pay the additional expense of the WGA member's pension and health benefits.

Please note that under the WGC IPA the writer does not assign copyright in and to the screenplay, it is only a licence for a specific use.

For more information regarding the interplay between the Canadian and American talent guild's please read "The Cross-Border Challenge: Navigating American and Canadian Talent Guilds" by Jayme Alter.

https://www.dentons.com/en/-/media/4ed73adb3657412d87c5eeb4cd69819a.ashx

Tax-related issues

Withholding taxes – general

The Canada Revenue Agency (CRA) is responsible for the enforcement and collection of income taxes levied under the *Income Tax Act* (Canada).

The *Income Tax Act* generally requires any person who pays for services provided by a non-resident in Canada, even a non-resident payer, to withhold and remit taxes from the payment. Payments to employees are subject to withholding at graduated payroll rates. Payments to behind-the-scenes (BTS) independent contractors are subject to 15 percent withholding tax if the independent contractor is a non-resident. Payments to actors or their loan-out companies are subject to withholding tax at 23 percent.[1] The actor can elect to file a Canadian tax return and pay tax at ordinary marginal rates on the income, in which case the 23 percent amount is treated as a prepayment on account of the tax. If an independent contractor (whether BTS or on-camera) is a Canadian resident, no withholding is required.

Treaty exemptions

1. Employee exemption

Non-resident employees may be exempted from Canadian taxes if Canada has a tax treaty allowing this exemption with the country in which the employee is resident. For example, employees who are resident in the United States will not be subject to Canadian tax if they:

- earn less than CA$10,000 in Canada, or
- were present in Canada for less than 183 days in the calendar year and the remuneration is not borne by a Canadian resident or non-resident with a fixed base in Canada.

Employees who qualify for this exemption must submit an application to the CRA for a letter of authority to reduce or eliminate withholding taxes.

2. BTS waiver

The CRA has developed administrative guidelines whereby it will issue a tax treaty-based “waiver” upon application by a non-resident BTS contractor who is resident in a treaty country.[2] The guidelines are intended to establish that the non-resident is entitled to a tax exemption pursuant to a tax treaty between Canada and the non-resident’s country of residence. Where a waiver is obtained, the payer is not required to withhold taxes.

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1 Note that the Canada-US treaty reduces the withholding tax rate to 10 percent on the first CA$5,000 (Cdn) paid to an independent contractor, whether for BTS or on-camera services.

2 US resident actors may qualify for a waiver under these guidelines only if their gross income earned in Canada in the calendar year is less than $15,000 (Cdn).

Contacts

Toronto

Jayme Alter	+1 416 863 4445	jayme.alter@dentons.com
Ken Dhaliwal	+1 416 863 4651	ken.dhaliwal@dentons.com
Mark Jadd	+1 416 863 4700	mark.jadd@dentons.com
Aaron Milrad	+1 416 863 4529	aaron.milrad@dentons.com
Jim Russell	+1 416 863 4652	jim.russell@dentons.com
David Steinberg	+1 416 863 4653	david.steinberg@dentons.com
Bob Tarantino	+1 416 863 4696	bob.tarantino@dentons.com

Vancouver

Gordon Esau	+1 604 443 7105	gordon.esau@dentons.com
Juliet Smith	+1 604 443 7135	juliet.smith@dentons.com

Montréal

Kelley Heffernan	+1 514 673 7430	kelley.heffernan@dentons.com
Joey Mastrogiuseppe	+1 514 878 5817	joey.mastrogiuseppe@dentons.com

Ottawa

Margot Patterson	+1 613 783 9693	margot.patterson@dentons.com

Edmonton

Rob McDonald, Q.C.	+1 780 423 7305	rob.mcdonald@dentons.com

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