

Film and Television Production

Social Service Tax Act

Are you a film and television producer?

Do you need to know how PST applies to your business?

This bulletin provides specific tax information to help film and television producers understand how the social service tax, also called the provincial sales tax (PST), applies to their production activities.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

Who Qualifies as a Film and Television Producer?

A film and television producer is someone who creates a live action or animated film, video or digital recording intended for public broadcast.

Generally, as a film producer, you provide a non-taxable service when creating your production. This means you do not charge PST on the services you provide in making a film or television (TV) program. However, you pay PST on most goods and services that you use in your business, including goods you buy, rent or lease from outside the province.

If you make recordings of social occasions, such as weddings or parties, you are *not* considered a film and television producer, and you charge PST on your services and any recordings or videos you provide to your customers.

Purchases

Taxable Purchases and Leases

As a film or television producer, you pay PST on goods you buy, lease, rent or bring into British Columbia to produce your film or television program. Taxable goods include trucks, trailers, cameras, lighting and sound equipment, processing equipment, prosthetics and animatronics, models, artwork, construction materials, tools, computers, props, sets and wardrobes (new clothing and any used clothing bought for more than \$100) etc.

Taxable goods also include new film, videotape, audiotape, CDs, DVDs and other image- or audio-storage media used to produce your film or TV program.

If the seller does not charge you PST, you self-assess the PST due using a *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller not Registered under the Social Service Tax Act* form (**FIN 428**). This form is available from the ministry or any Service BC-Government Agent office. You will also find it on our website at www.sbr.gov.bc.ca/ctb/forms.htm

Non-taxable Purchases and Leases

You do not pay PST on:

- products that are incorporated into your final production, such as matte shots, stock shots, montages, animations, titles, opening credits, end credits and soundtracks that you buy or rent from film and videotape libraries, film labs or post-production houses,
- audio or video images sent to you electronically via a telecommunications medium, such as the Internet,
- used clothing under \$100 (except if rented or leased), and
- leased equipment where the owner supplies a person to operate the equipment, such as an animatronic expert to operate a special effect.

Please note: The contract must clearly show that responsibility for operating the equipment rests with the equipment owner. You do not pay PST on this type of agreement.

Goods Brought Into British Columbia

Generally, when you purchase goods from outside British Columbia that will be used in this province, you pay PST on them.

If the seller does not charge you PST at the time of the sale, you self-assess the PST due using a *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller not Registered under the Social Service Tax Act* form ([FIN 428](#)) at the time you bring or ship the goods into British Columbia.

You pay PST on the total amount that you paid to bring the goods into British Columbia, including any charges for transportation, customs, excise and any other costs, except the goods and services tax (GST).

Used Goods

If you permanently bring equipment, vehicles or other goods into the province that you previously used outside the province (i.e., used goods), you pay PST on the depreciated value of each item using the depreciation schedule below. Items can be depreciated up to 50% of their purchase price.

- Motor vehicles, including all self-propelled equipment and trailers, 30% per annum (2.5% for each month).
- Aircraft, 25% per annum (2.0833% for each month).
- Vessels, 15% per annum (1.25% for each month).
- Railway rolling stock, 10% per annum (0.833% for each month).
- Other equipment, furniture and fixtures, 20% per annum (1.667% for each month).

For more details, please see [Bulletin SST 043](#), *Goods Purchased from Out-of-Province Suppliers*.

Goods for Temporary Use

If you bring goods into the province for less than six days, you do *not* pay PST (except leased goods – see the section below, Leased Goods). The six days may be consecutive or spread out over a number of weeks or months.

If you bring goods into British Columbia for temporary use only – 6 days or more in a 12-month period – to perform a specific task related to your film or TV program, and then take the goods back out of the province, you may be eligible to pay PST using the temporary use formula. The temporary use formula allows you to pay PST on one-third of the value of the goods for each 12-month period that

the goods are in British Columbia. For details, and to see if you qualify for the temporary use formula, please see [Bulletin SST 098](#), *Equipment Brought into the Province for Temporary Use (1/3 Formula)*.

Leased Goods

Unlike purchased goods, you pay PST on leased goods even if they are brought into the province for less than six days. For leased goods, you pay PST based on the time you have the goods in British Columbia and your lease term, e.g. weekly or monthly. For more details, please see [Bulletin SST 098](#), *Equipment Brought into the Province for Temporary Use (1/3 Formula)*.

Services

Generally, you pay PST for services you receive that are related to your goods - this includes services to install, assemble, construct, dismantle, repair, adjust, restore, recondition, refinish or maintain your trucks, trailers, cameras, props, sets etc.

You do not pay PST when you purchase production or post-production services, such as:

- photography, editing, sound recording, sound dubbing and mixing,
- film processing and development services,
- the creation of computer graphics, animated sequences, special effects or images, titles and end credits, and
- acting, writing, casting, make-up, music composition, management and consulting (including wardrobe consulting) and set design.

You do not pay PST when you purchase the following goods:

- an original graphic design on paper, disk or other medium, provided by a graphic designer under a contract for professional services,
- a master audio recording on tape, disk or other medium, provided under a contract with a recording studio for the use of their facilities and professional services, or
- architectural drawings, provided under a contract for architectural services.

Bundled Goods and Services

When a non-taxable good or service – such as set design – is bundled together with a taxable good or service – such as set construction – and sold for a single price, generally, you pay PST only on the fair market value of the taxable item or service. For more details, please see [Bulletin SST 119](#), *Bundled Sales: Taxable and Non-Taxable Goods or Services Sold Together for a Single Price*.

Licensing and Distributing Film or Television Programs

As a film or television producer, you usually sell the licence rights to your production to a studio or private investor. The studio or investor will then make a licensing agreement with a distributor, who will lease copies of your production to theatre operators or television broadcasters.

You do not charge – and studios, investors and distributors do not pay – PST on the licence rights to your film or TV program. Television broadcasters, too, do not pay PST when they buy or lease a copy of your production for public broadcast. This is a 2005 tax change. Broadcasters who paid PST on, or after, August 1, 1996, may apply to the ministry for a tax refund using an *Application for Refund of Social Service Tax or Hotel Room Tax* form ([FIN 413](#)). British Columbia theatre operators, however, pay the PST to show your film.

If you show your own production, you do not need to register with the ministry. However, you self-assess the PST due (an amount equal to the leased value) using a *Return of Tax Due on Taxable Tangible Personal Property by a Purchaser/Seller not Registered under the Social Service Tax Act* form ([FIN 428](#)).

Distributors and Theatre Operators

Generally, both film distributors and British Columbia theatre operators need to register with the ministry. Distributors do not charge PST on sales or leases made and delivered to theatre operators *outside* British Columbia.

If the distributor does not charge PST, the theatre operator self-assesses the PST due using form ([FIN 428](#)). If registered, theatres pay the PST with their next tax return. In some cases, however, a distributor will charge a theatre operator PST at the time of lease. (A distributor – or a film and television producer – who owns his or her own theatre pays the same amount of PST as a regular theatre operator.)

Need more info?

Film and Television Production website: www.sbr.gov.bc.ca/ctb/Film.htm

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877-388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/ctb

References: *Social Service Tax Act*, Sections 1, 11, 12, 14, 16, 19, 20, 20.1, 21, 21.1, 23, 24, 40, 41, 69.1, 76(1)(l) and 78(1), and Regulations 2.38, 2.39, 2.45, 2.46, 12, 12.1 and 16.1