

British Columbia Film and Television Tax Credit

Income Tax Act

Bill 7, *Income Tax Amendment Act, 2005*, amended the film and television tax credit under the *Income Tax Act*. Bill 7 received royal assent on March 3, 2005. On February 21, 2006, further amendments were proposed. This special release assumes the amendments will be enacted by the legislature and proclaimed in force.

Please refer to **Bulletin CIT 009**, *Film and Television Tax Credit*, and **Special Release CIT 009-SR**, which describes the Film and Television Tax Credit program in more detail.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Income Tax Act* and Regulations can be found on the web at www.sbr.gov.bc.ca/itb

In this issue...

- ***Additional basic tax credit***
- ***Transition rules—series***

ADDITIONAL BASIC TAX CREDIT

Under the Film and Television Tax Credit program, the basic tax credit for a taxation year is equal to 20% of the corporation's qualified BC labour expenditure for that year. In the case of an interprovincial co-production, the basic tax credit is equal to 20% of the corporation's qualified BC labour expenditure for that year multiplied by the percentage of copyright owned by the corporation.

Effective January 1, 2005, an additional basic tax credit equal to 10% of the corporation's qualified BC labour expenditure, and in the case of an interprovincial co-production, 10% of the corporation's qualified BC labour expenditure multiplied by the percentage of copyright owned by the corporation, may be claimed if:

- the corporation is eligible for the basic tax credit,

- principal photography of the production begins after December 31, 2004 and before April 1, 2008, and
- the BC labour expenditure is incurred after December 31, 2004.

TRANSITION RULES—SERIES

For the purposes of the basic tax credit, if a film or video production is intended for television broadcast as a series, all of the episodes in one cycle of the series are considered to be a single production.

This rule is modified for productions where principal photography began prior to January 1, 2005.

Principal Photography that Began Prior to January 1, 2005

For the purposes of the 10% additional basic tax credit,

- where principal photography of a cycle of a film or video production intended for television broadcast began before January 1, 2005 and

- where principal photography of an episode began after December 31, 2004,

all of the episodes of that cycle of the production for which principal photography began after December 31, 2004 are to be treated as a single production that qualifies for the 10% additional basic tax credit.

Principal Photography Continues After April 1, 2006

The transitional rule that applies to a production where principal photography begins before March 31, 2006 and continues after April 1, 2006 is repealed.

NEED MORE INFO?

This special release is provided for convenience and guidance. For further information, please contact:

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Income Taxation Branch
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**E-mail questions to:
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**Information is also on the web at
www.sbr.gov.bc.ca/itb While there, you
can subscribe to our free electronic update
service.**

**For further information concerning eligibility,
applications and certificates, please contact:**

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