

### BRITISH COLUMBIA FILM AND TELEVISION TAX CREDIT

You can use this form to claim the following credits under the *Income Tax Act* (British Columbia)

- Basic tax credit (BTC) (section 80)
- Regional tax credit (RTC) (section 81 or section 81.1)
- Training tax credit (TTC) (section 82)
- Digital animation or visual effects tax credit (DAVE) (section 81.2)

To claim any of the above credits, attach the following to the top of your *T2 Corporation Income Tax Return* for the year:

- eligibility certificate
- if the production was completed in the taxation year include a completion certificate and a copy of the audited statement of production costs and notes provided to the Minister of Competition, Science and Enterprise; and
- a completed copy of this form for each eligible production.

**Do not use this area**

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**422** Code number

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**Freedom of Information and Privacy Act**

The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Income Tax Act* (British Columbia). Questions about the collection or use of this information can be directed to the Income Taxation Branch, PO Box 9444, Stn Prov Gov't, Victoria BC V8W 9W8 Tel: 250 387-3332

#### Part 1 – Corporate Information

Corporate name		Business number	
<b>145</b> Corporate name (from eligibility certificate if different than above)			
Address		Postal code	
<b>151</b> Name of person to contact for more information		<b>153</b> Phone number	Fax number
Mailing address (complete only if different from address above)	Tax year From	Y M D	To Y M D

#### Part 2 – Eligibility

Was the corporation at any time in the taxation year controlled directly or indirectly in any matter whatever by one or more persons, all or part of whose taxable income was exempt from tax under section 27 of the *Income Tax Act* (British Columbia) or Part 1 of the federal *Income Tax Act* (the federal Act)? **220** Yes  No

Was all or part of the corporation's taxable income at any time in the taxation year exempt from tax under section 27 of the *Income Tax Act* (British Columbia) or Part 1 of the federal Act? **222** Yes  No

Has the corporation claimed the two-year tax holiday for new small businesses under section 17 of the *Income Tax Act* (British Columbia) in the taxation year? **225** Yes  No

Was the corporation at any time in the taxation year:

a) a prescribed labour-sponsored venture capital corporation for the purposes of section 127.4 of the federal Act? **230** Yes  No

b) a small business venture capital corporation registered under section 3 of the *Small Business Venture Capital Act*? **235** Yes  No

c) a corporation registered under section 2 (employee share ownership plans) of the *Employee Investment Act*? **240** Yes  No

d) a corporation registered under section 8 (employee venture capital corporation) of the *Employee Investment Act*? **245** Yes  No

Has the corporation claimed a British Columbia production services tax credit for this production? **250** Yes  No

If you answered **yes** to any of the above questions, **you are not eligible** for a British Columbia film and television tax credit.

#### Part 3 – Identifying the film or video production

<b>301</b> Title of production	<b>302</b> Enter date that the principal filming or taping began	Y M D
<b>304</b> Title of production (from eligibility certificate if different than line 301)	<b>303</b> Enter eligibility certificate number	
Has a completion certificate been obtained? .....	<b>311</b> Yes <input type="checkbox"/> No <input type="checkbox"/>	
Is the production an interprovincial co-production? .....	<b>312</b> Yes <input type="checkbox"/> No <input type="checkbox"/>	
Is the production a treaty co-production? .....	<b>313</b> Yes <input type="checkbox"/> No <input type="checkbox"/>	

**Part 4 – Determining the production cost limit**

Cumulative production cost as at the end of the taxation year (include current and prior year production costs) .....	<b>405</b> _____	1
Deduct: government or non-government assistance that the corporation has not repaid .....	<b>410</b> - _____	2
Line 1 minus line 2 .....	= _____	3
Applicable Rate .....	X 48%	4
Line 3 multiplied by rate on line 4 .....	= _____	5
Deduct: Qualified BC labour expenditures claimed in all previous taxation years .....	<b>420</b> - _____	6
<b>Production cost limit</b> (line 5 minus line 6) .....	<b>480</b> = _____	7

75% of the cost of producing the British Columbia portion of the production must be payable for **goods or services provided in British Columbia** (except documentaries) by BC-based individuals or a BC-based corporation.

**Part 5 – Determining the qualified BC labour expenditure**

BC labour expenditure for the current taxation year (see instructions) is the total of:		
Salary or wages .....	<b>505</b> _____	8
Other remuneration:		
for services personally rendered by BC-based individuals plus other remuneration paid to proprietorships or partnerships, to the extent of amounts paid by them for salary or wages to BC-based individuals .....	<b>515</b> _____	9
for services personally rendered by the shareholder of a taxable Canadian corporation in which all shares of the capital stock are owned by a BC-based individual and the corporation's main activities are to provide that individual's services, plus remuneration paid to that taxable Canadian corporation to the extent of amounts paid by the corporation for salary or wages to BC-based individuals .....	<b>516</b> _____	10
paid to multiowned taxable Canadian corporations to the extent of amounts paid by the corporation for salary or wages to BC-based individuals .....	<b>520</b> _____	11
Reimbursement by the corporation of salary or wages paid by a parent corporation that wholly owns the corporation and that is a taxable Canadian corporation, for an expenditure that would have qualified as a BC labour expenditure .....	<b>525</b> + _____	12
Total BC labour expenditure for the current taxation year (add lines 8 to 12) .....	_____	▶ _____   13
Unclaimed BC labour expenditure from the preceding year:		
BC labour expenditure for the previous taxation year .....	<b>530</b> _____	14
Less: qualified BC labour expenditure for the previous taxation year .....	<b>535</b> - _____	15
Line 14 minus line 15 .....	_____	▶ + _____   16
Line 13 plus line 16 .....	= _____	17
Less: all amounts transferred under a reimbursement agreement to a wholly owned subsidiary that claims the amount as a BC labour expenditure .....	<b>550</b> - _____	18
Line 17 minus line 18 .....	= _____	19
<b>Qualified BC labour expenditure for the taxation year</b> (enter the lesser of line 7 and line 19) .....	<b>590</b> _____	20

**Part 6 – Determining the basic tax credit (BTC)**

Qualified BC labour expenditure (from line 20)			21
Applicable rate	X	20%	22
Line 21 multiplied by rate on line 22	=		23
For an interprovincial co-production, see the instructions for this part. If this is not an interprovincial co-production, enter 100%	610 X	%	24
<b>Basic tax credit</b> (line 23 multiplied by rate on line 24)	620 =		25

**Part 7 A – Determining the regional tax credit (RTC) when principal photography begins before April 1, 2003**

Qualified BC labour expenditure (from line 20)			26
If this is a series intended for television broadcast, deduct the British Columbia labour relating to non qualifying episodes (see note*)	640 -		27
Line 26 minus line 27	=		28
Applicable rate	X	12.5%	29
<b>Regional tax credit</b> (line 28 multiplied by rate on line 29)	650 =		30

\* **Note** – There must be a minimum of three episodes (qualifying episodes) in a cycle in which 85% of the principal photography is done in British Columbia outside of the designated Vancouver area. Only qualifying episodes are eligible for the regional tax credit.

**Part 7 B – Determining the regional tax credit (RTC) when principal photography begins after March 31, 2003**

Total qualified BC labour expenditure for the current taxation year incurred after December 31, 2002 (from line 20)			31
If this is a series intended for television broadcast, deduct the British Columbia labour relating to non-qualifying episodes (see note*)	690 -		32
Qualified BC labour expenditure for the purpose of the regional tax credit calculation (Line 31 minus Line 32)	=		33
Total number of principal photography days in British Columbia outside of the designated Vancouver area for the qualifying production or qualifying episodes	695		34
Total number of principal photography days of the qualifying production or qualifying episodes in British Columbia	700 ÷		35
Proration rate (Line 34 divided by Line 35)	X		36
Prorated qualified BC labour expenditure (Line 33 multiplied by line 36)			37
Applicable rate	X	12.5%	38
<b>Regional tax credit</b> (Line 37 multiplied by Line 38)	705 =		39

\* **Note** – There must be a minimum of three episodes (qualifying episodes) in a cycle in which principal photography is done in British Columbia outside of the designated Vancouver area for a minimum of 5 days and during more than 50% of the total of principal photography days in British Columbia. Only qualifying episodes are eligible for the regional tax credit.

**Part 8 – Determining the training tax credit (TTC)**

BC labour expenditure paid to BC-based individuals in an approved training program	674		40
Less: any assistance or reimbursement for the training program	678 -		41
Line 40 minus line 41	=		42
Applicable rate	X	30%	43
Line 42 multiplied by rate on line 43			▶ 44
Qualified BC labour expenditure (from line 20)			45
Applicable rate	X	3%	46
Line 45 multiplied by rate on line 46			▶ 47
<b>Training tax credit</b> (lesser of line 44 and 47)	685 =		48

**Part 9 – Determining the qualifying BC labour expenditure directly attributable to prescribed digital animation or visual effects for principal photography beginning after March 31, 2003 (qualifying DAVE labour expenditure)**

BC labour expenditure incurred after December 31, 2002 directly attributable to digital animation or visual effect activities (DAVE labour expenditure) for the current taxation year total:

Salary or wages .....	<b>710</b> _____   _____	49
Other remuneration:		
for services personally rendered by BC-based individuals plus remuneration paid to proprietorships or partnerships, to the extent of amounts paid by them for salary or wages to BC-based individuals .....	<b>715</b> _____   _____	50
for services personally rendered by the shareholder of a taxable Canadian corporation in which all shares of the capital stock are owned by a BC-based individual and the corporation's main activities are to provide that individual's services, plus remuneration paid to that taxable Canadian corporation to the extent of amounts paid by the corporation for salary or wages to BC-based individuals .....	<b>720</b> _____   _____	51
paid to multi-owned taxable Canadian corporations to the extent of amounts paid by the corporation for salary or wages to BC-based individuals .....	<b>725</b> _____   _____	52
Reimbursement by the corporation of salary or wages paid by a parent corporation that wholly owns the corporation and that is a taxable Canadian corporation, for an expenditure that would have qualified as a BC labour expenditure .....	<b>730</b> + _____   _____	53
DAVE labour expenditure for the current taxation year (add lines 49 to 53) .....	= _____   _____	54
Total DAVE labour expenditure for the taxation year plus that of each previous taxation year .....	<b>735</b> _____   _____	55
Deduct: All amounts of assistance that can reasonably be considered to be in respect of DAVE labour expenditure reported on line 55 .....	<b>740</b> _____   _____	56
All qualifying labour expenditures claimed in each of the preceding taxation years .....	<b>745</b> + _____   _____	57
All amounts of DAVE labour expenditure included on line 55 that were transferred under a reimbursement agreement to a wholly owned subsidiary .....	<b>750</b> + _____   _____	58
(add lines 56 to 58) .....	= _____   _____	59
<b>Qualifying DAVE labour expenditure for the taxation year</b> (Line 55 minus line 59) .....	_____   _____	60

**Part 10 – Determining the digital animation or visual effects tax credit (DAVE)**

Qualifying DAVE labour expenditure (from line 60) .....	_____   _____	61
Applicable rate .....	X 15%	62
<b>Digital animation or visual effects tax credit</b> (line 61 multiplied by rate on line 62) .....	<b>760</b> _____   _____	63

**Part 11 – Total film and television tax credit**

Basic tax credit (amount from line 25) .....	_____   _____	64
Regional tax credit (amount from line 30 or line 39) .....	+ _____   _____	65
Training tax credit (amount from line 48) .....	+ _____   _____	66
Digital animation or visual effects tax credit (amount from line 63) .....	+ _____   _____	67
<b>Total film and television tax credits</b> (add lines 64 to 67) .....	<b>800</b> = _____   _____	68

Enter on line 671 of Schedule 5 of your *T2 Corporation Income Tax Return* the amount of the British Columbia film and television tax credits from line 68. If you are filing more than one of these forms, add the amounts from line 68 of all the forms and enter the total on line 671 of Schedule 5 of your return.

**Certification**

I, **851** \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_  
 Name (please print) Address  
 certify that the information given in this form, and in all attached documents, is to the best of my knowledge, correct and complete.

\_\_\_\_\_  
 Authorized officer's signature Position or office **855** \_\_\_\_\_  
 Date

# INSTRUCTIONS FOR FORM T1196, *BRITISH COLUMBIA FILM AND TELEVISION TAX CREDIT*

If you are applying for the British Columbia Film and Television Tax Credit you must complete **Parts 1 to 5 of Form T1196**.

In **Part 5**, BC labour expenditure for the taxation year includes amounts:

- incurred from the final script stage to the end of the post-production stage;
- incurred after March 31, 1998 in the taxation year or preceding taxation year, and did not form part of the claimant's BC labour expenditure for the preceding taxation year;
- paid during the taxation year or within 60 days of the end of the taxation year;
- that are directly attributable to the production; and
- that are for services provided by BC-based individuals.

Complete **Part 6** if you are applying for the Basic Tax Credit. If your claim is for an interprovincial co-production, see the instructions below.

Complete **Part 7A** if you are applying for the Regional Tax Credit and principal photography began before April 1, 2003.

Complete **Part 7B** if you are applying for the Regional Tax Credit and principal photography began after March 31, 2003.

Complete **Part 8** if you are applying for the Training Tax Credit. You must be eligible for one or both of the Basic Tax Credit and the Regional Tax Credit to be eligible for the Training Tax Credit.

Complete **Part 9 and 10** if you are applying for the Digital Animation or Visual Effects Tax Credit.

Complete **Part 11** and the **Certification**.

## Instructions for interprovincial co-productions, Part 6 :

For an interprovincial co-production for which principal photography commenced **before April 1, 2001**, enter the percentage of copyright owned by the corporation on **Line 24**.

For an interprovincial co-production for which principal photography commenced on or **after April 1, 2001**, use the following Worksheet :

### Worksheet: Interprovincial co-productions for which principal photography commenced on or after April 1, 2001

Percentage of copyright owned by the corporation: .....	_____ %	1
Total Copyright .....	_____ 100%	2
Less: percentage of copyright owned by federal and provincial agencies with a mandate to finance film or video productions in Canada .....	_____ %	3
percentage of copyright owned by non-profit organizations that have a fund used to finance film or video productions in Canada .....	+ _____ %	4
Line 3 + Line 4 .....	_____ %	5
Line 2 minus Line 5 .....	= _____ %	6
Line 1 divided by Line 6 – transfer to <b>Line 24</b> , Part 6 .....	_____ %	7