

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 and additional basic tax credit (section 80)
- Regional tax credit (section 81 or section 81.1)
- Training tax credit (section 82)
- Digital animation or visual effects tax credit (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 British Columbia Film, and
- a completed copy of this form for each eligible production.

Do not use this area

422 Code number

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, Strn Prov Gov't, Victoria BC V8W 9W8 Tel: 250 387-3332

Part 1 – Corporate Information

Corporate name		Business number	
145 Corporate name (from eligibility certificate if different than above)			
Address		Postal code	
151 Name of person to contact for more information		153 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** 1 Yes 2 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** 1 Yes 2 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** 1 Yes 2 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** 1 Yes 2 No

b) a small business venture capital corporation registered under section 3 of the *Small Business Venture Capital Act*? **235** 1 Yes 2 No

c) a corporation registered under section 2 (employee share ownership plans) of the *Employee Investment Act*? **240** 1 Yes 2 No

d) a corporation registered under section 8 (employee venture capital corporation) of the *Employee Investment Act*? **245** 1 Yes 2 No

Has the corporation claimed a British Columbia production services tax credit for this production? **250** 1 Yes 2 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

301 Title of production	302 Enter date that the principal filming or taping began	Y M D
304 Title of production (from eligibility certificate if different than line 301)	303 Enter eligibility certificate number	
Has a completion certificate been obtained?	311 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>	
Is the production an interprovincial co-production?	312 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/>	
Is the production a treaty co-production?	313 1 Yes <input type="checkbox"/> 2 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)	405	_____ _____	1
Deduct: government or non-government assistance that the corporation has not repaid	410	- _____ _____	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	420	- _____ _____	6
Production cost limit (line 5 minus line 6)	480	= _____ _____	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	505	_____ _____	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	515	_____ _____	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	516	_____ _____	10
paid to multi-owned taxable Canadian corporations to the extent of amounts paid by the corporation for salary or wages to BC-based individuals	520	_____ _____	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	525	+ _____ _____	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	530	_____ _____	14
Less: qualified BC labour expenditure for the previous taxation year	535	- _____ _____	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	550	- _____ _____	18
Line 17 minus line 18		= _____ _____	19
Qualified BC labour expenditure for the taxation year (enter the lesser of line 7 and line 19)	590	= _____ _____	20

Part 6A – Determining the basic tax credit

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
Basic tax credit (line 23 multiplied by rate on line 24)	620	= _____ _____	25

Part 6B – Determining the additional basic tax credit available when principal photography begins after December 31, 2004 and before April 1, 2006

Qualified BC labour expenditure (incurred after December 31, 2004) (amount from line 20 incurred after December 31, 2004 or from Worksheet #1, line 70) (see note*)	595		21A
Applicable rate	X	10%	22A
Line 21A multiplied by rate on line 22A	=		23A
Percentage from line 24, Part 6A	X	%	24A
Additional basic tax credit (line 23A multiplied by rate on line 24A)	810	=	25A

* **Note** – for a film or video production intended for television broadcast as a series where principal photography either begins prior to January 1, 2005 or continues after April 1, 2006, see instructions for Worksheet #1.

Part 7A – Determining the regional tax credit 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
Regional tax credit (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 7B – Determining the regional tax credit 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
Regional tax credit (line 37 multiplied by rate on 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

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
Training tax credit (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	710 _____ _____	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	715 _____ _____	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	720 _____ _____	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	725 _____ _____	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	730 + _____ _____	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	735 _____ _____	55
Deduct: All amounts of assistance that can reasonably be considered to be in respect of DAVE labour expenditure reported on line 55	740 _____ _____	56
All qualifying labour expenditures claimed in each of the preceding taxation years	745 + _____ _____	57
All amounts of DAVE labour expenditure included on line 55 that were transferred under a reimbursement agreement to a wholly owned subsidiary	750 + _____ _____	58
(add lines 56 to 58)	= _____ _____	59
Qualifying DAVE labour expenditure for the taxation year (line 55 minus line 59)	_____ _____	60

Part 10 – Determining the digital animation or visual effects tax credit

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

Part 11 – Total film and television tax credit

Basic tax credit (amount from line 25)	_____ _____	64
Additional basic tax credit (amount from line 25A)	+ _____ _____	65
Regional tax credit (amount from line 30 or line 39)	+ _____ _____	66
Training tax credit (amount from line 48)	+ _____ _____	67
Digital animation or visual effects tax credit (amount from line 63)	+ _____ _____	68
Total film and television tax credits (add lines 64 to 68)	800 = _____ _____	69

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 69. If you are filing more than one of these forms, add the amounts from line 69 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 6A** if you are applying for the Basic Tax Credit. If your claim is for an interprovincial co-production, see the instructions below.

Complete **Part 6B** if you are applying for the additional basic tax credit and principal photography began after December 31, 2004 and before April 1, 2006. Only include the corporation's qualifying BC labour expenditure incurred after December 31, 2004. If the production is intended for television broadcast as a series, transition rules may apply if principal photography either begins prior to January 1, 2005 or continues after April 1, 2006. Worksheet #1 must be completed for each episode of a production subject to the transition rules. Further guidance is provided in British Columbia Bulletin CIT 009-SR1.

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 6A:

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 Worksheet #2.

