Canada Revenue Agency | Agence du revenu du Canada

Film or Video Production Services Tax Credit

Guide to Form T1177

RC4385(E) Rev. 21

Canada

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La version française de cette publication est intitulée Crédit d'impôt pour services de production cinématographique ou magnétoscopique.

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Before you start

This guide contains information and instructions on how to complete Form T1177, Film or Video Production Services Tax Credit. To make sure that your Film or video production services tax credit (PSTC) is calculated correctly, you should carefully review the information in this guide.

This guide explains current tax situations in plain language. The relevant sections of the Income Tax Act (the Act) and the Income Tax Regulations (the Regulations) take precedence over these explanations.

Internet access

Form T1177 and additional information on the PSTC is available on our website at **canada.ca/taxes-film**.

Throughout this guide, we also refer to other forms and publications that are available on our website at **canada.ca/en/revenue-agency/services/forms-publications**. You can also order forms and publications by calling us at **1-800-959-5525**.

At your service

Film services units

Our services

The film services units (FSUs) are available to answer your questions about the PSTC.

For more information, go to **canada.ca/taxes-film**.

Contact us

FSUs are located within the following CRA tax services offices:

- For services performed in British Columbia, Alberta, Saskatchewan, and Manitoba:

  Fraser Valley Tax Services Office
  Section 1241-683-11
  9755 King George Boulevard
  Surrey BC V3T 5E1

  Telephone: **1-866-317-0473**, Option 5
  Fax: 604-666-7436

- For services performed in Ontario, the Yukon, Nunavut, and the Northwest Territories:

  Toronto Centre Tax Services Office
  1 Front Street West
  Toronto ON M5J 2X6

  Telephone: **416-973-3407** or **416-954-0542**
  Fax: 416-954-2013

- For services performed in Quebec, Prince Edward Island, New Brunswick, Nova Scotia, and Newfoundland and Labrador:

  Western Quebec Tax Services Office
  305 René-Lévesque Boulevard West
  Post Office Box 49
  Montréal QC H2Z 1A6

  Telephone: **514-496-2231**
  Fax: 514-283-1174

Other services

Information on these related topics is available on the following websites/pages:

- income taxes, at **canada.ca/en/revenue-agency**
- the goods and services tax/harmonized sales tax (GST/HST), at **canada.ca/en/services/taxes/gsthst**
- customs (Canada Border Services Agency), at **cbsa.gc.ca**

General information

References

The legislation governing the Film or video production services tax credit (PSTC) is in section 125.5 of the Income Tax Act and in section 9300 of the Income Tax Regulations.

Other tax incentives

Federal

Film or video productions may also be eligible for the Canadian film or video production tax credit (CPTC). However, if you claimed a PSTC for a production, you cannot claim the CPTC for the same production.

For information on the CPTC go to **canada.ca/taxes-film**.

Provincial or territorial

Provincial or territorial incentives may also be available for your film or video production. For more information, go to **canada.ca/taxes-film**.

Rate

The PSTC is a refundable tax credit provided to an eligible production corporation (see "Eligible production corporation" on page 7) at the rate of **16%** of its qualified Canadian labour expenditure (see "Part 4 – Qualified Canadian labour expenditure" on page 8) for a production, net of any assistance received, entitled to be received, or expected to be received.

There is no limit on the amount of PSTC that you can receive for a production.

Certification process

To get a PSTC, you must first apply to the Canadian Audio-Visual Certification Office (CAVCO) of Canadian Heritage for an accredited film or video production certificate (Accreditation Certificate). Visit **canada.ca/en/canadian-heritage**, and select "Canadian Audio-Visual

Certification Office" to submit your application online and to get other important information about the film or video production services tax credit program.

CAVCO application deadline

There is no specific deadline to apply for an Accreditation Certificate. However, keep in mind that to get a PSTC refund, you must file with the CRA your T2 Corporation Income Tax Return (T2 return) no later than **three years** after the end of the corporation's tax year.

Filing your claim

To claim a PSTC, include the following with your T2 return for the tax year:

- a copy of the Accreditation Certificate issued by CAVCO for each accredited production (see "Accredited production" on page 7); and
- a completed Form T1177, Film or Video Production Services Tax Credit, for each accredited production. To get Form T1177, go to **canada.ca/en/revenue-agency/services/forms-publications**.

File your T2 return and attachments with your tax centre. To find a list of the tax centres, go to **canada.ca/en/revenue-agency/corporate/contact-information/where-send-your-corporation-income-tax-t2-return**.

If you are filing electronically, please use the Canada Revenue Agency's online Submit Documents service, which is available through My Business Account, to submit a copy of the Accreditation Certificate. You will find instructions at **canada.ca/cra-submit-documents-online**. Alternatively, submit a paper copy of the Accreditation Certificate to the FSU that will handle your claim. Go to **canada.ca/taxes-film** and select "Film Services Units" for the appropriate mailing address.

> **Note**
> If the books and records are maintained outside of Canada your claim will be reviewed by the Fraser Valley FSU.

You must keep information slips, documents, and records relating to your income tax return for at least **six years**.

Service standards

The CRA is committed to reviewing T2 returns that include a PSTC claim in accordance with the following service standards:

- When no audit is undertaken, our goal is to review the T2 return within 60 calendar days from the date we receive a complete claim.
- When an audit is undertaken, our goal is to review the T2 return within 120 calendar days from the date we receive a complete claim, not including any delays requested or caused by the claimant.

Our target is to meet these standards at least 90% of the time.

Complete claim

A PSTC claim is considered **complete** when all of the following documentation is filed with the CRA:

- a T2 Corporation Income Tax Return;
- a completed Form T1177, Film or Video Production Services Tax Credit, for each accredited production; and
- a copy of the accredited film or video production certificate (Accreditation Certificate) issued by CAVCO for each accredited production.

When multiple federal and/or provincial film or media tax credit claims are filed with the T2 return, **all** tax credit claims must be considered **complete** before the CRA service standards apply.

Example
If you are claiming a PSTC and a provincial film tax credit, such as the Ontario production services tax credit (OPSTC), both claims will be considered **complete** when **all** of the following documents are filed with the CRA:

- a T2 Corporation Income Tax Return;
- a completed Form T1177 for each accredited production;
- a copy of the accredited film or video production certificate issued by CAVCO for each accredited production;
- a completed T2SCH558, Ontario Production Services Tax Credit, for each eligible production; and
- a copy of the Certificate of Eligibility issued by Ontario Creates for each eligible production.

Assignment of credit

The PSTC can be assigned to lenders as security for bridge financing for the accredited production. This is provided for under subsections 220(6) and (7) of the Act.

Assigning the PSTC does not affect the legal rights of set-off in our favour. In other words, we have no obligation toward the assignee, and the assignee's rights are subject to the legal rights of set-off in our favour. Even if an assignment has been made, we will issue the refund cheque in the name of the eligible production corporation.

If you want the CRA to send your refund cheque to an address other than your regular mailing address, include a letter with your T2 return requesting this and make sure you give us the address.

Alternatively, you can use direct deposit, which is available through My Business Account, to manage where you would like your refund to be deposited.

Audit process

If your PSTC claim is selected for audit, we may ask for any of the following documents to support your claim:

- information to support the application filed with CAVCO;
- the books, records, and supporting documents of the eligible production corporation;

- financing, broadcast, and distribution agreements between the eligible production corporation, or any other related corporation, and Telefilm Canada, financial institutions, and any other agency, organization, or person;
- agreements and contracts between actors, producers, directors, and other persons (for example, employees or third-party service providers) and the eligible production corporation;
- the minute book of the eligible production corporation and any related corporation; and
- any other documents that may be needed to support your claim.

Scope of the audit

If your PSTC claim is selected for audit, we may decide to restrict our audit to specific issues or complete a detailed audit of the PSTC and other film and media tax credits claimed. Our audit may also include verifying income, capital cost allowance, and other items included on the T2 return.

We may review a PSTC claim that was previously audited, or accepted as filed, if:

- there is new information that affects the amount of assistance you reported in your PSTC claim;
- you request a reassessment for this tax credit claim;
- the certificate issued by CAVCO is revoked;
- we identify fraud or facts that were misrepresented.

Note
The eligible production corporation's T2 return may also be selected for audit under our regular audit program. If it is, the PSTC will not be re-audited unless one of the situations described above applies.

Objecting to an income tax assessment or reassessment

If you think the CRA has misinterpreted the facts or applied the law incorrectly, you have the right to object to most income tax assessments and reassessments.

For more information about objections and appeals, go to **canada.ca/t2-return** and select the topic "After you file your corporation income tax return" and then "Resolving disputes."

Canadian Audio-Visual Certification Office

The Minister of Canadian Heritage, through the Canadian Audio-Visual Certification Office (CAVCO), certifies that a production is an accredited production.

For a production to qualify for the PSTC, the owner of the copyright (or an official designee, if the copyright owner is not an eligible production corporation) must apply for the Accreditation Certificate. For more information, visit **canada.ca/en/canadian-heritage**, and select "Canadian Audio-Visual Certification Office."

Section 9300 of the Regulations stipulates that to qualify as an accredited production, a production must meet the following requirements:

Cost minimums

To qualify as an accredited production, the film or video production or a film or video production that is part of a television series must meet the following minimum cost requirements:

Film or video production Including feature films	**Television series** More than one episode or a pilot for a television series
■ Total cost must be more than $1,000,000 for the 24-month period after the date the principal filming or taping began.	■ Total cost for each episode must be more than: – $100,000 for an episode shorter than 30 minutes; or – $200,000 for any other episode.

Note
Each episode in a television series is considered an individual production that has to satisfy the minimum cost and eligible genre requirements.

Excluded productions

A production will not be eligible for the PSTC if it is in one of the following excluded genres:

- news, current events, public affairs programming, or a program that includes weather or market reports;
- a talk show;
- a production in respect of a game, questionnaire, or contest;
- a sports event or activity;
- a gala presentation or an awards show;
- a production that solicits funds;
- reality television;
- pornography;
- advertising; or
- a production made primarily for industrial, corporate, or institutional purposes.

An eligible production corporation can claim the PSTC for an accredited production:

- if the eligible production corporation owns the copyright for the accredited production throughout the entire period of its production in Canada; or
- if the owner of the copyright is not an eligible production corporation, the eligible production corporation has contracted directly with the owner of the copyright to provide production services for the production.

For the PSTC, the owner or an owner of the copyright is the person or entity that has the rights to produce the accredited production (based on having acquired the underlying rights) and to exploit that production for which the rights were acquired.

How to complete Form T1177

This section contains information to help you complete Form T1177. Read the explanation for each line as you complete the form.

Corporate information

Name of corporation

Enter the name of the eligible production corporation.

Business number

Enter the business number of the eligible production corporation.

Tax year-end

Enter the date of the eligible production corporation's tax year-end.

Part 1 – Contact information

Line 151 – Name of person to contact for more information

Enter the name of the person in charge of financial information for the overall claim (for example, a financial manager, an accountant, or a tax manager). This person should be able to answer our questions about the claim and be an authorized representative.

To get Form AUT-01, Authorize a Representative for Access by Phone and Mail, go to **canada.ca/en/revenue-agency/services/forms-publications**. Alternatively:

- you may authorize a representative through My Business Account;
- your representative submits an authorization request via EFILE; or
- your representative submits a business authorization request in Represent a Client.

Line 153 – Telephone number

Enter the telephone number, including area code, of the contact person.

Part 2 – Identifying the film or video production

Line 301 – Title of production

Enter the title of the accredited production as shown on the Accreditation Certificate issued by CAVCO.

Line 302 – Date principal photography began

Enter the date on which the principal photography began.

Line 303 – CAVCO reference number (for a certificate issued before April 1, 2010)

Enter the CAVCO reference number beginning with the letters "TC" as shown on the Accreditation Certificate issued by CAVCO.

Line 304 – CAVCO certificate number

Enter on line 304 the CAVCO certificate number shown on the Accreditation Certificate issued by CAVCO.

Part 3 – Eligibility

To claim the PSTC, the corporation must be an **eligible production corporation** and the film or video production must be an **accredited production**, as explained below.

Accredited production

An accredited production is a film or video production or a television series, other than an excluded production (see "Excluded productions" on page 6), that is:

- a film or video production that meets prescribed requirements (see "Cost minimums" on page 6); or
- a television series that meets prescribed requirements (see "Cost minimums" on page 6).

Eligible production corporation

An eligible production corporation is a corporation whose activities in the year consist primarily of conducting a **film or video production business** or a **film or video production services business** through a **permanent establishment** in Canada.

- The Act does not define a film or video production business. This type of business produces films or videos. Nor does the Act define a film or video production services business. This type of business subcontracts with a film or video production business to produce films or videos.

To qualify for the PSTC, a corporation's activities must consist primarily, more than 50% of the time, of conducting a business that is a film or video production business or a film or video production services business.

To determine whether the activities of a corporation consist primarily of carrying on a business that is a film or video production business or a film or video production services business, all the facts surrounding each of the corporation's various activities must be reviewed.

The following are some of the factors that may be considered:

- the profits realized from each of the corporation's activities;
- the volume and value of the gross sales or transactions for each activity;
- the values of the assets devoted to each activity;
- the capital used in each of the corporation's activities; and
- the time employees, agents, or officers of the corporation spend on each activity.

Therefore, if the business of a corporation primarily includes other activities such as renting equipment or studios or distributing films or videos, the corporation may not be considered an eligible production corporation for the purposes of the film or video production services tax credit program.

- A **permanent establishment** usually refers to a fixed place of business, including an office, a branch, a workshop, or a warehouse, and, when the person does not have a fixed place of business, the principal place where the person's business is conducted. Refer to section 8201 of the Regulations for more information.
- In addition, an eligible production corporation at any time in the year cannot be:
  - a person who is exempt from tax under Part I of the Act (such as a non-profit or charitable corporation);
  - a corporation that is controlled directly or indirectly in any way by one or more persons who are exempt from tax under Part I of the Act; or
  - a prescribed labour-sponsored venture capital corporation (defined in section 6701 of the Regulations) for the purposes of section 127.4 of the Act.

Answer the following **four** questions to determine if your corporation meets the eligibility requirements for claiming the PSTC.

Line 330 – Question 1: Were the activities of the corporation in Canada primarily the carrying on of a film or video production business or a film or video production services business through a permanent establishment in Canada?

If you answer **no** to this question, the corporation is not an eligible production corporation. Therefore, the corporation is not eligible for the PSTC.

Line 335 – Question 2: Was all or part of the corporation's taxable income exempt from Part I tax at any time in the tax year?

See the comments in Question 4.

Line 340 – Question 3: Was the corporation at any time in the tax year controlled directly or indirectly in any manner whatever by one or more persons, all or part of whose taxable income was exempt from Part I tax?

See the comments in Question 4.

Line 345 – Question 4: Was the corporation at any time in the tax year a prescribed labour-sponsored venture capital corporation?

If you answer **yes** to Question 2, 3, or 4, the corporation is not an eligible production corporation. Therefore, the corporation is not eligible for the PSTC.

Part 4 – Qualified Canadian labour expenditure

Canadian labour expenditure for the tax year

The Canadian labour expenditures you enter on lines 601 to 609 must be:

- reasonable in the circumstances;
- incurred by the eligible production corporation for the production stages of the property, from the final script stage to the end of the post-production stage;
- paid to persons who were resident in Canada when the payments were made;
- paid for services rendered in Canada;
- directly attributable to the film or video production (there must be a clear link to specific work on the production); and
- paid in the year, or no later than 60 days after the end of the year.

The term final script stage is not defined in the Act. The CRA considers it to be the stage of production that begins at the point in time when a producer has either developed or acquired a final script.

Line 601 – Salary or wages paid for services rendered in Canada and directly attributable to the production

Enter the salary or wages paid to the employees, who are Canadian residents, of the eligible production corporation for services rendered in Canada for the production.

Salary or wages paid to non-resident employees are **not** eligible. Salaries or wages paid to Canadian residents who perform services outside Canada are also **not** eligible.

The salary or wages of an eligible production corporation include amounts paid to employees such as vacation pay, statutory holiday pay, sick leave pay, and taxable benefits (e.g., a corporation's contribution to its employees' registered retirement savings plan, group insurance plan, or meals).

Salary or wages do not include:

- stock options or amounts determined with reference to profits or revenues;
- the employer's part of payments to the Canada Pension Plan, the Quebec Pension Plan, or the Employment Insurance Commission; or
- the employer's part of payments to workers' compensation boards or Quebec's Commission de la santé et de la sécurité du travail, or to any approved employee pension plan, dental care plan, or medical care or optical care plan for the employee (unless it is a taxable benefit to the employee).

Lines 603 to 607 – Remuneration for services rendered in Canada directly attributable to the production and paid to:

Line 603 – Individuals resident in Canada

Enter the remuneration paid to an individual who is not an employee of the eligible production corporation for services personally rendered in Canada for the production when the individual was resident in Canada. If the remuneration paid is for services personally rendered in Canada by the individual's employee when the employee was resident in Canada, enter only the amount of salary or wages paid to the employee for rendering these services (using the look-through approach described on page 10).

Remuneration paid to non-resident individuals is **not** eligible. Remuneration paid for services provided outside Canada is also **not** eligible.

See page 9 for more information on Canadian residency.

Example
Mr. Turner is a self-employed camera operator and a resident of Canada. Mr. Turner supplies his services as well as those of his employee, who is also a camera operator and a resident of Canada, to ABC Ltd. ABC Ltd., an eligible production corporation for purposes of the PSTC, pays Mr. Turner total remuneration of $20,000 during the year for services that were directly attributable to the production. Since these services were rendered equally by Mr. Turner and his employee, the part of remuneration that is attributable to their services is $10,000 each. The amount of salary or wages Mr. Turner paid to his employee for rendering these services was $7,000. As a result, ABC Ltd. can only include remuneration of $17,000 on line 603.

Line 605 – Other taxable Canadian corporations (for their employees who are resident in Canada)

Enter the remuneration paid to other taxable Canadian corporations, to the extent that the amount paid is attributable to and does not exceed the salary or wages of the other corporations' employees (who at the time were resident in Canada) for personally rendering services in Canada for the production (using the look-through approach described on page 10).

Line 606 – Taxable Canadian corporations (solely owned by an individual resident in Canada)

Enter the allowable remuneration paid to other taxable Canadian corporations all the shares of which (except directors' qualifying shares) belong to one individual ("the shareholder").

To calculate the allowable remuneration, you first have to determine whether the activities of the other taxable Canadian corporation consist **primarily** (more than 50% of its activities) of providing the individual's services. To determine this, you will have to ask the service provider about the corporation's activities.

- If the "more-than-50% activities" condition **applies**, the allowable remuneration is the amount paid to the other taxable Canadian corporation for services provided in Canada by the shareholder for the production when the shareholder was resident in Canada. The allowable remuneration may include a profit element, in which case the look-through approach explained on page 10 would not apply.

  However, if the remuneration includes amounts that are attributable to services personally rendered by an employee of the other taxable Canadian corporation, the allowable remuneration cannot exceed the amount of salary or wages paid to the employee for services provided in Canada for the production when the employee was resident in Canada.
- If the "more-than-50% activities" condition does **not apply**, the rules set out for line 605 apply.

For lines 605 and 606, remuneration paid to **non-taxable** Canadian corporations and **foreign** corporations should not be included in the remuneration paid by the qualified corporation, even if the amounts are part of the production cost. Please note that some Canadian broadcasters are not taxable Canadian corporations.

Line 607 – Partnerships carrying on business in Canada (for their members or employees who are resident in Canada)

Enter the allowable remuneration paid to a partnership that carries on a business in Canada.

The eligible production corporation may include remuneration paid to the partnership for services provided in Canada for the production by an individual who is a member of the partnership (a partner) when the partner was resident in Canada. The allowable remuneration paid for services provided by the partner may include a profit element, in which case the look-through approach explained on page 10 would not apply.

If the remuneration includes amounts that are attributable to services personally rendered by an employee of the partnership, the allowable remuneration cannot exceed the amount of salary or wages paid to the employee for services provided in Canada for the production when the employee was a resident in Canada (using the look-through approach explained on page 10).

Canadian residency for individuals

The CRA considers the documents listed below to be evidence of significant residential ties to Canada. However, the CRA may ask for more information as outlined in the **Income Tax Folio S5-F1-C1 "Determining an Individual's Residence Status"** to support the residency status of an individual in Canada. All documents sent to the CRA are subject to verification, especially in situations where there is dual residency and an income tax treaty applies.

The CRA requires a copy of any one of the following documents to support residency status:

- Notice of assessment (T1) showing that the individual is a resident of Canada for the relevant tax year;

- Letter from the CRA giving an opinion of the individual's residency status in Canada for the relevant year(s) after completing Form NR74, Determination of Residency Status (entering Canada) or NR73 Determination of residency Status (leaving Canada); or
- Long-term (one year or more) lease or purchase of a Canadian dwelling with utility and/or cell phone bills showing the individual is living at that Canadian address.

If none of the above documents are available, the CRA requires a copy of three of the following documents to support residency status:

- Copy of the last income tax return filed in the country of origin and/or any document filed with the foreign tax authority in which the individual has declared that they are no longer a resident;
- Short-term (less than a year) lease agreement or letter from a landlord supporting a rental agreement;
- Provincial/territorial health or services card for the individual, their spouse and/or dependant;
- Driver's licence or vehicle registration from the relevant province/territory*;
- Professional association or union membership in Canada; or
- Statements of accounts (for example, bank accounts retirement savings plan, credit cards, securities accounts) from a Canadian branch of a financial institution.

* A provincial or territorial services card that includes health care and a driver's license will count as two documents.

For important information on how residency is determined, including tax obligations, dual residency and residency guidelines for film and media tax credits, go to **canada.ca/taxes-film** and select the topic "Residency status determination."

Look-through approach

The look-through approach limits the amount of remuneration that may qualify as a Canadian labour expenditure to the amount that would have been incurred by the eligible production corporation had it directly employed the individual. This approach is appropriate when remuneration is paid to a self-employed individual, a taxable Canadian corporation, or a partnership carrying on a business in Canada for the services of its employee. In applying this approach, the eligible production corporation must obtain from the service provider the amount of salary or wages paid to its employees. This amount should qualify as a Canadian labour expenditure directly attributable to the production.

65% administrative position

When the eligible production corporation engages a service provider with whom it deals at arm's length (that is, with whom it is not related), the amount of salary or wages paid by the service provider to its employees may not be available.

This could happen, for example, when the service provider is reluctant to supply detailed labour-related information to the eligible production corporation because it believes it is proprietary information that could be used to determine its profit level. To give eligible production corporations the opportunity to claim Canadian labour expenditures under such circumstances, the CRA will accept, as an administrative practice, 65% of the labour portion part of an invoice amount as a reasonable estimate of the salary or wages paid to the employee that is directly attributable to the production. The remaining 35% represents overhead and the service provider's profit.

When non-labour amounts (such as rental fees, goods provided by the service provider, and travel and living expenses) are included in a payment to a service provider, but there is no breakdown on the invoice, estimate the labour part of the invoice before applying the 65% rate.

The 65% administrative position does not prevent the CRA from auditing a third party to determine the actual amounts paid to employees. Also, if an eligible production corporation has claimed an amount greater than 65%, it must provide evidence to support that percentage.

Line 609 – Canadian labour expenditure transferred under a reimbursement agreement by the corporation, a wholly owned subsidiary, to the parent corporation that is a taxable Canadian corporation

Enter the amount of reimbursement that a wholly owned subsidiary (the eligible production corporation) made to its parent, a taxable Canadian corporation, under a written reimbursement agreement.

The reimbursement to the parent will be an eligible Canadian labour expenditure of the eligible production corporation, if it is paid no later than 60 days after the eligible production corporation's tax year-end. The reimbursement must relate to an amount paid by the parent for the accredited production and be considered a Canadian labour expenditure of the eligible production corporation that meets the criteria discussed above. If the parent and the subsidiary have different tax year-ends, the eligibility of the Canadian labour expenditure is based on the date it is reimbursed to the parent corporation.

Example
The parent corporation has a December 31, 2018 tax year-end and incurs costs for the accredited production between January 1, 2018, and December 31, 2018. All Canadian labour expenditures are paid within 60 days of the parent's tax year-end. The subsidiary has a July 31, 2019 tax year-end and reimburses the parent within 60 days of that date.

In this case, the Canadian labour expenditures incurred by the parent corporation for its December 31, 2018 tax year-end will be included in the subsidiary's calculation of Canadian labour expenditure for its July 31, 2019 tax year-end.

Canadian labour expenditure for the tax year – Amount A

Enter the total of lines 601 to 609. This amount represents the Canadian labour expenditure of the eligible production corporation for the tax year.

Line 611 – Canadian labour expenditures for all previous tax years

Enter the Canadian labour expenditure for all previous tax years on line 611.

Total Canadian labour expenditures – Amount B

Enter the total of amount A and line 611.

Line 612 – Total government and non-government assistance that the corporation has not repaid

Enter the cumulative government and non-government assistance received, entitled to be received, or expected to be received at the time of filing for your production. Only include the amounts that have not been repaid under a legal obligation at the time of filing.

Assistance received for the production can be from Canadian or foreign sources, including any amount received as a refund, reimbursement, contribution, or allowance, whether as a grant, subsidy, forgivable loan, deduction from tax, or any other form of inducement. For example, any provincial tax credit allowed in connection with the accredited production is considered assistance.

Note 1
A forgivable loan generally means that the lender agrees to forgive the loan under specific conditions, such as the production not reaching a certain revenue target.

Note 2
The PSTC is not considered government assistance for the purposes of determining the PSTC itself.

Line 613 – Qualified Canadian labour expenditures for all previous tax years

Enter the qualified Canadian labour expenditures of the eligible production corporation for all previous tax years.

If an accredited production continues through more than one tax year, deduct the qualified Canadian labour expenditures of all previous tax years to make sure no PSTC is claimed on amounts that have already earned a PSTC.

Note
The amount of the qualified Canadian labour expenditure must be determined for each accredited production, except in the case of episodes of the same series, which can be reported on the same form.

Line 615 – Canadian labour expenditure transferred under a reimbursement agreement by the parent corporation, that is a taxable Canadian corporation, to the corporation, a wholly owned subsidiary

Enter the amount of reimbursement that a parent corporation made to its wholly owned subsidiary (the eligible production corporation) under a written reimbursement agreement.

Subtotal – Amount C

Enter the total of lines 612 to 615.

Line 618 – Qualified Canadian labour expenditure

Enter the difference between amount C and amount B. This amount is the qualified Canadian labour expenditure of the eligible production corporation at the end of the tax year for the accredited production.

Part 5 – Film or video production services tax credit

Line 620 – Film or video production services tax credit

Enter the amount that is calculated by multiplying the qualified Canadian labour expenditure (the amount on line 618) by the PSTC rate of 16%. This is the eligible production corporation's PSTC for the year.

Enter the amount from line 620 on line 797 of your T2 return. If you are filing more than one PSTC claim for your corporation, enter the total of all the amounts.

Notes
The PSTC is fully refundable to the eligible production corporation. However, if the eligible production corporation has other unpaid debts to the Crown, the PSTC will be used to reduce those debts and the balance, if any, will be refunded.

The PSTC claimed is considered assistance received in the year for the purposes of determining the income of the eligible production corporation. The amount must either be included in income or, if the accredited production is depreciable property, used to reduce the capital cost of the property for capital cost allowance purposes.