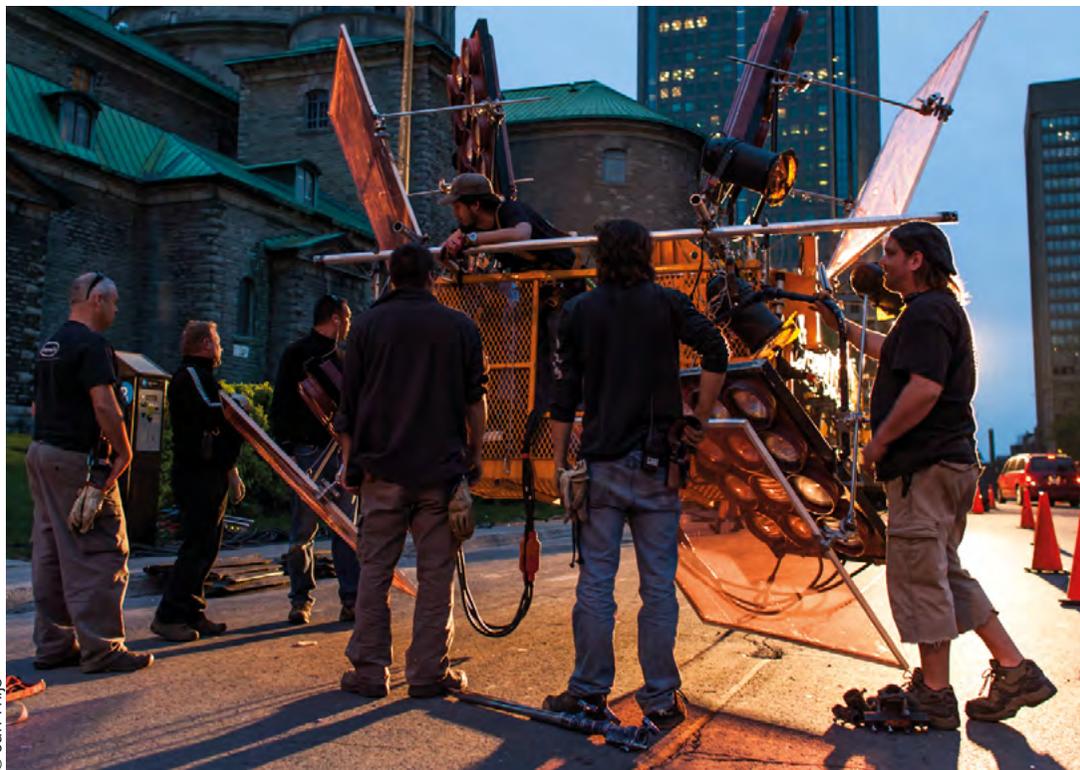


COPRODUCING IN QUÉBEC





© Film Laurentides



WHY COPRODUCE IN QUÉBEC?

Québec is recognized for its highly skilled, talented, creative, efficient, bilingual workforce and for its wide variety of locations and cutting-edge technical infrastructures. Moreover, Québec is particularly attractive due to its vast experience in international coproductions and its stable banking services and financial tools.

In addition to the possibility of contributions from private investors, distributors and broadcasters, Québec productions also benefit from several interesting tax tools and public funds that attract foreign producers.



It Must Be Heaven by Elia Suleiman
Coproductio France, Québec, Germany, Turkey

SELECTIVE SUPPORT

SOCIÉTÉ DE DÉVELOPPEMENT DES ENTREPRISES CULTURELLES DU QUÉBEC (SODEC)

SODEC is a government agency that reports to the Québec Minister of Culture and Communications. Founded in 1995, it is now a driving force of cultural development as it fulfils its mandate of promoting and supporting the establishment and development of cultural enterprises in all regions of Québec. It is also responsible for ensuring the collective presence of these same companies at fairs, festivals and international markets.

SODEC offers selective support for coproductions involving Québec companies:

- Selective support for development, production, marketing, broadcast and promotion offered in the form of project investments, non-refundable and refundable grants.
- Selective assistance programs: recoupable investments or grants for short, medium and feature-length documentary films (one-off); short and feature-length fiction films, including animation; and short narrative digital projects.

- Production assistance up to 65% of the Québec budget for feature-length fiction films and up to 49% for medium and feature-length documentaries (one-off), with applicable caps according to the production format.
- Submitted projects must meet the aid program criteria.
- An international coproduction (with the exception of coproductions for short narrative digital projects) must be recognized as an official coproduction according to a treaty signed with Canada and administered by Telefilm Canada.

EVALUATION PARAMETERS FOR A COPRODUCTION WHERE QUÉBEC IS A MINORITY PARTNER (SPECIFIC TO FEATURE-LENGTH FICTION FILMS)

- The project must be filed by the Québec coproduction partner; it may be filed at any time.
- At least 50% of the foreign financing must be confirmed.

- SODEC evaluates:
 - * the status of funding;
 - * the strategic agreement reached with a foreign partner for the purpose of initiating a reciprocal Québec majority coproduction;
 - * the potential economic spinoffs from the production and marketing of the film;
 - * the recoupment terms;
 - * the company's experience or potential for growth in the development of coproduction projects with foreign partners;
 - * the quality and progress of the script.
- Financial assistance is evaluated on the Québec share of the project and may reach a maximum of 49% of the Québec budget, but does not exceed \$350,000*.

* All amounts are in Canadian dollars.

TELEFILM CANADA

- Supports the development of film production via assistance programs for development, production, marketing and distribution offered in the form of recoupable project investments, grants or refundable assistance.
- Administers international coproduction treaties.
- Administers the Canada Media Fund (for television and digital content projects).
- Promotes Canadian content on the international scene.

WWW.TELEFILM.CA



TAX INCENTIVES

QUÉBEC TAX INCENTIVES

Over the last ten years, a contribution of close to \$153 million from tax credits for Québec film and television production and for film and television production services was dedicated to coproduction in Québec. Québec producers contributed \$752 million out of a total of \$1.78 billion in coproduction budgets.

REFUNDABLE TAX CREDIT FOR FILM AND TELEVISION PRODUCTION

- The refundable tax credit for Québec film and television production is applicable to labour expenditures incurred by a company that produces or coproduces a film or television production in Québec.

- The eligible company must have an establishment in Québec that is under Québec control.
- The company must hold production rights and, in the case of an official coproduction with Canada, obtain approved coproduction status from Telefilm Canada.
- Effective rate of 14% to 20% of the Québec budget depending on the category of eligible films.
- Bonus for eligible labour expense can apply depending on the project specifics:
 - * determined by public funding: up to 16%;
 - * for regional companies: from 10% up to 20%;
 - * for special effects and computer animations: 10%.
- A minimum of 75% of goods and labour expenditures must be paid to companies or individuals residing in Québec.
- Obligation to distribute, broadcast or make available online in Québec.

REFUNDABLE TAX CREDIT FOR FILM AND TELEVISION PRODUCTION SERVICES

- The refundable tax credit for film or television production services is a tax measure intended to encourage foreign productions to film in Québec and to carry out technical services such as animation and special effects. The eligible company must have an establishment in Québec but without any obligation to be under Québec control.
- If the eligible company is not the copyright owner, it must have signed a contract with the owner covering delivery of production services.
- Refundable tax credit based on directly related production costs, including eligible goods and labour expenditures incurred in relation to an eligible production, delivered on the territory of Québec.

- The production can be partially done in Québec.
- There is no obligation to obtain approved coproduction status.
- No distribution or broadcasting obligation.
- Eligible production categories:
 - * fiction films, including films that are composed entirely of sketches each of which is drawn in its entirety from a screenplay and that are specially conceived and arranged for television (including series and miniseries);
 - * documentaries lasting a minimum of 30 minutes of programming or, in the case of a series, 30 minutes of programming per episode, excluding documentaries intended for minors and virtual reality documentaries, which may be shorter;

- * eligible films or documentaries include virtual reality (VR) or augmented reality (AR) productions. A VR or AR production offered for free, without being deemed advertising, is eligible to the tax credit for film production services if it is an original production, or an extension or supplement to another production that aims to provide additional information or entertainment for the main production.
- Minimum budget requirements: \$250 000.
- Rates:
 - * 20% of expenses incurred and paid in Québec;
 - * bonus of 16% for labour for computer-aided special effects and animation and shooting of scenes in front of a chroma-key screen done in Québec.



FEDERAL FISCAL INCENTIVES

CANADIAN FILM OR VIDEO PRODUCTION TAX CREDIT PROGRAM

- Effective rate of up to 15% of eligible labour expenses.
- The Québec producer must retain rights to the production and obtain a certificate from the Department of Canadian Heritage that confirms the production's status as an official coproduction.

REFUNDABLE TAX CREDIT FOR CANADIAN FILM OR VIDEO PRODUCTION SERVICES

- This tax incentive represents 16% of labour costs incurred by and paid to Canadian residents (permanent residents or Canadian citizens) for services provided in Canada.

BANKING SERVICES AND FINANCIAL TOOLS

The investment bank of the Société de développement des entreprises culturelles (SODEC) works with companies in the culture and communications industry. Its authorised financing is intended to meet all of the financial needs of Québec companies in conjunction with other financial partners, in order to create long-term business relationship between cultural enterprises and the financial community. More specifically, the goals of SODEC's involvement with cultural enterprises are to:

- support the development of all of their activities;
- enable their expansion;
- ensure their long-lasting success;
- strengthen and reinforce Québec property by supporting the transfer of companies.



Its expertise and its thorough understanding of cultural enterprises enables SODEC to tailor its financing according to the specific realities of each production.

SODEC uses a wide variety of financial tools:

- interim financing;
- contract specific financing;
- term loans;
- revolving credit;
- loan guarantees;
- investment in projects and equity (exceptional).

Aline by Valérie Lemercier
Coproduction France, Québec
© Jean-Marie Leroy



Night of the Kings by Philippe Lacôte
Coproductio France, Québec,
Ivory Coast, Senegal
© Peripheria



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SODEC
Québec 