

QUÉBEC REFUNDABLE TAX CREDIT FOR FILM PRODUCTION SERVICES

The refundable tax credit for film production services is designed to stimulate job creation in Québec, essentially by encouraging foreign producers to choose Québec as a filming location. This credit is a source of new capital and generates significant economic spinoffs for crafts people and companies in Québec.

Summary Table of Tax Credit Rates

	Basic Rate	Improvement for computer-aided special effects and animation	Cap
Rate	25%	16%	N/A
Eligible costs	All-spend production costs including qualified labour costs and costs of qualified properties, incurred in Québec	Qualified labour costs directly attributable to qualified activities, incurred in Québec	

In cases of service contract for computer-aided special effects and animation

	Basic Rate	Improvement for computer-aided special effects and animation	Cap	Effective Rate
Rate	25%	16%	65%	$(25\%+16\%) \times 65\% = 26,65\%$
Eligible costs	All-spend production costs including qualified labour costs and costs of qualified properties, incurred in Québec			(Basic Rate + Improvement) X Cap

- Refundable tax credit consists of the all-spend production costs including qualified labour costs and qualified properties incurred in Québec regarding a qualified production
- **Categories of eligible productions:**
 - 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 fiction films or documentaries include virtual reality (RV) and augmented reality (AR) productions. It will be possible to offer VR or AR productions for free without them being deemed advertising. This type of production will be 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 requirement: \$250,000 CAD**
- **Production can be partially done in Québec**
- **No broadcast or showing obligation**
- **Eligible corporation:**
 - Corporation established in Québec whose activities are primarily in film and television business;

- Corporation does not have to be controlled by Québec residents;
- Excluded corporations:
 - tax exempted corporation;
 - controlled by tax exempted corporation;
 - holder of a broadcasting licence issued by the CRTC or corporation that is not at arm's length to a corporation which holds such a licence¹
- **All-spend production costs:**
 Provided they relate to services directly attributable to the completion of the qualified production rendered in Québec in relation to the production stages running from screenplay to postproduction and they are reasonable in the circumstances, the qualified costs include:
 - Qualified labour costs: wages and salaries, including the associated payroll taxes incurred by the corporation, regarding an employee as well as the cost of any service contract incurred by the corporation with a supplier of services²
 - Cost of qualified properties, costs incurred by the corporation regarding the acquisition or rental, in Québec, of tangible properties (including software), in relation to a qualified production provided that:
 - they relate to properties used in Québec in relation to the production stages running from screenplay to postproduction;
 - they are incurred with:
 - an individual who resides in Québec at the time the properties are acquired or rented, in the course of the completion of the qualified production;
 - a corporation or partnership that carries on a business in Québec and has an establishment there at the time the properties are acquired or rented, in the course of the completion of the qualified production.
- **Government and non-government assistance**
 The total amount of all-spend production costs incurred by a qualified corporation must be reduced by the amount of any government assistance, any non-government assistance and any profit or gain including the amount of a financial contribution paid by a public body that holds a broadcast licence issued by the Canadian Radio-television and Telecommunications Commission.
- **SODEC two-stage administrative procedure:**
 - **Approval Certificate:**
 Certifies the eligibility of the production and is delivered to a corporation that is the owner of the copyright throughout the period during which the production takes place in Québec.
 - Required documentation:
 - Application form duly completed by the copyright owner or his official designee;
 - Statement relating to the official representative to be completed by the copyright owner (where applicable);
 - Complete chain-of-title documentation or detailed legal opinion;
 - Synopsis;
 - International budget summary;
 - Québec detailed budget;
 - SODEC administrative fees.

¹ A holder of a broadcasting licence issued by the CRTC or corporation that is not at arm's length to a corporation which holds such a licence could qualify under certain conditions.

² However, a wage or salary, including the associated payroll taxes, or a cost of a service contract incurred directly or indirectly regarding a producer, an author, a scriptwriter, a director, a production designer, a director of photography, a music director, a composer, a conductor, an editor, a visual effects supervisor, an actor (speaking role) or an interpreter will be qualified only if such person is an individual who resides in Québec at the time when the services are provided in the course of the completion of the qualified production.

- **Advance Ruling:**
 Delivered either to the owner of the copyright or, where the owner is not an eligible corporation, to any eligible corporation that is under a direct contractual link with the owner of the copyright and provides services in Québec regarding the eligible production.
 - Required documentation:
 - Application form duly completed;
 - Copy of the Approval Certificate related to the production;
 - Contract directly entered with the owner of the copyright for the delivery of production services in Québec;
 - For Québec CGI corporations that have entered into a contract of a maximum value of \$1,5M CAD, a notarized confirmation of copyright ownership will suffice;
 - Cast & crew list;
 - Québec budget including detailed labour and properties;
 - Contracts related to computer animation and special effects activities;
 - Schedule related to the shooting of scenes in front of a chromatic screen activities;
 - SODEC administrative fees.

- **Joint roles of SODEC and REVENU QUÉBEC**
 - SODEC validates the production conformity and issues the certificates of eligibility (Approval Certificate and Advance Ruling).
 - Applications must be filed with SODEC before the end of the taxation year in which the eligible corporation wants to claim with REVENU QUÉBEC.
 - REVENU QUÉBEC validates the eligibility of the corporation, ascertains the costs claim and refunds the tax credit. The eligible corporation must file the Advance ruling letter issued by SODEC along with its corporate tax return in order to obtain the refundable tax credit.

- **Claiming the tax credit with REVENU QUÉBEC**
 - The corporation must submit to REVENU QUÉBEC its tax credit claim for a taxation year, along with a copy of the favourable advance ruling given by SODEC and, where applicable, a copy of the approval certificate. All the required documents must be sent to REVENU QUÉBEC on or before the later of:
 - the day that is 12 months after the filing deadline for the return for the taxation year concerned, and
 - the day that is three months after the later of:
 - the day that the favourable advance ruling was given, and
 - the day that the approval certificate was issued.

- **Submittal of an application for an approval certificate and an advance ruling**
 - Applications, along with associated required documents, may be submitted to SODEC at any time using the [SOD@ccès secure portal](mailto:SOD@ccès_secure.portal).

Information

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