



Ontario Media
Development Corporation

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— **Film & Television
Enhancements**

OMDC Offers an Ontario Wordmark for Film & Television Productions

A screen credit recognizing financial support from the Ontario Government is now available for producers who wish to recognize the Ontario tax credits contribution to their production. To download the new screen credit logo please go to the [Wordmark page](#)

What Is It?

The OFTTC is a refundable tax credit based upon eligible Ontario labour expenditures incurred by a qualifying production company with respect to an eligible Ontario production. The OFTTC was announced in the May 1996 Budget and became operational in the Fall of 1997 following passage of implementing legislation and regulations. Enhancements to the OFTTC were implemented in 1997, 1998, 1999, 2000 and 2004. The OFTTC is generally "harmonized" with the Canadian Film or Video Production Tax Credit.

How Much Is The Tax Credit?

The OFTTC is generally calculated as 30% of the eligible Ontario labour expenditures, net of assistance reasonably related to these expenditures, incurred by a qualifying production company with respect to an eligible Ontario production. For productions which commenced principal photography on or after March 28, 2003, equity investments from government agencies will no longer be treated as assistance. An enhanced credit rate of 40% on the first \$240,000 of qualifying labour expenditure is available for first time producers. Productions that are shot in Ontario entirely outside of the Greater Toronto Area or that have at least five location days in Ontario (or in the case of a television series, the number of location days is at least equal to the number of episodes), and at least 85% of the location days in Ontario are outside the Greater Toronto Area, receive a 10% bonus on all Ontario labour expenditures incurred for the production after May 2, 2000. Productions eligible for the regional bonus

effectively receive a tax credit rate of 40% on eligible expenditures.

Who Is Eligible?

A qualifying production company is a Canadian corporation which is Canadian-controlled, has a permanent establishment in Ontario, and files an Ontario corporate tax return. In addition, the individual producer of the production must have been an Ontario resident for tax purposes at the end of both of the two calendar years prior to commencement of principal photography.

What Types of Production Are Eligible?

An eligible Ontario production is a production which:

- has 6 Canadian content points (*unless it is an official treaty co-production*)
- is predominantly shot and posted in Ontario (*Note: There are exceptions for documentaries, interprovincial co-productions and international treaty co-productions*)
- spends at least 75% of its total final costs on Ontario expenditures
- if for television, is suitable for a minimum 30 minute time slot (except children's programming)
- has an agreement with an Ontario-based distributor or a Canadian broadcaster to be shown in Ontario within 2 years of completion (broadcast must occur between 7:00 p.m. and 11:00 p.m., except for children's programming)
- is not in an excluded genre (such as news or current affairs, talk shows, game shows, sports shows, awards shows, fundraising shows, reality television)

What Expenditures Are Eligible?

Eligible Ontario labour expenditures consist of:

1. Salaries and wages paid to Ontario residents;
2. Remuneration paid to:
 - a) corporations that are personal service companies subject to tax in Ontario for the services of an Ontario resident,
 - b) sole proprietors or freelancers subject to tax in Ontario,
 - c) partnerships, for the services of a partner subject to tax in Ontario, and
 - d) taxable Canadian corporations with a permanent establishment in Ontario for the services of their employee(s) who are Ontario residents; and
3. Reimbursements by a wholly-owned production company to its parent company for labour expenditures, as above, that were paid by the parent company on behalf of the production company.

Ontario residents are individuals who were resident in Ontario for tax purposes at the end of the calendar year prior to commencement of principal photography. The labour expenditures of a corporation for the purposes of the OFTTC must be reasonable and must be included in the cost of the production.

Enhancements to the OFTTC Regulations were introduced in the May 18, 2004 Budget, and were passed into law on October 4, 2004. Under the "old rules" eligible labour expenditures included those incurred from the final script stage until the end of post-production.

Under the "new rules", productions with a production commencement time (PCT) on or after November 14, 2003 or with principal photography on or after January 1, 2004 can claim eligible labour expenditures possibly as early as two years prior to the commencement of principal photography. This may include labour expenditures for script development. Labour expenditures must not only be incurred but must also be paid in the taxation year (or within 60 days after the end of the taxation year) for which they are being claimed.

How to Determine Production Commencement Time (PCT)?

To determine the PCT date, the applicant must take the earlier of a) or b):

- a) is the commencement of principal photography (PP);
- b) is the latest of the following 3 dates:
 - i) the date the first labour expenses for script material were incurred by the applicant (or their parent corporation);
 - ii) the date the applicant (or their parent corporation) acquired the property on which the production is based; and
 - iii) 2 years before commencement of principal photography

Which Rules Apply in Ontario?

1. PCT is on or after November 14, 2003	NEW RULES
2. PCT is before November 14, 2003 AND PP commences on or after January 1, 2004	NEW RULES
3. a) PCT is before November 14, 2003 AND PP commences after the last taxation year that ended before November 14, 2003 (eg. company's fiscal year end is May 31, 2003 and PP commences August 1, 2003) b) PCT is before November 14, 2003 AND the first taxation year of the company includes November 14, 2003 (eg. it is a new company incorporated after November 14, 2002, with its first fiscal year end on or after November 14, 2003)	ELECTION
4. PCT is before November 14, 2003 AND the company's first fiscal year end after	OLD

the commencement of PP is before November 14, 2003	RULES
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How Is The Credit Administered?

The OFTTC is jointly administered by the Ontario Media Development Corporation (OMDC) - an agency of the Ministry of Culture - and the Ministry of Finance for Ontario. Application is made to OMDC for a certificate of eligibility, which the production company files with the Ministry of Finance together with its tax return in order to claim the OFTTC.

Related Documents:

- OFTTC Information/Application Package
- OFTTC Legislation; OFTTC Regulations

[Download the OFTTC Guidelines](#) 

[Download OFTTC Application](#) 

[Download Producer Residency Declaration](#) 

[Download Ontario Declaration of Residency/Consent Form](#) 

[Download Taxpayer Authorization Form](#) 

[Download OFTTC Labour Calculation Form](#) 

Labour Calculation with Non-Ontario Costs Spreadsheet in **Telefilm format** that is easy to use and provides the applicant with an estimated % of labour that can be claimed.

[Enhancements to Film & Television Tax Credits December 2005](#) 

For further information contact:

Tax Credits & Financing Programs Ontario Media Development Corporation

175 Bloor St. East, South Tower, Suite 501
Toronto, ON M4W 3R8
Telephone: 416.314.6858
Fax: 416.314.6876
E-mail: taxcredits@omdc.on.ca

Note: This sheet is a general guide and may not be relied upon in order to determine eligibility or the amount of an anticipated credit. Please consult the OFTTC legislation and regulations for further details.

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