

**MANITOBA FILM AND VIDEO PRODUCTION TAX CREDIT
MANITOBA COST-OF-PRODUCTION CREDIT**

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OVERVIEW: THE 9 STEPS OF THE TAX CREDIT PROCESS

<u>Project Stage</u>	<u>The Tax Credit Process</u>
Pre-Production	<ol style="list-style-type: none"> 1. Ensure that the applicant company, through which you will be running Manitoban expenses: <ol style="list-style-type: none"> (a) Is a taxable Canadian corporation incorporated under the laws of Canada or of a province of Canada; (b) Has a permanent establishment in Manitoba (production trailers/office space in MB, employee or agent in MB who can contract on behalf of the company, and production equipment in MB); (c) Is producing an eligible film in the course of a film or video production business that is its primary business; and (d) Pays at least 25% of its “T4’able” salaries and wages for each fiscal year in question to “T4’able” eligible employees and “T4’able” employees who are eligible non-resident individuals, in relation to the eligible film for which the tax credit is claimed, for work performed in Manitoba on the eligible film (This clause refers to eligible employees appearing on the production company’s T4 summary. Payments to contracted individuals and to corporations are not included in this calculation). For documentaries, the work does not need to be performed in Manitoba. (Please see Section K, bullet v, for more information). 2. <ol style="list-style-type: none"> (a) Prepare Request for Deeming for Manitoba Film & Music (MFM) (if applicable). See Section H for more details. (b) Submit completed Part A tax credit application to Manitoba Film & Music (<i>optional, but recommended for those unfamiliar with the program</i>) once locked budget is in place. 3. Receive Part A Registration Certificate from MFM.
Production	<ol style="list-style-type: none"> 4. Collect necessary Residency Declarations for each eligible MB labour expense and invoices for all other Eligible Manitoba Expenses, as required. <ol style="list-style-type: none"> (a) For multi-year productions: submit application to Manitoba Film & Music for an Advance Certificate of Eligibility after each Fiscal Year that ends prior to the end of post-production. (NOTE: It is at this point that

one needs to decide whether to apply for the cost-of-salaries credit or for the cost-of-production credit. Once the application is made, the type of credit is locked in and it is no longer possible to switch for the other credit.) When received from MFM, file the Advance Certificate of Eligibility with the T2 corporate return to the Canada Revenue Agency (CRA), along with Form B(1) *Report of Eligible Manitoba Expenditures*, Form D *List of Deemed Labour*, and any other documentation listed on the Canada Revenue Agency Schedule 388 for the Manitoba Tax Credit, for each fiscal year that ends prior to the end of post-production in accordance with CRA requirements.

Tax credits will not be awarded on eligible non-resident labour until the production is complete – the deeming cap can only be determined based on the total eligible Manitoba labour across the entire show, and final deeming can only be determined once all training has taken place. The tax credit on eligible non-resident labour will be issued when the Certificate of Completion is filed with CRA.

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|-----------------|----|--|
| Post-production | 5. | <ul style="list-style-type: none"> (a) If applicable, the Actual List of Deemed Labour (Form D, Part B) is forwarded by the production company to Manitoba Film & Music for the unions/guild/FTM to sign off that the training took place. (b) Prepare costs and labour expenditures for audit or review, if applicable. |
| Delivery | 6. | Engage accountant (third party accountant when required), to prepare a cost report (reviewed or audited where appropriate) and a report of eligible Manitoba expenditures (reviewed or audited where appropriate) – See Completion Checklist and Section L for more info. |
| | 7. | Submit application for Certificate of Completion to Manitoba Film & Music for review. The application must be received within 30 months of the end of the taxation year in which principal photography began (unless a Waiver In Respect Of The Normal Reassessment Period – Form T2029 - has been filed with the Canada Revenue Agency, in which case the deadline is increased to 42 months after the end of the fiscal year in which principal photography began). Please note that once an Advance Application or Completion Application has been made, the type of credit (cost-of-salaries or cost-of-production) is locked in and can no longer be changed for the other credit. For multi-year productions, a Completion |

Application is required regardless of whether or not an Advance Certificate of Eligibility was previously issued.

8. Receive Certificate of Completion from Manitoba Film & Music.
9. Submit complete audit package to the Canada Revenue Agency, including the Certificate of Completion, along with the annual corporate income tax return (T2). CRA will make the final determination of the value of the credit amount and will issue payment to the applicant company.



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MANITOBA FILM AND VIDEO PRODUCTION TAX CREDIT GUIDELINES

Manitoba Cost-of-Production Credit

This document 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 Manitoba Film and Video Production Tax Credit legislation. Please note that a careful review of the legislation and regulations is recommended before you apply for the credit.

A. INTRODUCTION

The Legislation for the Manitoba Film and Video Production Tax Credit is found in sections 7.5 to 7.9 of The Income Tax Act (Manitoba); a copy is attached to this document as Appendix I. Where there is a conflict between the information contained in this package and the legislation, the legislation will prevail.

Who do I contact for help with the program?

If you have any questions or need help in completing the application, please do not hesitate to call **Manitoba Film & Music (MFM)** for assistance. Manitoba Film & Music will provide published documentation and general information on eligibility and calculation requirements.

Manitoba Film & Music
410 – 93 Lombard Avenue
Winnipeg, MB R3B 3B1
Telephone: (204) 947-2040
Fax: (204) 956-5261
Web: www.mbfilmmusic.ca

B. HISTORY

The Manitoba Cost-of-Production Credit was introduced in the spring of 2010 to provide an incentive to the private film and television production industry to create economic development growth in the province. This refundable tax credit is calculated based on a production's eligible Manitoba Expenditures, including eligible Manitoba labour expenditures and eligible non-resident labour. It is effective for productions where principal photography began on or after April 1, 2010 and for expenditures incurred before January 1, 2017.

The Manitoba Cost-of-Production Credit includes a Deeming Provision in order to further develop the trained workforce (See Section H for more information).

As of April 1, 2007, the Canada Revenue Agency (CRA) is co-administering the Manitoba Film and Video Production Tax Credit with Manitoba Film & Music on behalf of the Province of Manitoba. As a result of this administration change, the Manitoba credit is now more closely aligned with federal/CRA tax credit interpretations. Multi-year productions are able to apply for and receive their tax credit after each fiscal year, based on an Advance Certificate of Eligibility. Please see Section J for the list of responsibilities of each organization.

The 2010 Manitoba Budget introduced the 30% Cost-of-Production Credit and extended the program until March 1, 2014.

NOTE: Productions have the option of choosing either the Manitoba Cost-of-Production Credit or the Manitoba Cost-of-Salaries Credit, whichever is the most beneficial for the production. The final, irreversible selection is made when an application is made with Manitoba Film & Music for an Advance Certificate of Eligibility or for a Completion Certificate. For guidelines relating to the Manitoba Cost-of-Salaries Credit, please see the Manitoba Film & Music website.

The 2013 Manitoba Budget extended the program until December 31, 2016.

Principal Photography Start	Tax Credit Calculation
After January 1, 1997	35% tax credit on Manitoba labour.
After March 6, 1998	35% tax credit on Manitoba labour & eligible non-resident labour.
After April 19, 2004	35% tax credit on Manitoba labour & eligible non-resident labour with 5% frequent filming and 5% rural bonuses available
After March 8, 2005	45% tax credit on Manitoba & eligible non-resident labour with 5% frequent filming and 5% rural bonuses available.
After April 1, 2007	Allow multi-year productions to receive tax credits prior to year of completion based on an Advance Certificate of Eligibility.
After December 31, 2007	45% tax credit on Manitoba & eligible non-resident labour with 10% frequent filming, 5% rural bonus, and 5% Manitoba producer bonus. Deeming cap increased to 30% with 2 Manitoba trainees required per eligible non-resident.
After March 31, 2010	Option of applying for the 30% Cost-of-Production Credit on Eligible Manitoba Expenditures, including MB labour and eligible non-resident labour.
After April 17, 2012	Accommodation costs incurred and paid up to \$300 per night per unit, inclusive of taxes, can be claimed as eligible accommodation expenditures when calculating the Cost-of-Production Credit.

C. OVERVIEW

The Manitoba Film and Video Production Tax Credit is a refundable corporate income tax credit. It is available to qualifying producers of eligible Manitoba productions and co-productions. The tax credit is provided to the same extent for all taxpayers, regardless of their income level and marginal tax rate.

The Manitoba Tax Credit is compatible with the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC),

which are co-administered by the Canadian Audio-Visual Certification Office (CAVCO) and CRA.

The Cost-of-Production Credit provides production companies with a 30% tax credit based on eligible Manitoba expenditures, including eligible Manitoba labour and eligible non-resident labour. Unlike with the Cost-of-Salaries Credit, there are no bonuses for the Cost-of-Production Credit.

The tax credit include a “Deeming Provision,” whereby if a technical position is unable to be filled by a willing, available, and/or qualified Manitoba resident, the salary of a qualifying non-resident may be deemed eligible for the tax credit provided that there is at least one Manitoba trainee on the production for every eligible non-resident being deemed (See Section H for more information, including caps).

There are no corporate caps regarding the number of applications or the amount of tax credit that a corporation may apply for.

There are no Canadian broadcast requirements.

There are no Manitoba production spend requirements.

There are no copyright ownership requirements.

There are no Manitoba or Canadian content requirements.

Non-Manitoba share ownership of the applicant company does not affect the ability to claim the credit.

There is no administration fee charged to apply for the tax credit.

D. REQUIRED SCREEN CREDITS

Please contact the Tax Credit Analyst at Manitoba Film & Music for information.

Brian Clasper
Tax Credit Analyst
Manitoba Film & Music
Email: bclasper@mbfilmmusic.ca
Phone: (204) 947-2040 ext.25

E. WHO CAN APPLY?

Applicants must:

- a) be taxable Canadian corporations, incorporated under the laws of Canada or a province of Canada;

- b) have a permanent establishment in Manitoba;
- c) be producing an eligible film in the course of a film or video production business that is its primary business; and
- d) pay at least 25% of its “T4’able” salaries and wages for each fiscal year of the production to “T4’able” eligible employees and “T4’able” eligible non-resident individuals, in relation to the eligible film for which the tax credit is claimed, for work performed in Manitoba on the eligible film, except for documentaries where the work can be performed anywhere (Please see Section K, bullet v, for more information).

For reference, the income tax act defines “permanent establishment” with three criteria. A production can satisfy the requirements by having production trailers/office space on site (“fixed place of business”), having producers on site (“employee or agent established in a particular place with a general authority to contract on behalf of the corporation”), and having production equipment on site (“uses substantial machinery or equipment in a particular place in a province”).

Co-Productions and/or Co-Ventures are eligible. The Manitoba Film and Video Production Tax Credit is designed to encourage outside collaboration with non-Manitoba producers.

F. WHAT PROJECTS ARE ELIGIBLE?

Eligible projects include fully financed television movies, documentaries, feature films, dramatic series, variety, animation, children’s programming, music programming, and informational series. These productions can be released on media used for traditional film and video productions, as well as multimedia, digital and CD-ROM. For a list of INELIGIBLE productions, please see section 7.7(1)(c) of the tax credit legislation available at the end of this information package as Appendix I.

Special effects work on eligible film and video projects as listed above are eligible under the Manitoba Film and Video Production Tax Credit.

Filming outside of the province of Manitoba is allowable within the spirit and intent of the Act, recognizing that certain productions require shooting outside of Manitoba. However, 25% of the “T4’able” salaries and wages of the eligible corporation for each fiscal year in question must be paid to “T4’able” eligible employees and “T4’able” employees who are eligible non-resident individuals, in relation to the eligible film for which the tax credit is claimed, for work performed in Manitoba on the eligible film. For documentaries, the work does not have to be performed in Manitoba (Please see Section K, bullet v, for more information).

Interactive digital media projects, including video games, do not qualify under the Manitoba Film and Video Production Tax Credit. These projects may be eligible under the Manitoba Interactive Digital Media Tax Credit program administered by Manitoba Jobs and the Economy. For information regarding this program, please contact:

Ms. Joanne Dyker
Business Development Manager – Interactive Digital Media
Manitoba Jobs and the Economy
1030 – 259 Portage Avenue
Winnipeg, Manitoba CANADA
R3B 3P4
Phone: (204) 945-3145
Fax: (204) 945-3977
Email: Joanne.Dyker@gov.mb.ca

http://www.gov.mb.ca/jec/busdev/sibd/idm_taxcredit.html

G. CALCULATION

The Cost-of-Production Credit provides production companies with a 30% tax credit calculated on eligible Manitoba expenditures, including eligible Manitoba labour expenditures and eligible non-resident labour, for productions where principal photography began on or after April 1, 2010. Definitions are provided below.

1) Criteria

Production expenses must satisfy the following three criteria in order to be eligible

a. Reasonable in the circumstances

The dollar value of the expense must conform to industry standards, and the type of the expense must be generally recognized as being essential to the production of the film. If the amount is unreasonable, only the excessive amount is disallowed. This is a general description.

b. Directly attributable to the production (of the eligible film or video)

The production of the film must be the immediate cause of the labour expense. For claims received by the CRA after April 1, 2007, CRA's application policy FIS 2006-01, *Application of the phrase "directly attributable" that is found in the definition of "labour expenditure" in subsection 125.4(1) of the Income Tax Act and in the definition of "Canadian labour expenditure" in subsection 125.5(1) of the Act*, available at <http://www.cra-arc.gc.ca/tx/nnrstdnts/film/pstc-cisp/plcs/p2006-01-eng.pdf> will apply.

c. Eligible Time Period

i) Taxation/Fiscal Year

- a. Expenditures must be incurred and paid before January 1, 2017; and,

- b. Expenditures must be incurred and paid within 60 days of the end of the taxation year(s) of the production.

Amounts incurred in the qualifying corporation's taxation year but paid more than 60 days following the end of the taxation year, may not be claimed in the taxation year. However, such amounts may be claimed in the subsequent taxation year of the corporation if they are paid in the subsequent taxation year or within 60 days following the end of the subsequent year.

ii) Stages of Production

Expenditures must be incurred from the "Commencement of Production" to the end of post-production (delivery date) to be eligible.

"Commencement of Production" - To reduce uncertainties in interpretation, the commencement time for a production will be defined to allow the possibility for eligible costs to be incurred as early as two years before principal photography begins. Eligible expenditures will include those incurred after principal photography begins, plus those incurred after the latest of the following three times:

1. The time at which the production corporation or its parent company first incurs development labour costs for the development of property of the corporation that is script material on which the production is based;
2. The first time at which the production corporation or its parent company acquires a right in respect of the story that is the basis of the final script. Such rights might include a published literary work, play, or screenplay;
3. Two years prior to the date on which principal photography begins.

It is intended that in-house development costs for an initial draft of a script, as well as the cost of modifications, should be eligible. These in-house costs could include the cost to hire an independent writer to create a script on the basis of some other story or literary work for which the corporation has acquired the rights.

"End of post-production" – Generally, the date of delivery. The date listed in the Application as "Answer Print/Master tape acceptance date" will be used to mark "the end of post-production."

2) Calculating Eligible Expenditures:

A corporation's "Eligible Manitoba Expenditures" for a taxation year is calculated by adding:

- (a) the corporation's eligible salaries, including allowable portion of "eligible non-resident individual" salaries, in relation to the eligible film;
- (b) the corporation's eligible service contract expenditures in relation to the eligible film that are not included under (a);
- (c) the corporation's parent-subsidiary amounts in relation to the eligible film that are not included in (a) or (b);
- (d) the corporation's eligible tangible property expenditures in relation to the eligible film that are not included in (a), (b), or (c); and
- (e) if principal photography of the eligible film commenced after April 17, 2012, the corporation's eligible accommodation expenditures in relation to the eligible film.

and deducting all relevant government assistance that may reasonably be considered to relate directly to any amounts above.

Government assistance is defined as the amount of assistance which the corporation receives or is entitled to receive from a government, municipality or other public authority whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or any other form of assistance, other than

- (a) any film and video production tax credit under this Act or under the federal Act;
- (b) government amount paid or payable to the corporation by The Canada Media Fund, Telefilm Canada or Manitoba Film and Sound Recording Development Corporation that is recoupable or repaid;
- (c) any amount received or receivable under The Canada Media Fund Licence Fee Program;
- (d) the amount of a credit under section 10.1 (co-op education and apprenticeship tax credit); and
- (e) any other amount prescribed by regulation.

a. Eligible salaries

An “eligible individual” means an individual who was resident in Manitoba for tax purposes on December 31 of the taxation year or the immediately preceding taxation year.

An “eligible non-resident individual” means an individual who provided technical services in Manitoba for the production of an eligible film as a member of a film production technical crew of which at least one other member was a Manitoba trainee receiving eligible training.

Eligible salaries are divided into the following two categories (see Form B and Form B(1) for required reporting format), and each labour expenditure reported on Form B(1) should be supported with an appropriate Declaration Form:

i) Labour paid to Employees:

***Form Required: Personal Residency Declaration Form
(please ensure “province of residence” is filled in)***

Refers to Manitoba residents being paid salary and wages by the applicant company where taxes are withheld at source. These individuals would normally be in receipt of a T4. The corporation’s employees must also be Manitoba-based at the time the payments are made. The employee’s Social Insurance Number (SIN) must be listed on Form B(1).

ii) Eligible Non-Resident Labour

***Form Required: Personal Residency Declaration Form
(please ensure “province of residence” is filled in)***

This expense is paid to eligible non-resident individuals who have been “deemed” eligible for the tax credit through the Deeming Provision. All deemed salaries should be listed on the Form B(1); **however, the eligible amount is calculated as the lesser of a percentage of the “real” Manitoba labour or the actual non-resident salaries (Section V of the Application Form).** Please refer to Section H under the heading “Deeming Provision” for further information regarding deeming.

b. Eligible service contract expenditures

Consists of the cost of a contract for services that are directly attributable to a production, and have been incurred and paid:

(a) to an eligible individual, other than an employee of the corporation, for services performed in Manitoba at a time when they were eligible individuals;

(b) to a taxable Canadian corporation for services performed in Manitoba by that corporation's employees at a time when they were eligible individuals;

(c) to a wholly owned taxable Canadian corporation, for services rendered personally by the individual owner in Manitoba in respect of the eligible film; or

(d) to a partnership, each member of which is an eligible individual or a taxable Canadian corporation, for services performed in Manitoba in respect of the eligible film by an eligible individual who is a member of the partnership or by the partnership's employees at a time when they were eligible individuals;

and any other eligible amount prescribed by regulation.

Applicants are required to maintain proper books and records including any documentation to support the production costs (service contracts, invoices, and proofs of payment).

c. Eligible parent-subsidiary amounts

Refers to an amount that is paid by a subsidiary corporation to a parent corporation, to which the subsidiary is a wholly-owned corporation, and is paid as a reimbursement of an expense of the parent that:

- The corporation and the parent have agreed to treat as an expenditures of the eligible corporation; and
- The expense would be an eligible service contract expenditure of the eligible corporation for the taxation year in which it was incurred by the parent if: the corporation's taxation year were the same as the parent's taxation year, and the expenditure were incurred by the eligible corporation for the same purpose as it was incurred by the parent, and were paid by the corporation at the same time and to the same person as it was paid by the parent.

Applicants are required to maintain proper books and records including any documentation to support the production costs (service contracts, invoices, and proofs of payment).

d. Eligible tangible property expenditures

Includes amounts incurred for the acquisition or rental in Manitoba of tangible property used in the eligible production. Such expenditures must satisfy the following conditions:

- The total lease cost for a tangible property that is used in Manitoba in a manner that is directly attributable to the eligible production; used during the stages of the production from production commencement to the end of post production; and paid

to a person or partnership that carries on a business in Manitoba through a permanent establishment and that is:

- a) Reasonable in the circumstances;
- b) Paid to a lessor who carries on business at a permanent establishment in Manitoba, and is in the business of leasing tangible property of the type leased to the corporation, and
- c) At the time of payment of the lease cost the lessor is:
 - i) A taxable Canadian corporation that is not related to the eligible corporation or controlled by any of its employees, or
 - ii) an individual resident in Manitoba who is not an employee of the eligible corporation, or ,
 - iii) a partnership each member of which is not a corporation described in i) or an individual described in ii).

- For property owned or acquired by the eligible corporation, the total capital cost allowance for a tangible property that is used in Manitoba in a manner that is directly attributable to the eligible production determined by the formula:

Undepreciated cost of capital at the beginning of the year	x	Capital cost allowance for the year	x	Days the property was available in MB for producing the film 365
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Applicants are required to maintain proper books and records including any documentation to support the production costs (service contracts, invoices, and proofs of payment).

e. Eligible accommodation expenditures

For productions where principle photography began after April 17, 2012, accommodation costs incurred and paid up to \$300 per night per unit, inclusive of all taxes, may be claimed as eligible accommodation expenditures.

3) Details on eligibility of expenses

- a) "**Excluded production expenditures**" include expenditures incurred for:
 - (i) meals or entertainment, other than food and non-alcoholic beverages provided to individuals working on the eligible film at a studio or location set on a day that filming takes place;
 - (ii) alcoholic beverages;
 - (iv) living expenses other than eligible accommodation expenditures;

- (v) remuneration that is determined by reference to profit or revenue;
 - (vi) anything for which an amount is included in computing a credit under any other section of the Manitoba Income Tax Act other than section 10.1 (co-op education and apprenticeship tax credit); or
 - (vii) advertising, marketing, promotion, market research or anything else that relates in any way to any other film or video production.
- b) Eligible salaries may include the value of benefits which are taxable to the eligible employee, including vacation pay, holiday, and employer contributions to a registered retirement savings plan. Benefits paid by the employer but not taxable to the employee, such as the employer's portion of payroll source deductions, would not be included in eligible salaries. Workers' compensation, CPP, and EI premiums are not eligible;
 - c) Union and guild fringes paid on the production for eligible individuals may be included if they are taxable;
 - d) Eligible service contract expenditures may include payments to Manitoba police for on-set security services;
 - e) Airfare and travel outside Manitoba are not eligible service contract expenditures. Transportation costs are eligible as long as the production of the film is the immediate cause of the expense, and the transportation takes place in Manitoba, and the expense occurs during the eligible production period;
 - f) Bulk Extras: In cases where more than 25 extras are hired locally for a production on any given day and the gross daily expense is less than \$150 per extra, the Form B(1) may include one line summaries including the number of bulk extras and their cost, but a detailed listing and Declarations of Residency MUST BE AVAILABLE upon request;

E.g.

Budget Category	Position	Name of Manitoba Employee and/or Production Service Co.	Street Address of Manitoba Employee or Production Service Company	SIN	Amount Paid or Hours Worked	Qualified % of Salary or Hourly Rate	Total Eligible Labour Expense
Manitoba labour paid to Individuals							
11.1	Extra	Bulk Extras/Day 15; 400 extras	on file with ProdCo	on file with ProdCo	\$48,000	100%	\$48,000
11.1	Extra	Jane Doe	123 Easy Street	123 456 789	\$200	100%	\$200

- g) Kit rentals, cell phones, car rentals, and meal allowances qualify as eligible salaries if they are taxable in the hands of an eligible individual or qualify as eligible tangible property if they are not taxable in the hands of an eligible individual;

- h) Manitoba Actor buyout payments are eligible at 100% of the expense, and must be listed individually by actor, as opposed to reporting a lump sum;
- i) Unit Publicist fees are eligible at 100% during the eligible production period (i.e. not eligible during post-production).
- j) Courier and shipping fees will only be accepted where paid directly to courier and shipping companies with a head office in Manitoba. Re-bill charges (reimbursements) for courier and shipping expenses are ineligible, and fees paid to companies without Manitoba head offices (e.g. Air Canada, FedEx, etc.) will only qualify if invoices specifically identify the amount paid for Manitoba expenses;
- k) Legal and accounting fees may be eligible during production as follows:
 - Legal fees for negotiating contracts, licenses, and agreements qualify as eligible salaries or eligible service contract expenditures. Incorporation fees for the production company are **not** eligible;
 - Production Accounting Fees and Post-Production Accounting fees qualify as eligible salaries or eligible service contract expenditures;
 - Accounting fees, paid prior to principal photography, to estimate and/or verify the tax credit amounts for financing purposes qualify as eligible salaries or eligible service contract expenditures;
 - Accounting or consulting fees for performing the audit or preparing the tax credit applications are **not** eligible.
- l) Payroll services that are directly attributable to the production of a film qualify if paid to eligible individuals or corporations;
- m) Maintenance costs, including security, are eligible as long as the production of the film is the immediate cause of the expense and the expense occurs during the eligible production period;
- n) Medicals are accepted as long as the production of the film is the immediate cause of the expense and the expense occurs during the eligible production period.

H. Deeming Provision

1) Introduction

If a technical position is unable to be filled by a willing, available, and qualified Manitoba resident, the legislation will encourage training by allowing the salary of an eligible non-resident individual to qualify for the tax credit for the work they perform, provided that during the time they are working on the production, there is at least

one Manitoba resident receiving training in Manitoba on the production. There must be at least one Manitoba trainee per eligible non-resident individual being deemed. **The deeming provision does not apply to producers, directors, actors, or any above-the-line positions.**

A Manitoba trainee is defined as an eligible individual who, as a member of a film production crew working on the production of an eligible corporation's eligible film, received training or provided technical services for which the corporation has received or is eligible to receive a co-op education and apprenticeship tax credit under section 10.1.

Positions to be deemed must be identified and communicated to Manitoba Film & Music **before** the start of principal photography (positions identified during or after principal photography may be allowed depending on the circumstances).

Eligible non-resident individual salaries are capped at 30% of total eligible Manitoba salaries if there are two or more Manitoba residents being trained on the production per eligible non-resident individual being deemed or at 10% of total eligible salaries if there is only one Manitoba trainee per eligible non-resident individual. The training ratio of eligible non-resident individuals to resident trainees for a production with more than one deemed individual is calculated based on the average for the production of the film and not on an individual basis.

The Deeming Provision was established to encourage further training of Manitoba residents on local productions.

2) Delivery and Management of Training

Training which is required by the deeming provision will be coordinated and monitored by the applicable association or guild responsible for the training (IATSE 856, IATSE 669, DGC, ACTRA, and Film Training Manitoba (FTM)). Required training is flexible and may vary in experience level, from entry-level to position upgrades or specific skill enhancements. Once trainees have been identified and placed on a production, the applicable union/guild/association will monitor their progress. FTM and the unions may be able to subsidize some training costs, subject to available funding.

As mentioned earlier, at least one Manitoba trainee is required on the production per non-resident being deemed. The training must occur during the course of the employment of the eligible non-resident individual. The eligible non-resident individual does not have to supervise the training. There are 7 ways that training can be facilitated to satisfy training requirements:

1.	Entry Level Placement (i.e. new crew member with no experience)
2.	FTM Interns (FTM provides limited # of interns to various productions)

	throughout the year – at FTM discretion)
3.	Upgrade Placements
4.	IATSE Trainees (i.e. non-members, non-permitees working at reduced wages)
5.	Crew Observation Placements
6.	Mentorships
7.	Training workshops as approved by Unions/Guilds/FTM

When deeming the Director of Photography, the trainee must be from the camera department, unless it can be proved that there are no available trainee(s) in this department. The labour organizations and FTM will work with the Production Company to best match their deeming training requirements to the individual circumstances of the production.

Payments for trainees

	Work Experience Training	How Work Experience Training is determined and paid
1.	Entry Level Placement	The production company pays wages, Workers Compensation, Canada Pension Plan (CPP) and Employment Insurance (EI) benefits. FTM may make a financial contribution to offset <u>a portion</u> of the wages.
2.	FTM Interns	FTM pays the Interns wages and benefits.
3.	Upgrade Placements	The production company pays wages, Workers Compensation, CPP, and EI benefits. FTM may make a financial contribution to offset <u>a portion</u> of the wages.
4.	IATSE Trainees	Production is responsible for wages, fringes, and payroll taxes, and the provisions called for in the union contract.
5.	Crew Observation Placements	Observers are not paid.
6.	Mentorships	Mentors are not members of the crew. FTM pays the Mentor. The production company pays the crewmember.
7.	Training Workshops	Determined on a case-by-case basis

Note: The production company is required to provide craft service and catering to all types of trainees.

3) Deeming Application Process

The deeming application process is coordinated by MFM and is intended to occur during the pre-production phase. The Request for Deeming should be completed **prior** to the start of Principal Photography (positions identified during or after principal photography may be allowed depending on the circumstances).

Step 1: Identify Crewing Needs

- After Manitoba residents have been contacted (and interviewed when available) the Production Company determines positions requiring eligible non-resident individuals.

Step 2: Contact Manitoba Film & Music

- Production Company contacts MFM to initiate a request for deeming. MFM will need to know the list of positions to deem, along with the names of the eligible non-resident individuals who will hold these positions in order to prepare the Forms C and D for the Production Company. This MUST be done prior to the start of principal photography (positions identified during or after principal photography may be allowed depending on the circumstances).
- MFM will schedule a Deeming Meeting between the Producers, the unions and guilds, and Film Training Manitoba to initiate deeming discussions and identify the deeming and training needs. The local Producer, the off-shore Producer (if applicable), and the Production Manager must attend the Deeming Meeting.

Step 3: MFM Begins Preparation of the Request for Deeming (Form C) and Projected List of Deemed Labour (Form D, Part A)

- Based on the list of positions to be deemed, MFM compiles a list of existing Manitoba crew for the positions and prepares the Form C. MFM will also prepare the Form D, Part A (Projected List of Deemed Labour).
- The Forms C and D are then sent to the Production Company.
 - For Form C - The Production Company will fill in the missing information, will indicate the time and date each Manitoba resident was contacted, the reasons for not employing existing Manitoba crew, and will sign the form before returning it to MFM.
 - For the projected Form D – The Production Company will indicate which Manitobans will receive training.
- Once the Production Company has completed Form C and D, it then sends the forms back to MFM who will forward them to the unions/guilds/FTM for approval.

Step 4: The Unions, Guilds, and FTM (when applicable) will verify the availability of Manitobans for the deemed positions and will also verify the proposed training.

- If the Production Company has problems finding the appropriate trainees to complete the Projected Form D, the unions/guilds/FTM may offer assistance in finding appropriate trainees, but are not obligated to do so.

- Once the unions/guilds/FTM are satisfied that no Manitobans were available, qualified, and willing for the positions to be deemed, they will sign the Form C.
- Once the unions/guilds/FTM are satisfied that appropriate trainees are matched to each deemed individual, they will sign the Projected Form D.
- The signed Forms C and D are then returned to MFM.

Step 5: MFM Issues a Part A Approved Deeming Letter accompanied by the supporting approved Projected List of Deemed Labour (Form D, Part A)

- Once deeming approvals have been received from the Labour Organizations and FTM, MFM will fax a letter to the Production Company, to the governing Labour Organizations (and to FTM if applicable); confirming the approved deeming request and the list of proposed matched trainees. Forms are kept on file at MFM in anticipation of issuing an Advance Certificate of Eligibility or a Certificate of Completion. All information relating to deeming must be treated as highly confidential.
- If the unions or guilds have not approved a position, notice and explanation will be sent by MFM to the Production Company, to the governing Labour Organizations, (and to FTM if applicable). If the production company is in disagreement with the decision, it may refer to the Deeming Dispute Resolution Process.

Step 6: Production Company Submits Part A Tax Credit Application to Manitoba Film & Music (optional)

- Production Company submits the Part A - Application for Registration to MFM, which would include the estimated eligible non-resident salaries in the calculation.

Step 7: Production Company prepares the Actual List of Deemed Labour (Form D, Part B) and the Training Form for each trainee

- After the period of employment of the deemed persons has ended, and the training has been completed, the Production Company will prepare and send an **Actual List of Deemed Labour (Form D, Part B)** and a Training Form for each trainee that was matched for deeming purposes to MFM. The Training Form must be completed by the Production Manager. THIS MUST HAPPEN WITHIN 4 weeks of wrap. MFM will forward the form to the unions/guilds/FTM to verify that the training actually took place. If in agreement, they will sign the Actual List of Deemed Labour and send it back to MFM.
- MFM will then verify that all required approvals have been received and will fax to the production company a Part B Deeming Approval Letter, along with the

Actual List of Deemed Labour (Form D, Part B) that has been approved by the unions/guilds/FTM. This will confirm to the production company the positions and eligible non-resident individuals that have been approved for deeming.

- The Production Company will include the approved eligible non-resident individuals in its detailed Report of Eligible Manitoba Expenditures (Form B(1)) for each fiscal year and include the associated eligible labour expenditures in its tax credit application calculations.

Step 8: Production Company Submits Certificate of Completion Application to Manitoba Film & Music

- After completion of the project and final reporting, the Production Company submits the Certificate of Completion application to Manitoba Film & Music. Approved deeming requests and actual lists of matched training should be on file at MFM.
- If additional positions have been required during the course of production, and the required training has been identified, MFM will work with the Production Company, the unions, guilds, and FTM to complete the necessary approval process for the new positions.
- After review, MFM will issue a Certificate of Completion to be forwarded to CRA for a review/audit of the expenses and for final payment of the tax credit.

I. Reporting Eligible Expenditures

The required report format is included with the application as Form B (Cost-of-Production Credit) and Form B(1) and is also referenced in the Audit Guidelines (Section L) and defined further in Section G 2).

Highlights of Report Requirements:

1. Make sure the report lists the start and end dates for the expenditures, and make sure these dates conform to the “commencement of production” and “delivery” dates as stated in your application;
2. Declarations of Residency with Social Insurance Numbers are required for labour paid to employees and contracted individuals. Business Numbers are required for all labour expenses being claimed for corporations. Manitoba Driver’s license numbers or Manitoba Medical Numbers should be collected in cases where a SIN or BN is not available. For labour AND non-labour expenses, the applicant must maintain proper books and records, including any documentation to support the costs (service contracts, invoices, and proofs of payment);

3. The labour expenses must be reported in two categories as set out in Section G 2):
 - i. Labour paid to eligible employees;
 - ii. Labour paid to eligible non-resident individuals.

Labour expenses should be clearly labelled to identify the nature of the labour expense. E.g. “Fringes” is insufficient; a specific description of the fringe for each person is required, including the percentage claimed on gross and the dollar amount (i.e. Fringe – vacation pay, percentage, and dollar amount claimed).

4. Eligible Service Contract expenses should be clearly labelled to identify the individual who provided the services and the nature of the service provided.

Applicants are required to maintain proper books and records including any documentation to support the production costs (service contracts, invoices, and proofs of payment).

5. Eligible Tangible Property expenses should be clearly labelled and identify amounts incurred for the acquisition or rental in Manitoba of tangible property used in the eligible production.

J. ADMINISTRATION AND PROCESS

General:

An application for a Registration Certificate (otherwise known as Part A), an Advance Certificate of Eligibility, and/or a Certificate of Completion (formerly called Part B) must be sent to Manitoba Film & Music.

Based on the information provided, Manitoba Film & Music will verify that:

- The production is an *eligible film*, in accordance with the Manitoba *Income Tax Act*;
- The corporation is eligible to apply for the tax credit, as per the Manitoba *Income Tax Act*:
 - o Applicant has a permanent establishment in Manitoba;
 - o Applicant is a taxable Canadian corporation primarily carrying on a business that is film or video production;
 - o A minimum of 25% of the corporation’s “T4’able” employee salaries and wages are paid to eligible “T4’able” Manitoba employees for work performed in Manitoba based on the information provided in the application form;
- Basic tax credit calculations are correct;
- Principal photography began on or after April 1, 2010;
- A complete application has been received and approved;
- The Part A Registration Certificate is issued in accordance with the legislation (provided a Part A application is submitted);
- The Advance Certificate of Eligibility is issued in accordance with the legislation;

- The application for Certificate of Completion was received within 30 months after the end of the fiscal year in which principal photography began (unless a waiver with respect to the normal re-assessment period was filed with CRA);
- The Completion Certificate is issued in accordance with the legislation.

CRA will verify that:

- An Advance Certificate of Eligibility is provided for each fiscal year for multi-year productions. Production companies may also opt to apply only for a Certificate of Completion for multi-year productions;
- A Certificate of Completion is provided for non multi-year productions or multi-year productions in their completion year;
- Manitoba Film & Music has certified the Advance Certificate of Eligibility or Certificate of Completion indicating eligibility of Company and Film;
- The expenses claimed are reasonable under circumstances;
- The expenses claimed are directly attributable to production;
- The expenses claimed were incurred and paid before January 1, 2017;
- Review eligible salaries;
- Review/audit applications in accordance with CRA audit standards;
- Re-verify that the minimum eligibility requirement (25% of “T4’able” wages and salaries paid to “T4’able” eligible Manitoba employees) for the production corporation is complied with for cases that meet criteria provided to CRA by the province of Manitoba.

Details:

1) Deeming Provision - Application Process

The deeming application process is coordinated by Manitoba Film & Music and is intended to occur during the pre-production phase. The Request for Deeming should be completed **prior** to Principal Photography (requests made during or after principal photography may be accepted depending on the circumstances). Please see section H – Deeming Provision for more details.

2) Part A - Registration Application (optional)

A production company wishing to register for the Manitoba Film and Video Production Tax Credit will submit the required application and documentation, including the request for deeming, if applicable. Manitoba Film & Music will analyze the submission in a timely manner and work with the applicant to ensure all requirements are met. Manitoba Film & Music will then produce a Part A – Registration Certificate, based on the applicant’s file submission, which will provide MFM’s opinion regarding the eligibility of the film, the eligibility of the applicant corporation, and the reasonableness of the estimated eligible expenses and tax credit calculations. This registration letter may

then be used to confirm the production's Manitoba Tax Credit status with Manitoba Film & Music and other financiers.

Please note that a Part A Registration Certificate does not guarantee the eligibility, nor the amount of the tax credit, as the final determination of eligibility and the final calculations are determined by the Canada Revenue Agency at the completion stage.

The registration document will be filed at Manitoba Film & Music along with the submitted documentation.

A portion of the contingency, equal to the proportion of Manitoba expenditures to total cost less contingency, can be included as eligible Manitoba costs in the calculation of the Part A Registration Certificate.

3) Application for Advance Certificate of Eligibility or Certificate of Completion

(a) Advance Certificate of Eligibility – *for multi-year productions only (optional)*

A production company with a project spanning more than one fiscal year may submit an application, along with required documentation, to Manitoba Film & Music for an Advance Certificate of Eligibility after each Fiscal Year that ends prior to the delivery date. The application will be reviewed and an Advance Certificate of Eligibility will be issued by Manitoba Film & Music. This document is to be attached to CRA's Schedule 388, which accompanies the T2 Corporate Income Tax Return filed with CRA.

Please note that tax credits **will not** be awarded on eligible non-resident labour until the production is complete – the deeming cap can only be determined based on the total Manitoba labour across the entire show, and final deeming can only be determined once all training has taken place. The tax credit on eligible non-resident labour will be issued when the Certificate of Completion is filed with CRA.

Production companies of multi-year productions may also elect to apply for the tax credit only in the year of completion. In this case, only an application for Certificate of Completion is required.

(b) Application for Certificate of Completion – mandatory for all productions (single or multi-year)

When a registered project is completed, the applicant will submit the completion certificate application and documentation to Manitoba Film & Music, including the Actual List of Deemed Labour (Form D, Part B), if applicable. The submission will be reviewed in a timely fashion. Upon satisfactory review, Manitoba Film & Music will issue a Certificate of Completion.

Applicants will then submit an audit package, including the Certificate of Completion, along with their T2 corporate return, to CRA.

CRA will review/audit the application and determine the final value of the tax credit, including eligible non-resident labour, after which the tax refund will be issued and sent to the production company.

Note:

- i. **Where a production company is engaged in more than one production in a given taxation year, separate applications and registrations for each production must be submitted.**
- ii. **Where a production spans more than one taxation year, separate certificates for each taxation year will be issued:** Advance Certificates of Eligibility for years prior to the delivery date and/or Certificate of Completion for the year-end in which delivery occurred. **A production company may also elect to apply only for a Certificate of Completion for such productions; however, the Form B (Cost-of-Production Credit) and the Form B(1) - Report of Eligible Manitoba Expenditures - must still be separated by fiscal year.**
- iii. **All productions must submit a Completion Application.** Productions that have received a tax credit refund through an Advance Certificate of Eligibility must provide a Completion Application to MFM upon completion of the project. Failure to do so will result in CRA recovering the tax credit from the applicant corporation.

4) Receiving the Tax Credit Refund

CRA processes the income tax return and will issue a refund to the production company for the value of the Manitoba Tax Credit, provided that the corporation does not have any federal or provincial liabilities outstanding (i.e. source deduction remittances, income tax payable).

If it has been determined that an overpayment of the tax credit has been made (or no Completion Certificate has been issued by MFM in the case where an advance has been received by the applicant), the excess (or the full advance) is recoverable from the corporation and is a debt due by the corporation to Her Majesty in right of Manitoba. If the situation arises where there are competing claims for the same expenses, then no tax credit will be issued for those expenses until an agreement signed by all parties is filed with the Minister.

It is industry standard that most productions are completed through single purpose companies, which allows for some manipulation of the timing of the year-end. Whenever possible, it is advantageous to have the production company's year-end coincide with the completion of the production. This will help minimize turn around time for the Tax Credit processing and will lessen interim financing costs.

K. USER GUIDELINES TO FILLING IN THE APPLICATION

- i. Manitoba Film & Music must receive the Certificate of Completion application **within 30 months after the end of the taxation year in which principal photography began** (unless a Waiver In Respect Of The Normal Reassessment Period – Form T2029 - has been filed with the Canada Revenue Agency, in which case the deadline is increased to 42 months after the end of the fiscal year in which principal photography began). Applications should be **submitted in the same order as the productions were shot**;
- ii. Ensure that you fill in all blanks. **Do not skip ANY spaces**, as the application will not be processed until this information has been provided, causing you unnecessary delays;
- iii. Where a production spans more than one taxation year, an Advance Certificate of Eligibility for each taxation year can be issued. **A production company may also elect to apply only for a Certificate of Completion for such productions**;
- iv. Whenever a production spans more than one fiscal year, both the Form B (Cost-of-Production Credit) and Form B(1): Report of Eligible Manitoba Expenditures **MUST be separated by fiscal year**;
- v. Section II - Eligibility Requirements for an Applicant Corporation:

In order to receive any level of tax credit certificate, applicant corporations must satisfy eligibility requirements, namely that the eligible corporation pays at least 25% of its “T4’able” salaries and wages to “T4’able” eligible employees and “T4’able” employees who are eligible non-resident individuals, in relation to the eligible film for which the tax credit is claimed, for work performed in Manitoba on the eligible film.

Please be aware of the important distinction between “salaries and wages”, which refer exclusively to compensation paid to “T4’able” employees, and “eligible salaries” which includes compensation paid to third parties (individual contractors or otherwise) for services provided. **Close attention to this section is required, as a company will not qualify for the tax credit if this requirement is not met.**

Section 7.5(1) of the Income Tax Act (Manitoba) under “eligible corporation” states (among other requirements): “eligible corporation”, in relation to an eligible film, means a corporation that pays, for each fiscal year, at least 25% of its salaries and wages

(i) to eligible employees and employees who are eligible non-resident individuals in relation to the eligible film for which the tax credit is claimed, and

- (ii) except in the case of a documentary, for work performed in Manitoba on an eligible film.

For documentaries, the corporation would only be required to meet the minimum of 25% of “T4’able” salaries and wages paid to “T4’able” eligible Manitoba employees and “T4’able” employees who are eligible non-resident individuals, in relation to the eligible film for which the tax credit is claimed; the work does not need to be performed in Manitoba.

Note that “T4’able” employees who are eligible non-resident individuals in relation to the eligible film for which the tax credit is claimed, subject to the 30% cap, are included for purposes of meeting the minimum 25% requirement.

The formula for each fiscal year in question is calculated as follows:

Wages and salaries paid by the eligible corporation to “T4’able” eligible **employees** who are residents of Manitoba, and to “T4’able” employees who are eligible non-resident individuals, in relation to the eligible film for which the tax credit is claimed, for work performed in Manitoba on the eligible film

All wages and salaries paid to “T4’able” **employees** of the eligible corporation, regardless of where they reside or where they perform the work

Canada Revenue Agency defines the employer-employee relationship:

Where an **employer-employee** relationship exists, the employer must:

- register a Canada Revenue Agency Business Number (BN); and
- withhold income tax, Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions, and Employment Insurance (EI) premiums on amounts paid to employees; and
- remit the amounts withheld as well as the required employer's share of CPP/QPP contributions and EI premiums to Revenue Canada (and *le ministère du Revenu du Québec* if applicable); and
- report the employees' income and deductions on the appropriate information return; and
- give the employees copies of their T4 slips **by the end of February of the following calendar year.**

For more information, please visit the following Canada Revenue Agency webpage:

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/hwpyrllwrks/stps/menu-eng.html>

- vi. Ensure that an authorized signing officer of the corporation (as determined in the corporation’s by-laws and resolutions) signs the application form;

- vii. Declarations of Residency are required for all labour expenses being claimed for employees and contracted individuals. These declarations are not required to be submitted to CRA, but **MUST BE AVAILABLE** upon request.

L. AUDIT GUIDELINES

1) Introduction

It is the producer's responsibility to ensure that all required information is provided.

- a. **When Manitoba Film & Music is an equity investor**, producers will need to provide an audited statement of production costs and an audited Summary of Eligible Manitoba Expenditures (Form B – Cost-of-Production Credit) prepared by a certified accountant independent of the production company for productions with a budget greater than \$500,000. For productions with budgets ranging from \$200,000 to \$500,000, a review engagement report for production costs and labour costs will suffice. For productions with a budget of less than \$200,000, Manitoba Film & Music will request only that the producer sign an approved affidavit (Form H) attesting to the cost of production and the value of the Manitoba expenditures being claimed.
- b. **When Manitoba Film & Music is NOT an equity investor**, there is no requirement for a production cost audit. Instead, producers will need to provide the Summary of Eligible Manitoba Expenditures (Form B – Cost-of-Production Credit) accompanied by a Manitoba Film & Music approved notarized affidavit (Form I).

2) General

- The auditor must be a member in good standing with its Provincial Institute/Order or Association, having obtained approval for the provision of assurance services under its applicable governing body and must be an independent third party, not related to the producer;
- The auditor's report must be addressed to the party that has engaged the auditor, that is, to the Directors of the production company or to the producer of the production;
- The auditor's name, address and telephone number must be evident;
- The auditor's report must be dated as at the completion of the audit fieldwork;
- The audit must be performed in accordance with Canadian generally accepted auditing standards and with principles generally recognized in the film and television industry;
- The auditor must have sufficient knowledge of the film and television industry and be familiar with the operations of the production company being audited;

- The auditor must have sufficient knowledge of sections 7.5 to 7.9 of the Manitoba Income Tax Act (entitled Film and Video Production Tax Credit) as well as Manitoba Regulation 208/98 (entitled Manitoba Film and Video Production Tax Credit Regulation).

3) Identification of the Production

- The title of the production and, when applicable, the episode numbers, must be disclosed.

4) Cost Report

- The cost report must be in Canadian dollars and conform as much as possible to the industry standard model (as required by Telefilm and CAVCO);
- Only expenditures that were incurred for the production can be recorded as production costs; these must be charged to the proper budgetary item;
- Refunds and credit notes received for discounts, rebates, invoicing errors, and purchase returns must be credited to the production costs; similarly, proceeds from the sale of props and other production assets must be deducted from the costs presented in the cost report. ;
- Completion bond expenditures must reflect any “no-claims rebate” received (the amount reported must be net after rebate);
- Amortization of series costs must be allocated to specific cost categories.

5) Notes to the Cost Report

i. Sources of Funds

All sources of funds that were used to finance the production must be disclosed, including any non-monetary transactions (as defined in Section 3830 of the CICA Handbook) that were included in the cost of production.

Non-monetary transactions must be disclosed at fair market value as at the ending date of the cost report. The nature of the services provided and the consideration given in exchange for the services must be disclosed. The methodology used to determine the fair market value of these transactions must be outlined.

If there were no non-cash transactions, the statement must include a note to that effect. Note that non-monetary transactions with respect to eligible salaries are not claimable for tax credit purposes.

ii. Accounts Payable, Accrued Charges, Provisions, and Deferrals

The amounts of accounts payable, accrued charges, provisions, and deferrals must be presented separately as at the ending date of the cost report.

If there are no accounts payable, accrued charges, provisions, or deferrals, the cost report must include a note to that effect.

iii. Related Party Transactions

The notes to the Statement of Production Costs must provide a breakdown of all related party transactions (as defined in Section 3840 of the CICA Handbook), and include:

- a) the name of the related party; and
- b) the nature of the relationship between the related party and the production company; and
- c) the nature of the transaction; and
- d) the amount of the transaction.

The methodology used to determine the fair market value of these transactions must be outlined.

If there are no related party transactions, the statement must include a note to that effect.

6) Report of Eligible Manitoba Expenditures – Summary (Form B – Cost-of-Production Credit) and Detailed (Form B(1))

- The summary report – Form B (Cost-of-Production Credit) – is submitted to Manitoba Film & Music AND to Canada Revenue Agency;
- The detailed expenditures report – Form B(1) – is submitted to Canada Revenue Agency;
- Both the summary of Manitoba expenditures and the detailed report of eligible Manitoba expenditures must be in Canadian dollars and be presented in the format provided in Form B (Cost-of-Production Credit) and Form B (1) to the application;
- Expenditures claimed must comply with the legislation (Appendix I);
- The Report of Eligible Manitoba Expenditures (Form B(1)) must be sub-divided into the following categories:
 - Labour paid to Employees;
 - Labour paid to eligible non-resident employees; and
 - Labour paid to other eligible non-resident individuals.
 - Eligible service contract expenditures;
 - Eligible parent-subsidiary amounts;
 - Eligible tangible property expenditures (including eligible accommodation expenditures).
- For Form B(1):
 - Expenses being claimed must be identified by position/type and budget category, and must include the payee's name (indicating individual or corporation), address, and Social Insurance Number/Business Number.

- The calculation of the eligible qualified percentage or hourly rate must be shown.
- Where expenses span more than one taxation year, the reports must break down expenses so that **separate reports are provided for each taxation year.**

7) Notes to the Summary of Eligible Manitoba Expenditures (Form B - Cost-of-Production Credit)

The auditor is not required to confirm residency status.

1. The auditor must verify that the calculation of eligible expenditures conforms to the definitions as presented in sections 7.5(1) to 7.5(4) of the Income Tax Act.
2. The auditor must confirm that all expenses being claimed have been:
 - i. incurred between the “Commencement of Production” and the delivery date as these dates have been reported; and
 - ii. paid within 60 days of the corporation’s year-end.
3. If eligible expenses remain unpaid at 60 days after year-end, these expenses should be noted as per the format provided in both Form B (Cost-of-Production Credit) and Form B(1) to the application. If no expenses remain unpaid, the statement must include a note to that effect.

8) List of Shareholders of the Corporation

The auditor must include a list of the shareholders of the corporation, listing their percentage of ownership.



MANITOBA | Musique et Film
Film & Music | MANITOBA

Revised July 2014

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MANITOBA FILM AND VIDEO PRODUCTION TAX CREDIT APPLICATION FORM MANITOBA COST-OF-PRODUCTION CREDIT

- PART A** (initial registration – all numbers are estimated)
- ADVANCE CERTIFICATE OF ELIGIBILITY** (for multi-year productions) Year Number: ____ of ____
- CERTIFICATE OF COMPLETION** (mandatory for all productions)

TITLE OF PROJECT _____

PREVIOUS TITLE(S) (if any) _____

LOG LINE (1-2 sentences) _____

TYPE OF PROJECT (Feature, MOW, Series) _____

IF TELEVISION SERIES: CYCLE NO. _____ **EPISODE NO.'s** _____

TOTAL NUMBER OF PEOPLE WORKING ON PRODUCTION _____

TOTAL NUMBER OF MANITOBA RESIDENTS WORKING ON PRODUCTION _____

NUMBER OF MANITOBA TRAINEES ON PRODUCTION _____

TOTAL FILM TRAINING MANITOBA SUBSIDIES RECEIVED \$ _____

SECTION I - CORPORATE INFORMATION

APPLICANT PRODUCTION COMPANY _____

Address _____

City/Province _____ **Postal Code** _____

Phone _____ **Fax** _____

E-mail _____

Contact _____ **Title** _____

Corp. Fiscal Year End _____ **Corp. Income Tax Account Number** _____

Incorporated provincially or federally Provincially Yes No Federally Yes No

SECTION I - CORPORATE INFORMATION (continued)

PARENT PRODUCTION COMPANY (if applicable)

Name _____

Address _____

City/Province _____

Postal Code _____

Phone _____

Fax _____

E-mail _____

Corp. Fiscal Year End _____

Corp. Income Tax Account Number _____

Incorporated provincially (in MB) or federally
Provincially Yes No

Federally Yes No

OFFICERS OF APPLICANT COMPANY
(Attach a separate sheet for parent company)

PROVINCIAL RESIDENCY

DIRECTORS OF APPLICANT COMPANY
(Attach a separate sheet for parent company)

PROVINCIAL RESIDENCY

Is the Applicant Company a **taxable** corporation? Yes No

Does the Applicant Corporation have a permanent establishment in Manitoba? Yes No

Does the Corporation primarily carry on the business of film or video production? Yes No

Was financing under MANITOBA FILM & MUSIC Equity Program accessed for this project?

Yes No If yes: Total Development Production
\$ _____

Communication Authorization Form

Name of Project: _____ (the "**Project**")

Program (TV/Web Development, Feature Development, TV/Web Production, Emerging Talent, Microbudget Production, Manitoba Tax Credit, Feature Marketing): _____

By signing below, the Applicant(s)/Borrower(s) hereby authorizes Manitoba Film & Music ("**MF&M**") to collect, use, disclose, communicate and share information with the individuals listed in the table below (the "**Authorized Individuals**") and with any other person with whom MF&M must reasonably communicate, on behalf of the Applicant(s)/Borrower(s), regarding all aspects of this application (the "**Application**"), both before and after MF&M goes to contract on the Project, as applicable. Such collection, use, disclosure, communication and sharing of information includes information regarding the Application, the contract, deliverables for drawdowns, personal information about production staff, artists, and other personnel including work experience, residency, and ethnicity (the latter only for purposes of bonus points regarding Aboriginal productions for Equity Applications), as applicable, and potential amendments to any agreement signed, if applicable, as well as any other issue surrounding the Project.

Full Name	Telephone #	Fax #	Mailing Address (if different from Applicant(s)/Borrower(s)'s address)	Email address

By signing below, the Applicant(s)/Borrower(s) confirms that, unless MF&S receives written notification and acknowledges such notification, stating that an individual listed as an Authorized Individual is no longer permitted to liaise about the Project on behalf of the Applicant(s)/Borrower(s), it is understood that the Authorized Individuals are authorized, at all times, to communicate with MF&S regarding the Project.

By signing this form, the undersigned, Applicant(s)/Borrower(s), represents and warrants that he/she/it has the authority to allow the Authorized Individuals to collect, use, disclose, communicate and share information regarding the Project.

If an organization:

NAME OF APPLICANT/BORROWER

By: _____
 Title: _____

If an individual:

 Witness

 Signature of Applicant(s)/Borrower(s)

 Print Name of Witness

 Print Name of Applicant(s)/Borrower(s)

MFM, in accordance with the legislation and regulations, recognizes _____
to be the principal owner(s) on this production. _____

Authorized MFM Signatory

SECTION II - ELIGIBILITY REQUIREMENTS

Calculation of Salaries and Wages

All salaries and wages of the corporation paid to "T4'able" employees
in the taxation year. \$ _____ (A)
(Do not include amounts paid to individual contractors or corporations)

Salaries and wages paid to "T4'able" eligible Manitoba employees in the taxation year for work
performed in Manitoba on this eligible film.
(This includes "T4'able" employees who are eligible non-resident individuals in relation to this eligible film)
(Do not include amounts paid to individual contractors or corporations) \$ _____ (B)

Percentage of salaries and wages paid in Manitoba (B divided by A) _____ %
(must be a minimum of 25%)

Please note that an **employee** is defined as anyone employed by the applicant corporation who receives a T4 directly from
the applicant corporation (there are source deductions for income taxes).

SECTION III - DESCRIPTION OF PRODUCTION

Production Category (please check)

- Genre**
- Scripted, Fictional (drama/Comedy)
 - Music Programming
 - Children
 - Variety
 - Documentary/Informational
 - Animation
 - Other: _____
- Type**
- Feature Film
 - One-Off
 - Series
 - Mini-series
 - MOW/MFT
 - Pilot
 - Direct to DVD
 - Other: _____
- Market**
- Theatrical
 - Television
 - Non-Theatrical (specify): _____
- Indicate: (1) for primary (2) for secondary

Total running length (in minutes) _____
If series, number of episodes _____ Length in minutes (per episode) _____

PRODUCTION SPECIFICATIONS

- Original Version** English French Double shooting (English and French) Other _____
- Dubbed or Subtitled Version** English French Other _____

PRODUCTION FORMAT

- Production** Film _____ mm HD Other _____
- Post-production** Film _____ mm HD Other _____
- Delivery or release** Film _____ mm HD Other _____

PRODUCTION SCHEDULE

1. Date when the corporation or its parent first incurred development labour costs for the development of property of the corporation that is script material on which the production is based: _____
2. Date when the corporation or its parent first acquired a right in respect of the story that is the basis of the final script: _____
3. Date two years prior to the date on which principal photography began: _____

Commencement of Production Date (The **latest** of the **above** 3 dates): _____

FROM (year-month-day) TO (year-month-day)

Preparation/Storyboards _____

Principal Photography _____

Post-production _____

Answer Print/Master tape acceptance date: _____

LOCATION OF SHOOTING (Area)	NUMBER OF DAYS

SECTION IV - FINANCIAL INFORMATION

FINANCING SOURCES

FINANCING SOURCE AND NAME OF FUNDS	NATURE OF PARTICIPATION	AMOUNT (\$ CDN)	%	CONFIRMED (YES or NO)
	Total Cost of Production (must match final cost report and Form B(2))	\$	100%	

TREATY CO-PRODUCTION (if applicable)

FINANCING SOURCE AND COUNTRY	AMOUNT (\$ CDN)	OWNERSHIP
Total Cost of Canadian Portion of Production		
Total Cost of Production ⇒	\$	100%

SECTION V - CALCULATION OF ELIGIBLE SALARIES FOR ELIGIBLE NON-RESIDENT INDIVIDUALS (FOR DEEMING PURPOSES ONLY – COMPANIES WITH NO APPROVED DEEMING SHOULD CONTINUE TO SECTION VI)

"Eligible Salaries" of a corporation includes, in respect of eligible non-resident individuals (deemed individuals), the lesser of Section A or B:

A.

Corporation's Eligible true MB Labour Expenditures (Do not include eligible non-resident salaries) \$ _____ (a)

Percentage of Eligible Labour (as specified below) _____% (b)
 - 10% with one MB Trainee per eligible non-resident
 - 30% with two MB Trainees per eligible non-resident

Eligible Non-Resident Salaries (a multiplied by b) \$ _____ (A)

Note: In determining the percentage to be used under (b) a ratio of the training provided on the entire production is to be used (e.g.: 3 eligible non-resident individuals training 6 Manitoba residents would qualify for 30% while 3 eligible non-resident individuals training 5 Manitoba residents would qualify for 10%)

B.

Total Actual Eligible Non-Resident Salaries or "deemed" salaries (i)(as determined in subsection 7.5(1) "eligible non-resident individual and "eligible salaries" of the Act) \$ _____ (B)

TOTAL ELIGIBLE NON-RESIDENT SALARIES (The lesser of Section **A** or **B**) \$ _____ carry forward to Section VI

SECTION VI - CALCULATION OF MANITOBA FILM & VIDEO PRODUCTION TAX CREDIT (Cost-of-Prod Credit)

Applicable Fiscal Year-End(s): _____

		Amount
Eligible Manitoba Employee labour:		
Manitoba labour paid to employees (T4'able employees only)	A	\$
Eligible Non-resident Labour:		
Eligible Non-resident Labour paid to T4'able employees	\$	
Other Eligible Non-resident Labour	\$	
Total Eligible Non-resident Labour	B (Must be the lesser of actual non-resident labour or the applicable Deeming Cap)	\$
Eligible Service Contract Expenditures		
Labour component of Service Contract Expenditures	\$	
Non-labour component of Service Contract Expenditures	\$	
Total Eligible Service Contract Expenditures	C	\$
Eligible Tangible Property Expenditures (including eligible accommodation expenditures)	D	\$
Parent-Subsidiary Amount		
Labour component of Parent-Subsidiary Amount	\$	
Non-labour component of Parent-Subsidiary Amount	\$	
Total Eligible Parent-Subsidiary Amount	E	\$
Manitoba expenses payable at [insert date], 60 days after corporate year end:		
Manitoba Employee labour payable (T4'able employees only)	\$	
Eligible Non-resident Labour expense payable	\$	
Eligible Service Contract Expenditures payable – Labour only	\$	
Eligible Service Contract Expenditures payable – Non-labour only	\$	
Eligible Tangible Property Expenditures payable	\$	
Parent-Subsidiary Amount payable – Labour only	\$	
Parent-Subsidiary Amount payable – Non-labour only	\$	
Total Manitoba expenditures payable at [insert date], 60 days after corporate year end	F	\$
Total Government Assistance	G	\$
FINAL Eligible Manitoba Expenditures	A + B + C + D + E - F - G	\$
Manitoba Cost-of-Production Tax Credit @ 30%		\$

SECTION VII - PRODUCER'S DECLARATION

I _____ of _____ am an Authorized Signing Officer of the corporation. I certify that this application, including the accompanying schedules, has been examined by me and is a true and complete application.

I certify that:

- i) for Part A: I will comply with the Act and Regulations for the Manitoba Film and Video Production Tax Credit;
- ii) for *Advance Certificate of Eligibility* or *Certificate of Completion*: I have complied with the Act and Regulations for the Manitoba Film and Video Production Tax Credit.

I will also furnish upon request all additional records and documents deemed necessary by the Minister of Finance: I hereby consent to the conduct of any audit required to be performed on the production company for certification purposes.

Signature _____ Date _____

Name (print) _____ Title _____

WARNING: False or misleading information will result in automatic denial of the tax credit.

Template for Audit/Review Engagement Report

Statement of Production Costs / Summary of Eligible Manitoba Expenditures for
The Production Entitled "ABC"
For the period of _____(commencement of production) to _____(delivery date)
The Production Co. Inc.

Auditor's Report / Review Engagement Report

To the Directors of
The Production Co. Inc.

We have **audited/reviewed** the **statement of production costs/summary of eligible Manitoba expenditures** applicable to the production entitled "ABC" for the period from _____ to _____. This financial information is the responsibility of the producers. Our responsibility is to express an opinion on this financial information based on our **audit/review**.

For Audit:

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by the producers, as well as evaluating the overall presentation of financial information.

For Review Engagement:

Our review consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the production's management. A review does not constitute an audit and consequently we do not express an audit opinion on this financial information.

In our opinion, this schedule presents fairly, in all material respects, the production costs/eligible Manitoba expenditures of the production entitled "ABC" for the period ended _____ in accordance with the Guidelines for the Manitoba Film & Video Production Tax Credit.

Name of accounting firm
(City,Canada)
(Date)

MANITOBA FILM AND VIDEO PRODUCTION TAX CREDIT
COST-OF-PRODUCTION CREDIT

CHECKLIST FOR PART A (to be submitted to MFM)

1. A completed, signed (by an authorized person), and dated application;
2. Script (series bible is acceptable in the case of series; project outline is acceptable in the case of documentaries);
3. Cast and crew list with screen credits (include residency);
4. Articles of incorporation of the production company;
5. Detailed locked budget (acceptable industry format) signed and dated by the producer;
6. Detailed List of Projected Eligible Manitoba Expenditures following same format as above noted budget. Please indicate which amounts relate to eligible non-resident individuals;
7. Projected Breakdown of Total Manitoba Expenditures (Form B (2));
8. If applicable, Request for Deeming (Form C) and Proposed List of Deemed Labour (Form D) signed by union/guilds/FTM (should already be on file with Manitoba Film & Music, please notify MFM if this is not the case);
9. Copy of the Federal Tax Credit or Production Services Credit – Registration Part A, if applicable (or copy of the application).

Manitoba Film & Music reserves the right to request any additional information that is deemed necessary in order to process the Part A - Tax Credit Registration Application.

MANITOBA FILM AND VIDEO PRODUCTION TAX CREDIT
COST-OF-PRODUCTION CREDIT

CHECKLIST FOR ADVANCE CERTIFICATE OF ELIGIBILITY AND CERTIFICATE OF COMPLETION (to be submitted to MFM)

1. A completed, signed (by an authorized person), and dated application.
2. A completed **Form B (Cost-of-Production Credit), *SUMMARY of Eligible Manitoba Expenditures***.

For Advance Certificate of Eligibility:

Producers will need to provide a Form B (Cost-of-Production Credit) *Summary of Eligible Manitoba Expenditures* for the fiscal year in question, accompanied by an **approved notarized affidavit** (Form J) confirming the expenses claimed.

For Certificate of Completion:

PLEASE NOTE: Form B (Cost-of-Production Credit) for the Completion Certificate MUST INCLUDE the expenses for THE ENTIRE PRODUCTION, separated BY FISCAL YEAR. Another copy must be provided as a cumulative summary of all years.

When Manitoba Film & Music is an equity investor, producers will need to provide Manitoba Film & Music with an **audited** Form B (Cost-of-Production Credit) *Summary of Eligible Manitoba Expenditures*, prepared by a certified accountant independent of the production company, for productions with a budget greater than \$500,000. For productions with budgets ranging from \$200,000 to \$500,000, a **review engagement report** for expenses will suffice. For productions with a budget of less than \$200,000, Manitoba Film & Music will request only that the producer sign an **approved notarized affidavit** (Form H) attesting to the value of the Manitoba expenditures being claimed.

When Manitoba Film & Music is NOT an equity investor, producers will need to provide a Form B (Cost-of-Production Credit) *Summary of Eligible Manitoba Expenditures* accompanied by a Manitoba Film & Music **approved notarized affidavit** (Form I).

Do not submit the detailed Form B (1) *Report of Eligible Manitoba Expenditures* to Manitoba Film & Music. **FORM B (1) IS SUBMITTED ONLY TO CANADA REVENUE AGENCY.**

3. If Manitoba Film & Music **is an equity investor**, an audited Statement of Production Costs is required for productions with a budget greater than \$500,000, while a Review Engagement Report (as defined in sections 8100 and 8200 of the CICA Handbook) will be accepted for productions with budgets between \$200,000 to \$500,000. For productions with budgets of less than \$200,000, the producer is required to sign an approved affidavit (Form H) attesting to the final cost and eligible MB expenditures of the production. For an Advance Certificate of Eligibility, a Current Cost Report must be submitted accompanied by an approved affidavit (Form J).

It is the producer's responsibility to ensure that all required information is provided and that the report complies with the Audit Guidelines for the program. Manitoba Film & Music will not accept audited statements that do not conform to the guidelines.

4. If applicable, Actual List of Deemed Labour (Form D), signed by unions/guilds/ FTM (should be on file with Manitoba Film & Music).
5. Declarations of Manitoba Residency for all individuals claimed on this application are not required to be submitted but must be available upon request.
6. Final Detailed Cost Report upon which the Summary of Eligible MB Expenditures is based (indicating eligible Manitoba expenditures).
7. Completed Breakdown of Total Manitoba Expenditures (Form B (2)). If Manitoba Film & Music is an equity investor, an audited Breakdown of Total Manitoba Expenditures (Form B (2)) is required for productions with a budget greater than \$500,000, while a Review Engagement Report will be accepted for productions with budgets between \$200,000 to \$500,000. For an Advance Certificate of Eligibility, the Form B (2) should be prepared based on the total budget and therefore would not be audited.
8. Two DVD copies of the production - in the case of a series, two DVD sets. If MFM is an equity investor, one Digital Betacam copy is also required (for series, one Digital Betacam set is required – 2 to 3 episodes per cassette). If a copy is not yet available, Manitoba Film & Music will accept a broadcaster/distributor letter in the interim. This is not required for an Advance Certificate of Eligibility.
9. Final head and tail screen credits of the production (or, in the case of a series, of each episode). This is not required for an Advance Certificate of Eligibility.
10. A copy of the Federal Tax Credit or Production Services Credit - Certificate of Completion Part B (Application - Section 5A and B), if applicable.
11. If applicable, any documentation indicating a change of control to the corporation or its corporate structure, which has occurred after the date on which the Part A application has been submitted.

Manitoba Film & Music reserve the right to request any additional information that is deemed necessary in order to process any Application.

CHECKLIST FOR TAX CREDIT CLAIM WITH CANADA REVENUE AGENCY (to be submitted to CRA)

To speed up the processing of your claim, make sure you attach all the documents listed below on top of your T2 Corporation Income Tax Return for each production for which you are claiming the Manitoba Film and Video Production Tax Credit. Make sure you place the form on top of all the other documents.

1. An **Advance Certificate of Eligibility** or a **Certificate of Completion** issued by Manitoba Film & Music.
2. A completed copy of CRA **Schedule 388**, available from Canada Revenue Agency – you can complete one form for episodes in a series that are certified eligible productions.
3. A **Report of Eligible Manitoba Expenditures** conforming to the format presented in Form B(1).

PLEASE NOTE: Form B(1) for the Completion Certificate MUST INCLUDE the expenses for THE ENTIRE PRODUCTION, separated BY FISCAL YEAR

4. The **final detailed cost report** upon which the Report of Eligible Manitoba Expenditures is based (indicating eligible Manitoba expenditures).
5. The most current **financial structure** for the project.
6. If applicable, any **documentation that indicates a change in control to the corporation or its corporate structure**, which has occurred after the date on which the Part A application has been submitted.
7. If applicable, the **Actual List of Deemed Labour** – Form D, Part B – signed by unions/guilds/Film Training Manitoba (it should also be on file with Manitoba Film & Music).
8. If you are claiming eligible salaries for services provided by **eligible non-resident** individuals, in addition to the Actual List of Deemed Labour, include a document showing a separate breakdown of eligible salaries by tax years for:
 - i. Eligible individuals; and
 - ii. Eligible non-resident individuals (Deemed individuals).

Important: Declarations of Manitoba Residency – Form A(1) – for all individuals for which amounts are claimed on the application **must be available upon request**. Furthermore, documentation to support all production costs (for example, service contracts, invoices, and cancelled cheques) must be available upon request.

FORM A (1): Declaration of Manitoba Residency / Consent Form

This form does not need to be submitted to either Manitoba Film & Music or Canada Revenue Agency; however, this form MUST BE AVAILABLE UPON REQUEST.

Note to Production Company: Have this form completed by all cast (including extras) and crew included in the Manitoba labour expenditure claim, and retain a copy for your records as proof of residency.

Full Name _____

Present address:

(apt./number/street)

(City/town) (Province) (Postal code)

Social Insurance Number: _____ MB Driver's Licence number*: _____

*Please provide your driver's licence number if you did not file an income tax return.

Status on Production:

(Please check one) Employee of Production Company Contractor

I performed the services of _____

commencing _____
(day/month/year)

and ending _____
(day/month/year)

on the production entitled _____.

With respect to the above production, I hereby certify and confirm that:

1. In the year prior to or in the year of the production I was resident in Manitoba for income tax purposes.
2. I understand that the production company will be using the information contained in this declaration for its application for a Manitoba Film and Video Production Tax Credit (MTC). I hereby warrant that the information that I have provided is true, correct and complete.

I consent to the above information being used and disclosed as necessary for the purpose of administering the Manitoba Film and Video Production Tax Credit and I further understand that the information may be provided to the Canada Revenue Agency under applicable statutory authority for the purpose of the administration and enforcement of *The Income Tax Act* (Canada) or *The Income Tax Act* (Manitoba).

Signature

Date

This information is being collected in accordance with section 7.5(1) to 7.9 of *The Income Tax Act* (Manitoba). Pursuant to *The Freedom of Information and Protection of Privacy Act*, the information will only be used and disclosed as necessary for the purpose of administering the Manitoba Film and Video Production Tax Credit and in addition the information may be provided to the Canada Revenue Agency under applicable statutory authority for the purpose of the administration and enforcement of *The Income Tax Act* (Canada) or *The Income Tax Act* (Manitoba). If you have questions about this form, contact: Manitoba Finance, Federal-Provincial Relations and Research Division, 910-386 Broadway, Winnipeg, MB R3C 3R6, Phone (204) 945-3757

FORM B (Cost-of-Production Credit): Summary of Eligible Manitoba Expenditures

(submitted to Manitoba Film & Music only)

Name of Project _____

Name of Production Company _____

Summary of Eligible Manitoba Expenditures

Fiscal year _____ of _____ (e.g. 1 of 2) **OR** Cumulative Summary for all years of the production

Fiscal year-end _____

		Amount
Eligible Manitoba Employee labour:		
Manitoba labour paid to employees (T4'able employees only)	A	\$
Eligible Non-resident Labour:		
Eligible Non-resident Labour paid to T4'able employees	\$	
Other Eligible Non-resident Labour	\$	
Total Eligible Non-resident Labour (Must be the lesser of actual non-resident labour or the applicable Deeming Cap)	B	\$
Eligible Service Contract Expenditures		
Labour component of Service Contract Expenditures	\$	
Non-labour component of Service Contract Expenditures	\$	
Total Eligible Service Contract Expenditures	C	\$
Eligible Tangible Property Expenditures (including eligible accommodation expenditures)		
	D	\$
Parent-Subsidiary Amount		
Labour component of Parent-Subsidiary Amount	\$	
Non-labour component of Parent-Subsidiary Amount	\$	
Total Eligible Parent-Subsidiary Amount	E	\$
Manitoba expenses payable at [insert date], 60 days after corporate year end:		
Manitoba Employee labour payable (T4'able employees only)	\$	
Eligible Non-resident Labour expense payable	\$	
Eligible Service Contract Expenditures payable – Labour only	\$	
Eligible Service Contract Expenditures payable – Non-labour only	\$	
Eligible Tangible Property Expenditures payable	\$	
Parent-Subsidiary Amount payable – Labour only	\$	
Parent-Subsidiary Amount payable – Non-labour only	\$	
Total Manitoba expenditures payable at [insert date], 60 days after corporate year end	F	\$
Total Government Assistance	G	\$
FINAL Eligible Manitoba Expenditures	A + B + C + D + E - F - G	\$

This information is being collected in accordance with section 7.5(1) to 7.9 of The Income Tax Act (Manitoba). Pursuant to The Freedom of Information and Protection of Privacy Act, the information will only be used and disclosed as necessary for the purpose of administering the Manitoba Film and Video Production Tax Credit and in addition the information may be provided to the Canada Revenue Agency under applicable statutory authority for the purpose of the administration and enforcement of The Income Tax Act (Canada) or The Income Tax Act (Manitoba). If you have questions about this form, contact: Manitoba Finance, Federal-Provincial Relations and Research Division, 910-386 Broadway, Winnipeg, MB R3C 3R6, Phone (204) 945-3757.

FORM B (1): Report of Eligible Manitoba Expenditures for Cost-of-Production Credit *(submitted to Canada Revenue Agency only)*

Required Reporting Format

Please refer to Audit Guidelines to ensure compliance to requirements

Name of Project
Name of Production Company
Eligible Manitoba Expenditures
for the period from "Commencement of Production date" or "Final Script Stage" to "Delivery date"

Budget Category	Position	Name of Manitoba Employee and/or Production Service Co.	Street Address of Manitoba Employee or Production Service Company	Social Insurance Number	Business Number (for companies only)	Amount Paid or Hours Worked	Qualified % of Salary or Hourly Rate	Total Eligible Labour Expense	Total Eligible Non-Labour Expense
Manitoba labour paid to employees (T4'able employees only)									
								sub-total \$	(a)
Eligible non-resident labour paid to employees									
								sub-total \$	(b)
Other eligible non-resident labour									
								sub-total \$	(c)
Eligible Manitoba Service Contract Expenditures									
								sub-totals \$	(d)
Eligible Manitoba Tangible Property Expenditures (including eligible accommodation expenditures)									
								sub-total \$	(e)
Eligible Manitoba Parent-subsidiary Amounts									
								sub-totals \$	(f)
								sub-totals \$	(g)
								Total Manitoba Labour Expenditures \$	(h)
								Total Manitoba Non-Labour Expenditures \$	(i)
								Total Manitoba Expenditures \$	(j)

Note:
List Expenses Payable at [insert date] (60 days after corporate year-end)
or There were no labour expenses payable at [insert date] (60 days after corporate year-end)

Budget Category	Position	Name of Manitoba Employee or Production Service Co.	Labour Amount Owning	Non-Labour Amount Owning

Total payable \$ _____ (i) \$ _____ (j)

Total Manitoba Expenses Payable \$ _____ (i+j)
Eligible Manitoba Labour Expenditures \$ _____ (a+b+c+d+g) MINUS (i)
Eligible Manitoba Non-Labour Expenditures \$ _____ (e+f+h) MINUS (j)
Eligible Manitoba Expenditures **\$ _____ (a+b+c+d+e+f+g+h) MINUS (i+j)**

This information is being collected in accordance with section 7.5(1) to 7.9 of The Income Tax Act (Manitoba). Pursuant to The Freedom of Information and Protection of Privacy Act, the information will only be used and disclosed as necessary for the purpose of administering the Manitoba Film and Video Production Tax Credit and in addition the information may be provided to the Canada Revenue Agency under applicable statutory authority for the purpose of the administration and enforcement of The Income Tax Act (Canada) or The Income Tax Act (Manitoba). If you have questions about this form, contact: Manitoba Finance, Federal-Provincial Relations and Research Division, 910-386 Broadway, Winnipeg, MB R3C 3R6, Phone (204) 945-3757.

FORM B (2): Breakdown of Manitoba Expenditures

(submitted to Manitoba Film & Music)

MANITOBA LABOUR & SUPPLIES/MATERIALS

SECTION "A" above-the-line	LABOUR	SUPPLIES & ALL OTHER COSTS	TOTALS
Manitoba Expenditures:			
Rural	\$	\$	\$
Urban	\$	\$	\$
Total Manitoba Expenditures	\$	\$	\$
Non-Manitoban Expenditures	\$	\$	\$
TOTAL "A" above-the-line	\$	\$	\$

SECTION "B" production			
Manitoba Expenditures:			
Rural	\$	\$	\$
Urban	\$	\$	\$
Total Manitoba Expenditures	\$	\$	\$
Non-Manitoban Expenditures	\$	\$	\$
TOTAL "B" production	\$	\$	\$

SECTION "C" post production			
Manitoba Expenditures:			
Rural	\$	\$	\$
Urban	\$	\$	\$
Total Manitoba Expenditures	\$	\$	\$
Non-Manitoban Expenditures	\$	\$	\$
TOTAL "C" post production	\$	\$	\$

SECTION "D" other			
Manitoba Expenditures:			
Rural	\$	\$	\$
Urban	\$	\$	\$
Total Manitoba Expenditures	\$	\$	\$
Non-Manitoban Expenditures	\$	\$	\$
TOTAL "D" other	\$	\$	\$
TOTAL Manitoba Expenditures	\$	\$	\$
TOTAL Non-MB Expenditures	\$	\$	\$

TOTAL "A", "B", "C", "D"	\$	\$	\$
---------------------------------	-----------	-----------	-----------

NOTE: Total Expenditures must correspond to Total Budget (pre-production stage) or Total Final Costs (final reporting stage).

PLEASE INCLUDE ANY ELIGIBLE NON-RESIDENT LABOUR AS NON-MANITOBA LABOUR ON THIS FORM, EVEN IF APPROVED FOR DEEMING.

CONFIDENTIAL – NOT FOR DISTRIBUTION

FORM C: Request for Deeming
(submitted to Manitoba Film & Music)

Production Company:

Production Name:

Scheduled Dates of Production:

Permanent Address:

Permanent Telephone:

Permanent Facsimile:

Production Office Address:

Production Office Telephone:

Production Office Facsimile:

Producer:

Production Manager:

The production company requests that the positions listed on the attached Form C be deemed eligible for the Manitoba Film and Video Production Tax Credit. To the best knowledge of the undersigned, no qualified and willing Manitobans are available for these positions as documented on the attached pages.

Signature of the Producer

Printed name

Date

By signing below, Manitoba Film and Music acknowledges that the paperwork required for the deeming process is complete and that all relevant labour organizations, including FTM when applicable, have signed off. Manitoba Film and Music is relying on the signatures of the above relevant organizations for confirmation that the information is true and correct.

_____ MANITOBA FILM & MUSIC	_____ Printed name	_____ Date
--------------------------------	-----------------------	---------------

This information is being collected in accordance with section 7.5(1) to 7.9 of *The Income Tax Act* (Manitoba). Pursuant to *The Freedom of Information and Protection of Privacy Act*, the information will only be used and disclosed as necessary for the purpose of administering the Manitoba Film and Video Production Tax Credit and in addition the information may be provided to the Canada Revenue Agency under applicable statutory authority for the purpose of the administration and enforcement of *The Income Tax Act* (Canada) or *The Income Tax Act* (Manitoba). If you have questions about this form, contact: Manitoba Finance, Federal-Provincial Relations and Research Division, 910-386 Broadway, Winnipeg, MB R3C 3R6, Phone (204) 945-3757.

CONFIDENTIAL – NOT FOR DISTRIBUTION

FORM C: Request for Deeming (page 2)

Production Title: _____
 Schedule Dates of Production: _____
 Labour Organization: _____
 Authorized Representative: _____
 Address: _____
 Telephone: _____ Facsimile: _____

POSITION	Manitoba Technician Considered (Name)	Reason Not Employed (refer to key below)	Date and Time the individual was contacted	Business Agent or Authorized Representative Initials	Comments

TO BE PREPARED BY MANITOBA FILM & MUSIC

RESPONSE KEY FOR "REASON NOT EMPLOYED"
 1 = declined offer 2 = unavailable 3 = not qualified 4 = other (requires detailed explanation in "Comments" column above)

I hereby confirm that the above information is true and correct, and that as of the date below, the above Manitoba residents were considered and interviewed (unless they declined the interview) for employment and that they are unavailable or unsuitable as listed above. If the production schedule changes more than 4 weeks from the initial dates stated above, I agree and acknowledge that this request for deeming must be re-negotiated in order to ensure that all qualified Manitobans are considered for employment.

 Signature of the producer printed name date

By signing, I confirm that there are no willing, available, and qualified Manitobans to fill the above positions on this production.

 Signature of Business Agent printed name date

This information is being collected in accordance with section 7.5(1) to 7.9 of *The Income Tax Act (Manitoba)*. Pursuant to *The Freedom of Information and Protection of Privacy Act*, the information will only be used and disclosed as necessary for the purpose of administering the Manitoba Film and Video Production Tax Credit and in addition the information may be provided to the Canada Revenue Agency under applicable statutory authority for the purpose of the administration and enforcement of *The Income Tax Act (Canada)* or *The Income Tax Act (Manitoba)*. If you have questions about this form, contact: Manitoba Finance, Federal-Provincial Relations and Research Division, 910-386 Broadway, Winnipeg, MB R3C 3R6, Phone (204) 945-3757.

Training Form for Deeming

This form must be completed for each Manitoba Trainee listed on the Actual List of Deemed Labour (Form D, Part B) and must accompany the Actual List of Deemed Labour when submitted to Manitoba Film & Music.

Name of Trainee: _____

Position of Trainee: _____

Department of Trainee: _____

Name of Mentor(s): _____

Production Name: _____

What job skills did the Trainee develop?

Producer's Signature: _____
(should be signed by the Manitoba Producer if the production is a Manitoba co-venture, co-production or service production)

Printed Name: _____

Date: _____

MANITOBA FILM AND VIDEO PRODUCTION TAX CREDIT

Deeming Dispute Resolution Process

In order to deem a non-resident for the purposes of the Manitoba Film and Video Production Tax Credit, agreement from both the Production Company and the Labour Organization is required*. If the parties do not agree, the disputing party must follow the steps listed below within fourteen (14) calendar days of the occurrence upon which the dispute was based. If a party disputes a position for deeming and does not follow the steps listed below within (14) calendar days, the dispute will then become null and the deeming process will continue as if both parties have agreed.

The Labour Organizations participate in this process as a service to the industry that is separate from, and independent of, any Collective Bargaining. Whether a production or position is under a Collective Bargaining Agreement or not does not affect how the Labour Organizations treat this process.

This process has been designed to encourage Labour Organizations and Production Companies to self-mediate disputes over deemable positions. At any time prior to mediation the Production Company can withdraw its request for deeming and hire non-resident labour with the understanding that this individual is not eligible for the tax credit. Labour Organizations can also withdraw their opposition to a request for deeming at any time prior to mediation, and may consider recommending individuals from its membership for possible training opportunities under the disputed position.

If this process goes to mediation, MF&M will facilitate the process by selecting the first available mediator from the list provided at the end of the document. The decision of the mediator must be binding and cannot be appealed. Any costs incurred with respect to the mediation will be split equally between the Production Company and Labour Organization.

Deeming Request Procedure:

- 1) The Production Company must supply the relevant labour organization with the following documents prior to hiring a deemed individual:
 - Resume of the deemed individual;
 - Job Description of the deemed individual's classification;
 - List of Manitoba candidates who were considered;
 - Reasons why the Manitoba candidates were not hired;
 - Names of the individuals who will be provided with training opportunities, along with training plans.
- 2) The Labour Organization, at its sole discretion, and without setting precedent, may waive its requirements for any of the above documents.

The Process for Deeming Dispute Resolution

1. The Production Company must express their concern in writing in the form of a “Notice of Objection” to the applicable Labour Organization within fourteen (14) calendar days of the occurrence. A copy must be sent to **Manitoba Film & Music (MF&M)**;
2. Should a resolution not be reached following the Notice of Objection, the disputing party must contact MF&M within an additional seven (7) days in order to facilitate a meeting between the two parties in order to discuss possible resolutions;
3. Should a resolution not be reached following a meeting between the Production Company and the Labour Organization, MF&M will select the first available mediator from the attached list and begin mediation proceedings. Equal deposits from the production company and from the labour organization must be provided to Manitoba Film & Music to cover the costs of the mediation. If the deposits are insufficient to cover the expenses, the difference will be split between the 2 parties. On the other hand, if the deposits exceed the cost of the mediation, the difference will be reimbursed equally to the 2 parties. The mediator’s decision will be given in writing to the 2 parties, with a copy to Manitoba Film & Music, within the timeline agreed upon by the parties and the mediator. If it is determined that the position is deemable, both parties will follow the usual steps for deeming. If the position is determined not to be deemable, it will not be included in the tax credit calculations.

*Note: This process applies to union and non-union productions.

LIST OF PRE-APPROVED MEDIATORS:

- 1) Arnie Pelts
- 2) Gavin Woods
- 3) Diane Jones
- 4) Lori Spivak

FORM H: Affidavit
(submitted to Manitoba Film & Music)

(Affidavit for a production where Manitoba Film & Music **is an equity investor** and where the budget is less than \$200,000.00)

I, _____

of _____

in the city of _____

Province of _____

_____ MAKE OATH AND SAY:

1. THAT I am the Producer of the production _____

(hereinafter referred to as "The Production") and have personal knowledge of the matters deposed herein.

2. THAT the full cost of the production was _____

3. THAT the amount of eligible Manitoba expenses totals _____

4. THAT the breakdown of Production costs and Manitoba expenditures attached hereto is complete and accurate in all details.

5. THAT I certify that I have complied with the Act and Regulations for the Manitoba Film and Video Production Tax Credit.

Signature of Producer

(Please have a notary sign below)

SWORN before me in the city of _____

Province of _____
this day of , 20 _____

FORM I: Affidavit for when MFM is not an equity investor

(submitted to Manitoba Film & Music)

(Affidavit for a production where Manitoba Film & Music is not an equity investor)

I, _____

of _____

in the city of _____

Province of _____

_____ MAKE OATH AND SAY:

1. THAT I am the Producer of the production _____

(hereinafter referred to as "The Production") and have personal knowledge of the matters deposed herein.

2. THAT the full cost of the production was _____

3. THAT the amount of eligible Manitoba expenses totals _____

4. THAT the breakdown of Production costs and Manitoba expenditures attached hereto is complete and accurate in all details.

5. THAT I certify that I have complied with the Act and Regulations for the Manitoba Film and Video Production Tax Credit.

Signature of Producer

(Please have a notary sign below)

SWORN before me in the city of _____

Province of _____

this day of , 20

FORM J: Affidavit for claiming an Advance Certificate of Eligibility

(submitted to Manitoba Film & Music)

I, _____

of _____

in the city of _____

Province of _____

MAKE OATH AND SAY:

1. THAT I am the Producer of the production _____

(hereinafter referred to as "The Production") and have personal knowledge of the matters deposed herein.

2. THAT the current cost of the production (at the fiscal year-end date as per the attached cost report) is: _____

3. THAT the current amount of eligible Manitoba expenses totals: _____

4. THAT the breakdown of Production costs and Manitoba expenditures attached hereto is complete and accurate in all details.

5. THAT I certify that I have complied with the Act and Regulations for the Manitoba Film and Video Production Tax Credit.

Signature of Producer

(Please have a notary sign below)

SWORN before me in the city of _____

Province of _____
this day of , 20 _____

Appendix I: Manitoba Film and Video Production Tax Credit Legislation

DISCLAIMER: Although the Government of Manitoba updates the online versions of Manitoba statutes regularly, only the printed version from the Queen's Printer – Statutory Publications is the official version. The text provided below may differ from the online or official versions of the legislation.

<http://web2.gov.mb.ca/laws/statutes/ccsm/i010e.php#7.5>

FILM AND VIDEO PRODUCTION TAX CREDIT

Definitions and Interpretation

Definitions

7.5(1) The following definitions apply in this section and sections 7.6 to 7.9.

"accommodation unit" means a residence or a hotel room, regardless of the number of people staying in the residence or hotel room. (« unité d'hébergement »)

"certifying authority" means Manitoba Film and Sound Recording Development Corporation. (« autorité chargée de la délivrance des certificats »)

"cost-of-production credit", in relation to an eligible film for a taxation year, is the amount determined for that film for that year under subsection 7.6(6). (« crédit pour les coûts de production »)

"cost-of-salaries credit", in relation to an eligible film for a taxation year, means the amount determined for that film for that year under subsection 7.6(2). (« crédit pour les coûts des traitements »)

"eligible accommodation expenditure" of a corporation for a taxation year in relation to an eligible film means the total of all amounts each of which is the lesser of

- (a) the amount paid; or
- (b) \$300;

for each night's use of an accommodation unit in Manitoba, during the year, for the temporary accommodation of one or more individuals whose presence in Manitoba is required for the film's production. (« dépense d'hébergement admissible »)

"eligible corporation", in relation to an eligible film, means a corporation that

- (a) is a taxable Canadian corporation incorporated under the laws of Canada or of a province of Canada;
- (b) has a permanent establishment in Manitoba;
- (c) is producing an eligible film in the course of a film or video production business that is its primary business; and
- (d) pays at least 25% of its salaries and wages
 - (i) to eligible employees and employees who are eligible non-resident individuals in relation to the eligible film for which the tax credit is claimed, and

- (ii) except in the case of a documentary, for work performed in Manitoba on an eligible film.
(« corporation admissible »)

"eligible employee", in relation to a taxation year of a corporation for which the corporation is claiming a tax credit, means an employee who was resident in Manitoba on December 31 of the taxation year or of the immediately preceding taxation year. (« employé admissible »)

"eligible film" means a film or video that is registered as an eligible film under subsection 7.7(1). (« film admissible »)

"eligible individual", in relation to a taxation year of a corporation for which the corporation is claiming a tax credit, means an individual (other than a trust or estate) who was resident in Manitoba on December 31 of the taxation year or of the immediately preceding taxation year. (« particulier admissible »)

"eligible non-resident individual", in relation to a taxation year of a corporation for which the corporation is claiming a tax credit, means an individual (other than a trust, estate or eligible individual) who, in that taxation year or the immediately preceding taxation year, provided technical services in Manitoba for the production of an eligible film as a member of a film production technical crew of which at least one other member was a Manitoba trainee receiving eligible training. (« non-résident admissible »)

"eligible salaries" of a corporation for a taxation year in respect of an eligible film means the total of the following amounts to the extent that they are reasonable in the circumstances:

(a) the salary or wages of eligible individuals that

- (i) are directly attributable to the production of the film,
- (ii) are incurred by the corporation for the stages of production from the production commencement time to the end of the post-production stage, and
- (iii) were incurred in the year or the immediately preceding taxation year, and paid by the corporation within the year or 60 days after the end of the year,

but not including salaries and wages that were incurred in the immediately preceding year and paid within 60 days after the end of that preceding year;

(b) that portion of the remuneration — other than salary or wages and other than remuneration that relates to services rendered in the immediately preceding taxation year and was paid within 60 days after the end of that preceding year — that is directly attributable to the production of the film, that relates to services rendered in the year or the immediately preceding taxation year to the corporation for the stages of production from the production commencement time to the end of the post-production stage, and that is paid by the corporation in the year or within 60 days after the end of the year to

(i) an eligible individual who is not an employee of the corporation, to the extent that the amount paid

(A) is attributable to services personally rendered by the individual for the production of the film, or

(B) is attributable to and does not exceed the salary or wages of the individual's eligible employees for personally rendering services for the production of the film,

(ii) another corporation, to the extent that the amount paid is attributable to and does not exceed the salary or wages of the other corporation's eligible employees for personally rendering services for the production of the film,

(iii) another corporation,

(A) all of the issued and outstanding shares of the capital stock of which, except directors' qualifying shares, belong to an eligible individual, and

(B) the activities of which consist principally of the provision of the services rendered by that individual,

to the extent that the amount paid is attributable to services rendered personally by the individual for the production of the film, or

(iv) a partnership that is carrying on a business in Canada, to the extent that the amount paid

(A) is attributable to services personally rendered by an eligible individual who is a member of the partnership for the production of the film, or

(B) is attributable to and does not exceed the salary or wages of the partnership's eligible employees for personally rendering services for the production of the film;

(c) where

(i) the corporation is a subsidiary wholly-owned corporation of another corporation (the "parent"), and

(ii) the corporation and the parent have agreed that this clause apply in respect of the production of the film,

the reimbursement made by the corporation in the year, or within 60 days after the end of the year, of an expenditure that was incurred by the parent in a particular taxation year of the parent in respect of that production and that would be included in the eligible salaries of the corporation in respect of the film for the particular taxation year under clause (a) or (b) if

(iii) the corporation had such a particular taxation year, and

(iv) the expenditures were incurred by the corporation for the same purpose as they were by the parent and were paid at the same time and to the same person or partnership as it was by the parent;

(d) the lesser of

(i) the total increase in the amounts that would be included under clause (a) or (b) if the amounts paid by the corporation for services provided in Manitoba by eligible non-resident individuals were paid for services provided by eligible individuals, but no amount were included in respect of the benefits or allowances that are included (or would be included if they were employees resident in Canada) in the income of the eligible non-resident individuals under section 6 of the federal Act, and

(ii) the following percentage of the total of the amounts determined under clauses (a) to (c) for the taxation year:

(A) 30%, if at least two individuals participated, as Manitoba trainees, in the film production technical crew in which the eligible non-resident individual provided services, or

(B) 10%, if only one individual participated, as a Manitoba trainee, in the film production technical crew in which the eligible non-resident individual provided services;

- (e) any additional amount that, according to the regulations, may be claimed as eligible salaries.
(« traitements admissibles »)

"eligible service contract expenditure" of a corporation in relation to an eligible film means an amount paid

- (a) to an eligible individual, other than an employee of the corporation, for services performed in Manitoba in respect of the eligible film by the individual or the individual's employees at a time when they were eligible individuals;
- (b) to a taxable Canadian corporation for services performed in Manitoba in respect of the eligible film by that corporation's employees at a time when they were eligible individuals;
- (c) to a taxable Canadian corporation,
- (i) all the issued and outstanding shares of the capital stock of which belong to an eligible individual, and
 - (ii) the activities of which consist principally of the provision of services rendered by that individual, for services rendered personally by that individual in Manitoba in respect of the eligible film; or
- (d) to a partnership, each member of which is an eligible individual or a taxable Canadian corporation, for services performed in Manitoba in respect of the eligible film by an eligible individual who is a member of the partnership or by the partnership's employees at a time when they were eligible individuals;

and any other amount that, according to the regulations, may be claimed as an eligible service contract expenditure. (« dépense admissible en contrats de services »)

"eligible tangible property expenditure" of a corporation for a taxation year in relation to an eligible film means the total of the following amounts:

- (a) the total of all amounts each of which is the portion of the corporation's lease cost of a tangible property used in making the film that can reasonably be attributed to the use in Manitoba of that property in the taxation year in the course of producing the film;
- (b) the total of all amounts each of which is the amount determined by the following formula in respect of a depreciable property owned by the corporation:

$$C \times R \times D/365$$

In this formula,

C

is the corporation's undepreciated capital cost of the property at the beginning of the year or, if the property was acquired by it in the year, the corporation's cost of the property,

R

is the capital cost allowance rate for the property under Schedule II of the federal regulations,

D

is the number of days in the taxation year that the property was available for immediate use, in Manitoba, in producing the film. (« dépense admissible en biens corporels »)

"excluded production expenditure", in relation to an eligible film, means an expenditure incurred for

- (a) meals or entertainment, other than food and non-alcoholic beverages provided to individuals working on the eligible film at a studio or location set on a day that filming takes place;
- (b) alcoholic beverages;
- (c) [repealed] S.M. 2012, c. 1, s. 28;
- (d) living expenses other than eligible accommodation expenditures;
- (e) remuneration that is determined by reference to profit or revenue;
- (f) anything for which an amount is included in computing a credit under any other section of this Act other than section 10.1 (co-op education and apprenticeship tax credit); or
- (g) advertising, marketing, promotion, market research or anything else that relates in any way to any other film or video production. (« dépense de production exclue »)

"government assistance" means the amount of assistance which the corporation receives or is entitled to receive from a government, municipality or other public authority whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or any other form of assistance, other than

- (a) any film and video production tax credit under this Act or under the federal Act;
- (b) government amount paid or payable to the corporation by The Canada Media Fund, Telefilm Canada or Manitoba Film and Sound Recording Development Corporation that is recoupable or repaid;
- (c) any amount received or receivable under The Canada Media Fund Licence Fee Program;
- (d) the amount of a credit under section 10.1 (co-op education and apprenticeship tax credit); and
- (e) any other amount prescribed by regulation. (« aide gouvernementale »)

"Manitoba trainee" means an eligible individual who, as a member of a film production crew working on the production of an eligible corporation's eligible film, received training or provided technical services for which the corporation has received or is eligible to receive a co-op education and apprenticeship tax credit under section 10.1. (« stagiaire manitobain »)

"parent-subsidiary amount", in relation to a taxation year of a corporation, means an amount that

- (a) is paid by the corporation, within the taxation year or 60 days after the end of the year, to another corporation (the "parent") in relation to which it is a subsidiary wholly-owned corporation; and
- (b) is paid as a reimbursement of an expense of the parent that
 - (i) the corporation and the parent have agreed to treat as an expenditure of the corporation, and
 - (ii) would be an eligible service contract expenditure of the corporation for the taxation year in which it was incurred by the parent if
 - (A) the corporation's taxation year were the same as the parent's taxation year, and
 - (B) the expenditure were incurred by the corporation for the same purpose as it was incurred by the parent, and were paid by the corporation at the same time and to the same person as it was paid by the parent. (« remboursement à la corporation mère »)

"tax credit" means the tax credit established in section 7.6. (« crédit d'impôt »)

Limitations re eligible salaries

[7.5\(2\)](#) For the purpose of the definition "eligible salaries" in subsection (1),

- (a) remuneration does not include remuneration determined by reference to profit or revenue;
- (b) salary or wages do not include an amount determined by reference to profit or revenue;
- (c) where the value of remuneration, salary or wages may include an amount determined by reference to profits or revenues, the minister may deem a value for that portion of the eligible salaries;
- (d) services referred to in clause (b) of the definition that relate to the post-production stage of the production include only the services that are rendered at that stage by a person who performs the duties of animation cameraman, assistant colourist, assistant editor, assistant mixer, assistant sound-effects technician, boom operator, colourist, computer graphics designer, developing technician, director of post-production, dubbing technician, encoding technician, inspection technician (clean-up), mixer, music supervisor, optical effects technician, picture editor, printing technician, projectionist, recording technician, senior editor, sound editor, sound-effects technician, special effects editor, subtitle technician, timer, videographer or videotaping technician, or any other duties prescribed by regulation; and
- (e) an expense may be included in eligible salaries only if it is incurred and paid before January 1, 2017.

Eligible training

[7.5\(3\)](#) For the purpose of the definition "eligible non-resident individual" in subsection (1), an individual is receiving eligible training if the training is designed to improve his or her technical film production skills and is authorized or approved by

- (a) Film Training Manitoba;
- (b) the Directors Guild of Canada;
- (c) the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts of the United States, Its Territories and Canada;
- (d) the Alliance of Canadian Cinema, Television and Radio Artists; or
- (e) any other person or organization prescribed by regulation.

Limitation re eligible tangible property expenditure

[7.5\(4\)](#) An expenditure may be included in an eligible corporation's eligible tangible property expenditure in relation to an eligible film for a taxation year only if all of the following conditions that apply are satisfied:

- (a) the property is used in Manitoba in a manner that is directly attributable to the making of the film;
- (b) the property is used during the stages of production of the film from the production commencement time to the end of the post-production stage;
- (c) the expenditure is incurred by the corporation in the year or the immediately preceding taxation year;
- (d) the expenditure is reasonable in the circumstances;
- (e) in the case of a lease cost,
 - (i) the cost is incurred in the taxation year and was paid within the year or 60 days after the end of the year,

(ii) the lessor carries on, at a permanent establishment in Manitoba, the business of leasing tangible property of the type leased to the corporation, and

(iii) at the time of payment of the lease cost, the lessor is

(A) a taxable Canadian corporation that is not related to the eligible corporation or controlled by any of its employees,

(B) an individual resident in Manitoba who is not an employee of the eligible corporation, or

(C) a partnership each member of which is a corporation described in paragraph (A) or an individual described in paragraph (B).

[S.M. 1997, c. 49, s. 19](#); [S.M. 1998, c. 30, s. 29](#); [S.M. 2000, c. 39, s. 34](#); [S.M. 2001, c. 41, s. 26](#); [S.M. 2002, c. 19, s. 28](#); [S.M. 2003, c. 4, s. 45](#); [S.M. 2004, c. 43, s. 51](#); [S.M. 2005, c. 40, s. 36](#); [S.M. 2007, c. 6, s. 39](#); [S.M. 2008, c. 3, s. 28](#); [S.M. 2010, c. 29, s. 20](#); [S.M. 2012, c. 1, s. 28](#); [S.M. 2013, c. 55, s. 22.](#)

Tax Credit

Refundable film and video production tax credit

[7.6\(1\)](#) An eligible corporation is deemed to have paid on its balance-due day for a taxation year, on account of its tax payable under this Act for that year, such of the following amounts as are claimed by the corporation in its return for the year:

(a) its cost-of-salaries credit for that year for an eligible film for which the principal photography commenced before April 1, 2010;

(b) either

(i) its cost-of-salaries credit for that year, or

(ii) its cost-of-production credit for that year,

for an eligible film for which the principal photography commenced on or after April 1, 2010.

Cost-of-salaries credit

[7.6\(2\)](#) Subject to subsections (7) and (8), an eligible corporation's cost-of-salaries credit for a taxation year for an eligible film produced by it in Manitoba is the amount determined by the following formula:

$$\text{credit} = 0.45A + 0.1B + 0.05(C + D)$$

In this formula,

A

is the amount, if any, by which

(a) the corporation's eligible salaries for the film for the year,

exceeds

(b) the amount of any government assistance received or to be received by the corporation in connection with those salaries;

B

is nil, unless

- (a) the principal photography for the eligible film commenced after the commencement of the principal photography for two other eligible films,
- (b) the same person or group of persons is the principal owner of each of the three films, and
- (c) some of the principal photography for each of the three films took place within the same two-year period,

in which case B is the amount determined for A;

C

is nil, unless

- (a) the corporation has, at any time during principal photography for the film, a permanent establishment in Manitoba at least 35 kilometres from Winnipeg, and
- (b) the principal photography for the film took place in Manitoba at least 35 kilometres from Winnipeg for at least 1/2 of the days that principal photography took place in Manitoba,

in which case C is the amount determined for A;

D

is nil, unless a person who is resident in Manitoba in the year in which principal photography ends, or in the immediately preceding year, receives credit as a producer, co-producer or executive producer of that film, in which case D is the amount determined for A.

Principal owner

[7.6\(3\)](#) Subject to subsection (4), a film's principal owner for the purpose of subsection (2) is a person or group of persons

- (a) who owned, throughout the period of principal photography of the film, at least 50% of the voting shares of the corporation that claimed a tax credit for the film;
- (b) whom the certifying authority, upon application in a form and containing the information required by the authority, recognizes as the film's principal owner because of the direct or indirect equity interest in the film held by the person or group throughout the period of principal photography; or
- (c) whom the certifying authority, upon application in a form and containing the information required by the authority, recognizes as the film's principal owner because of their contribution to the development, creative and financial control, and exploitation of the film, having regard to their role in
 - (i) the acquisition or development of the film's story,
 - (ii) commissioning the writing of the film's screenplay,
 - (iii) selecting, hiring or firing key artists and creative personnel,
 - (iv) preparing, revising and approving the film's budget,
 - (v) binding the production company to talent and crew contracts,
 - (vi) arranging production financing,

- (vii) making final creative decisions,
- (viii) making or authorizing production expenditures, and
- (ix) banking arrangements for the production.

Only one principal owner

[7.6\(4\)](#) If a film would otherwise have more than one principal owner, it is deemed to have no principal owner other than

- (a) the one principal owner identified in an agreement filed with the certifying authority and signed by each person who
 - (i) is or would otherwise be a principal owner, or
 - (ii) is a member of a group that is or would otherwise be a principal owner; or
- (b) if no such agreement is filed, the person or group of persons recognized as the film's principal owner for the purpose of a tax credit previously allowed under subsection (2).

Frequent filming bonus involving series

[7.6\(5\)](#) In determining the amount for B in the formula in subsection (2) in respect of an eligible film,

- (a) a cycle of a commercially exploitable series may be treated as an eligible film, regardless of the combined running length of its episodes;
- (b) episodes with a combined running length of two hours within the same cycle of a commercially exploitable series may be treated as a prior film;
- (c) the remaining episodes in a cycle that are not treated as a prior film under clause (b) may be treated as a separate eligible film if, as a separate eligible film, the amount determined for it under B in that formula would not be nil; and
- (d) the amount determined for A for the separate eligible film under clause (c) shall be that proportion of the amount determined for A for the cycle that the running length of the separate film is of the running length of the whole cycle.

For the purpose of this subsection, if the series is a television series, the running length of an episode is deemed to be its broadcast length and the running length of a cycle is the total running length of the episodes in that cycle.

Cost-of-production credit

[7.6\(6\)](#) An eligible corporation's cost-of-production credit for a taxation year in relation to an eligible film produced by the corporation is the amount determined by the following formula:

$$\text{credit} = 0.3(A - B)$$

In this formula,

A

is the total of

- (a) all amounts included under clauses (a) and (d) of the definition "eligible salaries" in subsection 7.5(1) in relation to the eligible film,

- (b) the corporation's eligible service contract expenditures in relation to the eligible film that are not included under clause (a),
- (c) the corporation's parent-subsidiary amounts in relation to the eligible film that are not included under clause (a) or (b),
- (d) the corporation's eligible tangible property expenditures in relation to the eligible film that are not included under clause (a), (b) or (c), and
- (d.1) if production of the eligible film commenced after April 17, 2012, the corporation's eligible accommodation expenditure in relation to the film,

to the extent that those amounts

- (e) are reasonable in the circumstances and directly attributable to the production of the eligible film,
- (f) were incurred and paid before January 1, 2017,
- (g) were incurred in the taxation year or the immediately preceding taxation year for goods or services provided in either of those years,
- (h) were paid within the taxation year or 60 days after the end of the taxation year,
- (i) were not incurred within the immediately preceding taxation year and paid within the first 60 days after the end of that year,
- (j) relate to a stage of production of the eligible film from its production commencement time to the end of its post-production stage, and
- (k) are not excluded production expenditures;

B

is the total of all amounts each of which is an amount of government assistance that may reasonably be considered to relate directly to any amount included in A.

Application for credit

[7.6\(7\)](#) A corporation's tax credit under subsection (1) in respect of an eligible film is nil unless the corporation files with the minister an application for the credit in the form required by the minister and containing or accompanied by

- (a) the certificate of completion issued under subsection 7.7(3) for the completed production; and
- (b) all the information required by the minister to determine or verify the amount of the tax credit.

Duplicate claims

[7.6\(8\)](#) If any part of the tax credits claimed under this section by two or more corporations can reasonably be attributed to the same salary or service, the tax credit of each of them in respect of that salary or service is nil, unless they file with the minister an agreement signed by all of them that allocates among them the amounts that may be claimed in respect of that salary or service.

Interpretation

[7.6\(9\)](#) For the purpose of subsection (8), if an amount included in the eligible salaries or eligible service contract expenditures of one corporation is attributable to an amount paid by another corporation and included in

that other corporation's eligible salaries or eligible service contract expenditures, the amounts so included by each of them are deemed to be attributable to the same salary or service.

[S.M. 1997, c. 49, s. 19](#); [S.M. 1999, c. 3, s. 8](#); [S.M. 2001, c. 41, s. 27](#); [S.M. 2002, c. 19, s. 29](#); [S.M. 2003, c. 4, s. 46](#); [S.M. 2004, c. 43, s. 52](#); [S.M. 2005, c. 40, s. 37](#); [S.M. 2006, c. 24, s. 41](#); [S.M. 2007, c. 6, s. 40](#); [S.M. 2008, c. 3, s. 29](#); [S.M. 2010, c. 29, s. 20](#); [S.M. 2012, c. 1, s. 29](#); [S.M. 2013, c. 55, s. 23](#).

Registration and Certification

Registration as eligible film

[7.7\(1\)](#) The certifying authority, on receipt of an application in the form and containing the information and records required by the authority, may register a proposed production as an eligible film and issue a certificate of the registration to the applicant if, after reviewing the application, it is satisfied that the production

- (a) is intended for a television, cinema, video tape, digital, CD-ROM, multimedia or nontheatrical production;
- (b) will be a drama, variety show, animation, children's programming, music programming, informational series or documentary;
- (c) will not be a production
 - (i) of news, current events or public affairs programming, or a program that includes weather or market reports,
 - (ii) of one or more talk shows,
 - (iii) of a game, questionnaire or contest (unless the production is directed primarily at minors),
 - (iv) of one or more sports events or activities,
 - (v) of one or more gala presentations or awards shows,
 - (vi) that solicits funds,
 - (vii) of reality television,
 - (viii) of pornography,
 - (ix) of advertising,
 - (x) produced primarily for industrial, corporate or institutional purposes,
 - (xi) all or substantially all of which consists of stock footage, unless it is a documentary, or
 - (xii) for which public financial support would, in the opinion of the Minister of Finance for Manitoba, be contrary to public policy; and
- (d) satisfies any additional criteria prescribed by regulation.

Advance certificate of eligibility for credit

[7.7\(2\)](#) The certifying authority may, on receipt of an application in the form and containing the information and records required by the authority, issue a certificate confirming

- (a) the registration of the production as an eligible film;

- (b) the status of the applicant as an eligible corporation; and
- (c) that the applicant's estimate of the tax credit to be earned for the eligible film, assuming it will be produced as described in the application, is reasonable;

if it is satisfied, after reviewing the application, that the production is an eligible film, that the applicant is an eligible corporation and that the applicant's estimate of the tax credit is reasonable.

Certificate of completion

[7.7\(3\)](#) The certifying authority, on receipt of an application in the form and containing the information and records required by the authority, must issue a certificate of completion if

- (a) the corporation
 - (i) makes the application within 30 months after the end of the corporation's taxation year in which the principal photography for the film began, or
 - (ii) makes the application within 48 months after the end of the corporation's taxation year in which the principal photography for the film began and satisfies the authority that it filed with the minister, within the normal reassessment period, a waiver described in subparagraph 152(4)(a)(ii) of the federal Act in respect of the first two taxation years ending after the principal photography for the film began; and
- (b) after reviewing the application, the authority is satisfied that
 - (i) the production has been completed,
 - (ii) the completed production satisfies the criteria for an eligible film set out or referred to in subsection (1), and
 - (iii) the applicant is an eligible corporation.

Content of certificate of completion

[7.7\(4\)](#) A certificate of completion for an eligible film must identify the film and the corporation that produced it and confirm the following:

- (a) that the film is an eligible film;
- (b) that the corporation is an eligible corporation;
- (c) the tax credit rate that is to apply in determining the cost-of-salaries credit, taking into account whether the film qualifies for the frequent filming bonus, the rural filming bonus, the Manitoba producer bonus, or two or more of those bonuses;
- (d) if the cost-of-salaries credit or cost-of-production credit includes an amount for eligible non-resident individuals, the rate that is to apply under clause (d) of the definition "eligible salaries" in determining the cap on the amounts that may be included in respect of the amounts paid for their services.

[S.M. 1997, c. 49, s. 19; S.M. 1998, c. 30, s. 30; S.M. 2001, c. 41, s. 28; S.M. 2004, c. 43, s. 53; S.M. 2008, c. 3, s. 30; S.M. 2010, c. 29, s. 20.](#)

Revocation of registration or certificate

[7.8\(1\)](#) The registration of a production as an eligible film, or a certificate issued under section 7.7 in respect of a production or proposed production, may be revoked by the certifying authority or the Minister of Finance for Manitoba if

- (a) an omission or incorrect statement was made for the purpose of obtaining the registration or certificate;
- (b) the production fails to meet the criteria for an eligible film;
- (c) the corporation in whose name the production was registered, or to whom the certificate was issued, ceases to be an eligible corporation; or
- (d) an application for a certificate of completion is not made within the applicable period specified in clause 7.7(3)(a), or a certificate of completion is not issued in response to an application for it made within that period.

Effect of revocation

[7.8\(2\)](#) If the registration of a production is revoked, the production is deemed never to have been registered, and if a certificate is revoked, it is deemed never to have been issued.

[S.M. 1997, c. 49, s. 19; S.M. 2002, c. 19, s. 30; S.M. 2008, c. 3, s. 31; S.M. 2010, c. 29, s. 20.](#)

Regulations

Regulations

[7.9](#) The Lieutenant Governor in Council may make regulations for the purpose of sections 7.5 to 7.8, including regulations

- (a) defining terms that are not defined in section 7.5;
- (b) prescribing additional expenditures that may be claimed as eligible salaries;
- (c) prescribing additional expenditures that may be claimed as eligible service contract expenditures;
- (d) prescribing amounts to be excluded from the definition "government assistance";
- (e) prescribing additional duties for the purpose of clause 7.5(2)(d);
- (f) prescribing additional persons or organizations for the purpose of subsection 7.5(3);
- (g) prescribing additional criteria for eligible films for the purpose of clause 7.7(1)(d);
- (h) respecting the registration of a film or video production as an eligible film, and the application for such a registration;
- (i) respecting certificates that may be issued in respect of an eligible film, and applications for those certificates;
- (j) respecting the application for a tax credit;
- (k) prescribing recordkeeping requirements for a corporation that claims a tax credit, and respecting access to its records by the certifying authority;
- (l) respecting any matter that the Lieutenant Governor in Council considers necessary or advisable for the administration or enforcement of those sections.

[S.M. 1997, c. 49, s. 19](#); [S.M. 2002, c. 19, s. 31](#); [S.M. 2010, c. 29, s. 20](#).

[7.10 to 7.12](#)[Repealed]

[S.M. 1997, c. 49, s. 19](#); [S.M. 1998, c. 30, s. 31](#); [S.M. 2002, c. 19, s. 32 and 33](#); [S.M. 2003, c. 4, s. 47](#); [S.M. 2008, c. 3, s. 32](#); [S.M. 2010, c. 29, s. 20](#).



Manitoba Film and Video Production Tax Credit Advance Certificate of Eligibility (Cost-of-Production Credit)

Certificate Number:

Title of the Film or Video Production

Name and Address of the Production Company

Account/Business Number

Taxation Year End

Eligibility Criteria

Eligible Film (yes/no)

Eligible Corporation (yes/no)

Cost-of-Production Tax Credit

Rate Applied

MB Cost-of-Production Credit

20%

Deemed Labour Cap

Deemed Labour Proposed (yes/no)

0/10/20/30%

Notwithstanding the issuance of this certificate, where at any time information is found regarding the application from the above named production company for a Manitoba Film and Video Production Tax Credit which renders the production company or production ineligible under sections 7.5(1) to 7.9 respectively of The Income Tax Act (Manitoba), the applicant will not be entitled to a Manitoba Film and Video Production Tax credit and no tax credits will be paid under section 7.6 of the Act.

Where a Manitoba Film and Video Production Tax Credit has been paid and it has subsequently been determined that any or all of the amount does not qualify for the credit, the overpayment of the credit is recoverable from the above named production company.

This Certificate will remain valid only if the above named production company files an application for the Manitoba Film and Video Production Tax Credit in accordance with section 7.7 of the Act within 30 months after the end of the taxation year in which principal photography commences.

In order to receive a credit, a complete Manitoba Film and Video Production Tax Credit Schedule 388 and the original Advance Certificate of Eligibility must be submitted when the production company files its T2 Corporate Income Tax Return. Final determination of eligibility and of the value of the Film and Video Production Tax Credit will be made by Canada Revenue Agency.

I, _____, hereby acknowledge that The Manitoba Film and Sound Recording Development Corporation has reviewed the application for a Manitoba Film and Video Production Tax credit submitted by the above named production company and based on the information provided the above named production company is an eligible corporation under section 7.5(1) of The *Income Tax Act (Manitoba)* and the above named production is an eligible film registered under section 7.7(1) of the Act. In addition, the tax credit rate the production is eligible to receive in accordance with section 7.6(6) of the legislation has been verified.

The Manitoba Film and Sound Recording Development Corporation
Authorized Officer's Signature

Date



MANITOBA Film & Music | Musique et Film MANITOBA

Revised July 2014

Manitoba Film and Video Production Tax Credit Certificate of Completion (Cost-of-Production Credit)

Certificate Number:

Title of the Film or Video Production

Name and Address of the Production Company

Account/Business Number

Taxation Year End

Eligibility Criteria

Eligible Film (yes/no)

Eligible Corporation (yes/no)

Cost-of-Production Tax Credit

MB Cost-of-Production Credit

Rate Applied

30%

Deemed Labour Cap

0/10/20/30%

Deemed Labour Proposed (yes/no)

Notwithstanding the issuance of this certificate, where at any time information is found regarding the application from the above named production company for a Manitoba Film and Video Production Tax Credit which renders the production company or production ineligible under sections 7.5(1) to 7.9 of The Income Tax Act (Manitoba), the applicant will not be entitled to a Manitoba Film and Video Production Tax credit and no tax credits will be paid under section 7.6 of the Act.

Where a Manitoba Film and Video Production Tax Credit has been paid and it has subsequently been determined that any or all of the amount does not qualify for the credit, the overpayment of the credit is recoverable from the above named production company.

In order to receive a credit, a complete Manitoba Film and Video Production Tax Credit Schedule 388 and the original Certificate of Completion must be submitted when the production company files its T2 Corporate Income Tax Return. Final determination of eligibility and of the value of the Film and Video Production Tax Credit will be made by Canada Revenue Agency.

I, _____, hereby acknowledge that The Manitoba Film and Sound Recording Development Corporation has reviewed the application for a Manitoba Film and Video Production Tax credit submitted by the above named production company and based on the information provided the above named production company is an eligible corporation under section 7.5(1) of the *Income Tax Act (Manitoba)* and the above named production is an eligible film registered under section 7.7(1) of the Act. In addition, the tax credit rate the production is eligible to receive in accordance with section 7.6(6) of the legislation has been verified.

The Manitoba Film and Sound Recording Development Corporation
Authorized Officer's Signature

Date