



**\*\*Receive up to 65% on Eligible Manitoba Labour\*\***

## Manitoba Film & Video Production

### Cost-of-Salaries Tax Credit

#### DETAILS:

Combine your Incentives! Increase your tax credit to **65%** by qualifying for the Frequent Filming Bonus, the Manitoba Producer Bonus, and the Rural and Northern Incentive!

- \* Base rate of 45%, calculated on Eligible Manitoba Labour Expenditures.
- \* Frequent Filming Bonus: Increase your tax credit by 10% on the third film shot within a 2-year period. Keep the 10% bonus on subsequent projects by maintaining production activity so that three films are shot within a 2-year period.
- \* Manitoba Producer Bonus: Increase your tax credit by 5% by co-producing with a Manitoba producer.
- \* Rural and Northern Bonus: Increase your tax credit by 5% by shooting at least 50% of your Manitoba production days at least 35 km from Winnipeg's center.

And it gets better:

With the added value of the Canadian Film or Video Production Services Tax Credit (PSTC), the overall value of the up to 65% on eligible Manitoba labour becomes up to 70.6% on eligible Manitoba labour!

**(ALTERNATIVELY – An up to 38% Cost-of-Production tax credit is also available on Eligible Manitoba Expenditures)**

#### WHAT IS THE COST-OF-SALARIES TAX CREDIT?

The Manitoba Film & Video Production Cost-of-Salaries Tax Credit was announced in 1997, and provides production companies with a fully refundable corporate income tax credit based on eligible Manitoba labour expenses. The base credit is 45% and additional bonuses may apply increasing the value up to 65% on eligible Manitoba expenditures.

#### WHO CAN APPLY?

Applicants must have a permanent establishment (as defined in the Income Tax Act) in Manitoba, be incorporated in Canada (either federally or provincially), and must be a taxable Canadian corporation primarily carrying on a business that is a film or video production. A minimum 25% of the corporation's T4 Summary must be paid to eligible Manitoba employees for work performed in Manitoba (excluding documentaries).

#### HOW IS A PERMANENT ESTABLISHMENT DEFINED IN THE INCOME TAX ACT OF MANITOBA?

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").

#### ARE THERE CONTENT REQUIREMENTS?

There are no Canada or Manitoba content requirements.

#### WHAT PROJECTS ARE ELIGIBLE TO APPLY?

Eligible projects include fully financed television movies, documentaries, feature films, dramatic series, variety, multimedia, animation, children's programming, music programming and informational series, as well as digital and web-based production.

#### WHAT IF I NEED TO BRING IN A CREW?

Where a non-resident is hired due to lack of available, willing and/or qualified Manitoba crew, his/her salary may be deemed an eligible labour expenditure provided that it is for a below-the-line technical position, at least one Manitoba resident receives training on the production for each non-resident being deemed and is approved by the applicable labour organization(s) or approved authority per the Manitoba legislation.

#### IS THERE A CAP ON DEEMED SALARIES?

Yes, there is a cap. This cap is determined based on the amount of eligible Manitoba labour expenditures. Deemed salaries will be capped at 30% of total eligible Manitoba salaries provided that at least two Manitoba residents are trained per non-resident or 10% of total eligible Manitoba salaries provided that at least one Manitoba resident is trained per non-resident.

### **WHAT ABOUT SHARE OWNERSHIP?**

Outside share ownership of the applicant company does not affect the ability to claim the credit.

### **WHAT ABOUT CO-PRODUCTIONS?**

The Manitoba Cost-of-Salaries Tax Credit was designed to encourage outside collaboration with non-Manitoba producers.

### **WHAT ABOUT COPYRIGHT /CORPORATE CAPS?**

No copyright ownership is required and there are no corporate caps regarding the number of applications or the amount of tax credit available.

### **WHAT IF I HAVE TO FILM OUTSIDE OF MANITOBA?**

As this credit is labour based, filming outside of the province is allowable within the spirit and intent of the Act, recognizing that certain productions may require shooting outside Manitoba.

### **WHAT ABOUT THE FEDERAL TAX CREDIT?**

The Manitoba Cost-of-Salaries 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 administered through the Canadian Audio-Visual Certification Office (CAVCO).

Tel: (888) 433-2200 or [www.canada.ca/en/canadian-heritage/services/funding/cavco-tax-credits.html](http://www.canada.ca/en/canadian-heritage/services/funding/cavco-tax-credits.html)

### **WHAT ABOUT THE MANITOBA FILM & VIDEO PRODUCTION COST-OF-PRODUCTION TAX CREDIT?**

Production companies have the option to apply for either the up to 65% Cost-of-Salaries Tax Credit calculated on eligible Manitoba labour OR the up to 38% Cost-of-Production Tax Credit calculated on eligible Manitoba expenditures, including eligible Manitoba labour. Once the production is complete and all of the expenses have been paid, companies will have to choose which tax credit is the most beneficial.

**Manitoba Film and Sound Recording Development Corporation (d/b/a MANITOBA FILM & MUSIC) is a statutory corporation generously funded by the Province of Manitoba through the Department of Sport, Culture and Heritage.**

Total Eligible Manitoba Labour	Deeming Cap = maximum 30% of Total Eligible Manitoba Labour or the actual deemed salaries, <b>whichever is the lesser</b>	Final Total Eligible Manitoba Labour (assuming that the deeming cap has been reached)	45% Base Tax Credit x Total Eligible Manitoba Labour	Additional 10% Frequent Filmer Bonus x Total Eligible Manitoba Labour	Additional 5% Manitoba Producer Bonus x Total Eligible Manitoba Labour	Additional 5% Rural Bonus x Total Eligible Manitoba Labour	Potential Manitoba 65% Cost-of-Salaries Tax Credit
\$300,000	\$90,000	\$390,000	\$175,500	\$39,000	\$19,500	\$19,500	\$253,500
\$400,000	\$120,000	\$520,000	\$234,000	\$52,000	\$26,000	\$26,000	\$338,000
\$500,000	\$150,000	\$650,000	\$292,500	\$65,000	\$32,500	\$32,500	\$422,500
\$600,000	\$180,000	\$780,000	\$351,000	\$78,000	\$39,000	\$39,000	\$507,000
\$700,000	\$210,000	\$910,000	\$409,500	\$91,000	\$45,500	\$45,500	\$591,500
\$800,000	\$240,000	\$1,040,000	\$468,000	\$104,000	\$52,000	\$52,000	\$676,000
\$900,000	\$270,000	\$1,170,000	\$526,500	\$117,000	\$58,500	\$58,500	\$760,500
\$1,000,000	\$300,000	\$1,300,000	\$585,000	\$130,000	\$65,000	\$65,000	\$845,000
\$1,500,000	\$450,000	\$1,950,000	\$877,500	\$195,000	\$97,500	\$97,500	\$1,267,500
\$2,000,000	\$600,000	\$2,600,000	\$1,170,000	\$260,000	\$130,000	\$130,000	\$1,690,000
\$2,500,000	\$750,000	\$3,250,000	\$1,462,500	\$325,000	\$162,500	\$162,500	\$2,112,500
\$3,000,000	\$900,000	\$3,900,000	\$1,755,000	\$390,000	\$195,000	\$195,000	\$2,535,000
\$3,500,000	\$1,050,000	\$4,550,000	\$2,047,500	\$455,000	\$227,500	\$227,500	\$2,957,500
\$4,000,000	\$1,200,000	\$5,200,000	\$2,340,000	\$520,000	\$260,000	\$260,000	\$3,380,000
\$4,500,000	\$1,350,000	\$5,850,000	\$2,632,500	\$585,000	\$292,500	\$292,500	\$3,802,500
\$5,000,000	\$1,500,000	\$6,500,000	\$2,925,000	\$650,000	\$325,000	\$325,000	\$4,225,000
\$5,500,000	\$1,650,000	\$7,150,000	\$3,217,500	\$715,000	\$357,500	\$357,500	\$4,647,500
\$6,000,000	\$1,800,000	\$7,800,000	\$3,510,000	\$780,000	\$390,000	\$390,000	\$5,070,000
\$6,500,000	\$1,950,000	\$8,450,000	\$3,802,500	\$845,000	\$422,500	\$422,500	\$5,492,500
\$7,000,000	\$2,100,000	\$9,100,000	\$4,095,000	\$910,000	\$455,000	\$455,000	\$5,915,000
\$7,500,000	\$2,250,000	\$9,750,000	\$4,387,500	\$975,000	\$487,500	\$487,500	\$6,337,500
\$8,000,000	\$2,400,000	\$10,400,000	\$4,680,000	\$1,040,000	\$520,000	\$520,000	\$6,760,000
\$8,500,000	\$2,550,000	\$11,050,000	\$4,972,500	\$1,105,000	\$552,500	\$552,500	\$7,182,500
\$9,000,000	\$2,700,000	\$11,700,000	\$5,265,000	\$1,170,000	\$585,000	\$585,000	\$7,605,000
\$9,500,000	\$2,850,000	\$12,350,000	\$5,557,500	\$1,235,000	\$617,500	\$617,500	\$8,027,500
\$10,000,000	\$3,000,000	\$13,000,000	\$5,850,000	\$1,300,000	\$650,000	\$650,000	\$8,450,000

\* Deemed salaries are capped at 30% of total eligible Manitoba salaries if at least two Manitoba residents are trained per non-resident (the cap is 10% if only one Manitoba resident is trained per non-resident). The training ratio of eligible non-resident to resident trainee is calculated based on the average for the production.

NOTE: The tax credit percentages represented here do NOT reflect the additional value of the Federal Production Services Tax Credit Program which is the Total Canadian Labour less the Provincial Tax Credit multiplied by 16%. For more information on the Federal Tax Credit, please contact CAVCO at 888-433-2200 or [www.canada.ca/en/canadian-heritage/services/funding/cavco-tax-credits.html](http://www.canada.ca/en/canadian-heritage/services/funding/cavco-tax-credits.html)