

Canadian Film or Video Production Tax Credit

Guidelines - Amendment #1

November 18, 1996

NEW FEES TO BE PAID UNDER THE TAX CREDIT PROGRAM

The Canadian Audio-Visual Certification Office (CAVCO) has instituted new fees to be paid for the certification of productions under the Canadian Film or Video Production Tax Credit program. These new fees are as follows :

<i>Stages</i>	<i>fees to be paid</i>
Advance Ruling (optional)	\$100
Part A	\$200
Part B	0.12% of the eligible production cost (line D of section 5 attached) (minimum \$200 if no Part A has been requested)

Implementation

For applications (Part A or Part B) received at CAVCO after December 1, 1996.

Adjustment

CAVCO has put in place a temporary adjustment mechanism in cases where a Part A application has been filed before December 1, 1996. If you have paid more than \$200 at the Part A stage for a given production before that date, you may reduce the fee payable at the Part B stage by the difference between the actual fee paid at Part A and \$200 (if the Part B is filed on or after December 1, 1996).

We expect the new fees to be easier to calculate for producers. It is our view as well that the fees will be fairer in that they take into account the amount of the tax credit to be received for a given production. We wish to stress that the goal is not to generate any profit but solely to cover the cost of the services provided by the government. Certification fees will be reviewed every two years.

If you have any difficulties in calculating the amount to be paid, please contact Ms. Sonia Vigneault (819) 997-6385.

ADVANCE RULING

For purposes of access to the CTCPF, every effort will be made to streamline the Advance Ruling process during periods of high volume. CAVCO has arranged with the CTCPF to receive an advance list of Phase I and Phase II productions to allow for orderly co-ordination of our respective workloads. As well, CAVCO is prepared to consider any special cases where the full documentation normally required at

the Part A stage is not yet available. Rulings will be provided solely on the basis of Subsections 1106(3) to (6) of the Income Tax Regulations, by reference to Canadian content issues. CAVCO therefore will not provide any comfort as to copyright ownership, the eligibility of the production company or its labour-related expenses. This can only be done through a complete Part A application.

CORPORATE INFORMATION

CAVCO no longer requires an independent legal opinion attesting that the production corporation is Canadian according to the *Investment Canada Act*. The last page of the application form (attached) has been modified to reflect this change. However, incorporation papers of the production company, and parent, if applicable, are still required.

EXEMPTION FOR COURTESY CREDITS

Exemptions for foreign courtesy credits should be requested separately at (and separate from) either the Part A or Part B application. An affidavit must be filed on CAVCO's approved form before these individuals begin their duties. Please refer to CAVCO's Producer control guidelines with respect to this matter.

SCREEN CREDITS

The tail credits must include the following credit: *with the assistance of the Government of Canada - Canadian Film or Video Production Tax Credit program+ or *with the participation of the Government of Canada - Canadian Film or Video Production Tax Credit program+ (not to be abbreviated). This credit is to appear in all domestic and international versions of each production and in all related advertising, publicity and promotional materials. Productions where the screen credits are already locked are exempted from this requirement.

Sincerely,

Robert L. Soucy
Chief
Canadian Audio-Visual Certification Office
15 Eddy Street, 4th Floor, Room 150
Hull (Québec) K1A 0M5
(819) 997-6861 Fax : 997-6892