

## SCENARIO

Project "A" needs \$250,000 to finish filming and post production. Cre8tive agrees to invest the \$250,000 for a percentage of the net profits. Cre8tive will be paid back on a first funds out basis from Project "A" Project "A" is incorporated and maintains a presence in the Province of British Columbia.

## PROCEDURE

Upon the completion of the filming and post production, Project "A" files a corporate tax return with the Canada Revenue Agency (CRA). In the return, Project "A" applies for the Productions Services Tax Credit as outlined below. Once the return has been accepted, the Canada Revenue Agency (CRA) will issue a cheque back to Project "A". Project "A" then pays a management fee of \$250,000 to Cre8tive while Cre8tive still maintains ownership of its royalty interest.

## ABOUT THE BC PRODUCTION TAX CREDIT

The Production Services Tax Credit (PSTC) is an economic initiative designed to encourage film, television, digital animation and visual effects production in British Columbia. Eligible applicants are film, television and animation production corporations that have incurred qualifying labour expenses in British Columbia. The PSTC is not subject to any Canadian content requirements and it is available to either international or Canadian productions produced in British Columbia.

## HOW THE PSTC WORKS

The PSTC is a refundable corporate income tax credit. When filing tax returns, production corporations may claim a specified percentage of the labour costs incurred in making film, television, digital animation or visual effects productions. The credits are applied to reduce tax payable, and any remaining balance is paid to the corporation. There is no limit on the PSTC that may be claimed on a particular production and there is no limit that a corporation or group of corporations can claim. The production corporation must apply to British Columbia Film + Media to receive an accreditation certificate for the production. In order to claim the PSTC, the production corporation must file a corporate income tax return, along with the certificate, to the Canada Revenue Agency.

## GENERAL ELIGIBILITY RULES

Production corporations and their productions must meet the following minimum conditions to qualify for the PSTC:

o Minimum Budget Levels:

- Greater than \$100,000 per episode - For episodic television that is less than ½ hour
- Greater than \$0 per episode - For episodic television, where episodes are all or substantially all digitally animated and are less than ½ hour
- Greater than \$200,000 per episode - For episodic television that is a ½ hour or longer
- Greater than \$1,000,000– In all other cases

o The corporation claiming the tax credit must own the copyright in the production or be contracted directly with the copyright owner of the production to provide production services

o The corporation claiming the tax credit must have a permanent establishment in BC

o Some genres are excluded from the PSTC including, but not limited to, pornography, talk shows, news, live sporting events, game shows, reality television, and advertising.

## CONTACT INFORMATION

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