

Direction générale du financement et des mesures fiscales

## **TO OUR CLIENTS**

### **Refundable Tax Credit for Film Production Services Update to the guidelines following the March 28, 2017, Budget announcement**

SODEC would like to inform its clients that the updated guidelines and the 2017 application form for the Refundable Tax Credit for Film Production Services are now available on its [website](#).

In order to remain at the forefront of new environments and to anchor Québec's position in the industry, the Québec government announced, on March 28, 2017, that virtual and augmented reality projects are eligible for the Refundable Tax Credit for Film Production Services, insofar as these productions meet the standard eligibility requirements.

The Refundable Tax Credit for Film Production Services is an incentive measure created to encourage foreign film shoots and to stimulate the creation of jobs and the development of Québécois expertise in visual effects and computer animation.

#### Eligible Productions:

- fiction films, including films that are composed entirely of sketches each of which is drawn in its entirety from a screenplay and that are specially conceived and arranged for television (including series and miniseries);
- documentaries lasting a minimum of 30 minutes of programming or, in the case of a series, 30 minutes of programming per episode, excluding documentaries intended for minors, which may be shorter.

*Eligible films or documentaries include virtual reality (VR) or augmented reality (AR) productions. A VR or AR production offered for free, without being deemed advertising, is eligible to the tax credit for film production services if it is an original production or an extension or supplement to another production that aims to provide additional information or entertainment for the main production.*

The following production costs are \$250 000 or more:

- in the case of a film that is part of a series or miniseries, the production costs of the series or miniseries;
- in other cases, the production costs of the film.

In general, the base tax credit is calculated at a rate of 20% on all of the eligible production costs incurred by a qualified corporation in Québec and attributable to the various stages of making an

eligible production. Eligible production costs correspond to the total of the eligible labour cost and the cost of eligible assets.

The increase for special effects and computer animation for an eligible production is calculated at a rate of 16% on the qualified labour cost, provided such cost is directly attributable to activities related to the creation of special effects and computer animation for use in the eligible production.

SODEC would like to remind its clients the corporation must submit its application to Revenu Québec for the tax credit, along with a copy of a the qualification certificate (Approval Certificate) from SODEC and a copy of the favourable Advance Ruling from SODEC relating to the application, on or before the later of:

- the day that is twelve (12) months after the filing deadline for the return for that taxation year; and
- the day that is three (3) months after the later of the following dates:
  - the day on which the qualification certificate was issued;
  - the day on which the favourable advance ruling was given.

SODEC would like to invite its clients to refer to the [SODEC website](#) to learn more about the [updated guidelines](#) and to view or download the [qualification certificate application form](#) and/or the [advance ruling form](#).

**SODEC**

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