

Newfoundland and Labrador Film Tax Credit

- The Newfoundland and Labrador Film Tax Credit is a provincial corporate tax credit.
- The tax credit provides incentives to the private film and television production industry to create economic growth in the Province.
- The credit is based on a calculation of eligible labour limited to the lesser of 25% of the total eligible budget or 40% of the total eligible labour expenditures.
- Once the production company's final audited cost report breaking out the eligible Newfoundland and Labrador labour expenditure is submitted for review, the Newfoundland and Labrador Department of Finance may issue a certificate to be filed with the production company's corporate tax return.
- The credit may also be considered as part of a producer's equity in a given production.
- At least 25% of the total salaries and wages must be paid in Newfoundland and Labrador to eligible employees.

Delivery Agency	Newfoundland and Labrador Film Development Corporation
Tax Credit Rates	Lesser of 40% of eligible Newfoundland and Labrador labour expenditures or 25% of total production costs of an eligible project with no maximum
Bonus Features	The NLFDC offers a Deeming Provision which allows the residency requirement to be waived when a qualified resident person is not available; and the non-resident person serves as a mentor of a resident of the province. In this case, 75% of the mentor's salary and 100% of the resident mentored person's salary is eligible for the tax credit. Requests must be forwarded to the NLFDC prior to the start of production along with the resumes of the mentor and trainee.
Project Criteria	At least 25% of salaries and wages paid by the corporation with respect to an eligible project shall be paid in the province to eligible employees
Eligible Companies or Individuals	Must be incorporated under the Corporations Act or an Act of the Parliament of Canada or of the legislature of a province. Must have permanent establishment in the Province. It shall primarily carry on the business of film, television or video production.
Broadcaster / Cable Eligibility	Broadcasters / cable companies are not eligible
Certification	No CAVCO points required
Deductions from Total Eligible Expenses	Total production costs reduced by government assistance (other than government equity investment provided by the Canada Television Fund, Telefilm Canada, the Newfoundland and Labrador Film Development Corporation and the National Film Board that is recoupable or repaid; and an amount received or receivable under the Canada Television and Cable Production Fund License Fee Program)
Program Cap	None
Project Cap / Corporate Cap	\$3 million per 12 month period
Financing Features	Credit is refundable
User Fees	None

Application Process

To access the tax credit there is a two part application process. The Part I application form and all related documentation must be received by the Newfoundland and Labrador Film Development Corporation on or before the principal day of photography. The Department of Finance then confirms eligibility in writing. This document can often be used to access interim financing.

The Part II application form and all related documentation must be received after post-production has been completed. In order for the Newfoundland and Labrador Film Development Corporation to process the Part II tax credit application, the following is required:

- Relevant financial statements of all production companies as required by the NLFDC
- Employment report from the production company showing location of salaries
- Production cost report from the production company

The following is also required according to the amount of gross production costs:

- \$500,000+, an independent audit of the production cost report is required
- \$100,001 to \$500,000, a Review Engagement Report as per the Canadian Institute of Chartered Accountants Handbook is required
- \$100,000 or less, a signed affidavit is required attesting to the costs of production

The application then gets audited by the Newfoundland and Labrador Film Development Corporation. A recommendation is sent to the provincial Department of Finance. Once their internal audit is complete, they will issue a tax credit certificate. This certificate is then filed along with the corporate tax return for the production company.