

Courtesy Translation

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Tax Credit for Corporations Specialized in the Production of Multimedia Titles

Qualified corporation

Form CO-1029.8.36.PM is to be used by any corporation that is claiming the tax credit for corporations specialized in the production of multimedia titles. To be eligible for the credit, the corporation must meet the following requirements:

- It has an establishment in Québec in the taxation year and carries on a qualified business therein.
- It is not exempt from tax for the taxation year.
- It is not a Crown corporation or a subsidiary controlled by such a corporation.
- It holds a qualification certificate issued by Investissement Québec for the year.

Note that, if the corporation is claiming the tax credit with respect to eligible production work carried out under a subcontracting arrangement, the corporation that awarded the contract must not be eligible for this tax credit or the tax credit for multimedia titles.

Eligible employee

An eligible employee is an individual whose name appears on the qualification certificate that Investissement Québec issued to the corporation for the taxation year for property that is a multimedia title. For taxation years that begin after April 29, 2022, the employee must report to their employer's establishment situated in Québec for the period of the year during which they carry out eligible production work for the property.¹

For the corporation's taxation year that begins before April 30, 2022, the salaries or wages incurred and paid by the corporation or a subcontractor not dealing at arm's length with the corporation must relate to the eligible employees of an establishment situated in Québec.

Eligible production work

Eligible production work, for a taxation year and for a property that is a multimedia title, is work that meets the following conditions:

- It is specified on the qualification certificate that Investissement Québec issued to the corporation for the year regarding the property.
- It is carried out in whole or in part by an eligible employee of the corporation or by a person or partnership whose name appears on the certificate (if the work is carried out under a contract).

Important information

- You must complete part 3 on a separate copy of form CO-1029.8.36.PM for each eligible employee of the corporation, or an employee of a subcontractor with which the corporation was not dealing at arm's length, for whom the tax credit is being claimed.
- You must enclose all copies of form CO-1029.8.36.PM with the *Déclaration de revenus des sociétés* (form CO-17), along with a copy of any valid qualification certificate that Investissement Québec issued to the corporation. Send us the documents by the latest of the following dates:
 - the date that is 12 months after the deadline for filing form CO-17 for the taxation year covered by form CO-1029.8.36.PM;
 - the date that is three months after the date the certificate needed to obtain the tax credit was issued.²

The certificates must have been issued for an eligible employee, a person or a partnership that carried out all or part of the production work for a multimedia title under a contract.

- If the corporation was required to make instalment payments for the taxation year covered by form CO-1029.8.36.PM, the tax credit will be used to reduce those payments.
- For more information, refer to sections 1029.8.36.0.3.18 to 1029.8.36.0.3.26 of the *Taxation Act*.

1 Information about the corporation

01a	Québec enterprise number	01b	Identification number	File	
				IC 0001	
02	Name of corporation				05
					Y Y Y Y M M D D
06	Number of the qualification certificate issued to the corporation by Investissement Québec (file number)				

2 Employees to whom the annual limit on qualified salary or wages does not apply

2.1 Number of employees to whom the annual limit does not apply

The qualified salary or wages of an eligible employee of the corporation or of a subcontractor not dealing at arm’s length with the corporation (amount on line 18) cannot exceed \$100,000 per year.

However, this limit does not apply to certain employees (generally those for whom the salaries or wages incurred and paid are the highest). To determine the number of employees to whom the annual limit does not apply, complete lines 09ba through 09bc.

Number of employees of the corporation or of a subcontractor not dealing at arm’s length with the corporation for whom the corporation is claiming the tax credit	09ba	20%
Applicable percentage	09bb	
Multiply line 09ba by line 09bb. If the result is not a whole number, round it up to the next higher whole number if the first decimal is 5 or more, or round it down to the next lower whole number if the first decimal is 4 or less. Number of employees to whom the annual limit does not apply	09bc	

2.2 Employees to whom the annual limit does not apply

Enter below the names of the employees to whom the annual limit of \$100,000 does not apply along with the amount on line 18 calculated for each employee. These employees are generally the ones for whom the corporation incurred and paid the highest salaries or wages. However, the corporation can elect to designate the employees to whom the annual limit of \$100,000 does not apply, even if those employees were not paid the highest salaries or wages.³ In such a case, complete section 2.3 as well.

In all cases, the number of employees entered in section 2.2 of the form must not exceed the number determined on line 09bc. If you need more space, enclose a separate copy of form CO-1029.8.36.PM.

Name of employee	Salary or wages incurred
	09ca
	09cb
	09cc
	09cd
	09ce
	09cf
	09cg
	09ch
	09ci
	09cj

2.3 Election concerning the employees to whom the annual limit does not apply

I elect to designate the employees listed in section 2.2 as employees to whom the annual limit does not apply for the taxation year concerned.

[Redacted]

Name of authorized representative (please print)

[Redacted]

Signature

[Redacted]

Title or position

[Redacted]

Date

3 Qualified salary or wages

Complete part 3 of form CO-1029.8.36.PM for each eligible employee for whom the corporation incurred salary or wages. Part 3 must also be completed for each eligible employee of a subcontractor not dealing at arm's length with the corporation who carried out, under a contract, all or a portion of the production work related to eligible multimedia titles for the taxation year covered by the form.

3.1 Information about the employee

Name of employee		Social insurance number	
091a	[REDACTED]	091b	[REDACTED]
Qualification certificate issued by Investissement Québec for the employee			
Date of issue		Number of certificate	
091c	[REDACTED]	091d	[REDACTED]
Y Y Y Y M M D D			

3.2 Salary or wages incurred for the employee

Qualified salary or wages incurred for and paid to the eligible employee ⁴		10	[REDACTED]
Assistance, ⁵ benefit or advantage ⁶ related to the amount on line 10		15	[REDACTED]
Subtract line 15 from line 10.	Salary or wages incurred for the employee	=	18 [REDACTED]

3.3 Annual limit

If the employee is part of a group of employees to whom the annual limit does not apply (see section 2.2), carry the amount on line 18 to line 41. Otherwise, complete lines 36 through 40.

Annual limit		36	\$100,000
Number of days that are included in the corporation's taxation year during which the employee is an eligible employee of the corporation or of a subcontractor		37	[REDACTED]
	÷	38	365
Divide line 37 by line 38.	=	39	[REDACTED]
Multiply line 36 by line 39.		40	Annual limit = [REDACTED]

3.4 Qualified salary or wages

If the employee is part of a group of employees to whom the annual limit does not apply, enter the amount from line 18. Otherwise, enter the amount from line 18 or line 40, whichever is less. **Qualified salary or wages**

41	\$	[REDACTED]
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3.5 Reduction of qualified salary or wages that may give rise to more than one tax credit

Complete section 3.5 of form CO-1029.8.36.PM if the corporation has been able to claim another tax credit for a portion of the qualified salary or wages that were incurred in the period covered by the certificate and paid to the eligible employee (the amount on line 10), or if a person or a member of a partnership other than the qualified corporation may be entitled to a tax credit for all or a portion of the salary or wages.

3.5.1 Salary or wages that gave or may give entitlement to another tax credit

Portion of the salary or wages entered on line 10 for which the qualified corporation claimed another tax credit ⁷		42	[REDACTED]
All or a portion of the salary or wages entered on line 10 that may give a person or a member of a partnership other than the qualified corporation entitlement to a tax credit ⁸		43	[REDACTED]
Add lines 42 and 43.	Salary or wages that gave or may give entitlement to another tax credit	=	44 [REDACTED]

3.5.2 Reduced qualified salary or wages

Amount from line 10	–	Amount from line 44	×	Amount S	▶	Reduced qualified salary or wages	
45 [REDACTED]		46 [REDACTED]		48 [REDACTED]		49 \$1 [REDACTED]	
<table border="0"> <tr> <td>47 [REDACTED]</td> <td>Amount from line 10</td> </tr> </table>						47 [REDACTED]	Amount from line 10
47 [REDACTED]	Amount from line 10						

4 Total amount of qualified salary or wages

Complete part 4 as well as parts 5 and 6 on the same copy of form CO-1029.8.36.PM for all eligible employees.

Enter below the name of each of the eligible employees and amount S or S.1, as applicable, calculated for each one. If you need more space, use another copy of form CO-1029.8.36.PM.

Name of employee		Amount S or S.1	
		50	
	+	50a	
	+	50b	
	+	50c	
	+	50d	
	+	50e	
	+	50f	
	+	50g	
	+	50h	
	+	50i	
	=	51	Total amount of qualified salary or wages

Add lines 50 through 50i on all copies of form CO-1029.8.36.PM you completed.

5 Qualified labour expenditure

Portion of consideration paid to an arm's-length subcontractor for eligible production work relating to eligible multimedia titles ⁹		52	
Assistance, ¹⁰ benefit or advantage ¹¹ related to the amount on line 52	-	53	
Subtract line 53 from line 52.	=	54	
Applicable rate	×	55	50%
Multiply line 54 by line 55.	=	56	
Amount from line 51	+	57	
Add lines 56 and 57.	=	58	
Consideration attributable to the disposition of a property or to the supply of a service to the corporation or to a person not dealing at arm's length with the corporation ¹²	-	58a	
Subtract line 58a from line 58.	=	59	Qualified labour expenditure

6 Tax credit for corporations specialized in the production of multimedia titles

Qualified labour expenditure (amount from line 59)		60	
Tax credit rate (according to the table on page 5)	×	65	%
Multiply line 60 by line 65.	=	70	
Tax credit attributable to any assistance, benefit or advantage that is related to salary, wages or consideration paid in a previous taxation year and repaid in the year ¹³	+	80	
Add lines 70 and 80. Carry amount V to one of lines 440p to 440y of the <i>Déclaration de revenus des sociétés</i> (form CO-17) and enter code 12 in the corresponding box.	=	85	V
Tax credit for corporations specialized in the production of multimedia titles			

Special tax

If, in a future taxation year, you realize that the corporation should not have received part or all of the tax credit, the corporation must repay the excess amount granted by means of a special tax. When completing form CO-17, *Déclaration de revenus des sociétés*, for the year in question, enter the excess amount and code 07 in the spaces provided for that purpose. For more information, refer to sections 1129.4.3.9 to 1129.4.3.12 of the *Taxation Act*.

Tax credit rates based on the qualification certificate

Production of multimedia titles (according to the qualification certificate issued by Investissement Québec)	Rate
The certificate specifies one of the following: <ul style="list-style-type: none"> At least 75% of the eligible multimedia titles that the corporation produced in the year are intended for commercial markets, are available in French and are not intended for vocational training purposes. At least 75% of the corporation's gross income for the year is derived from such eligible multimedia titles. 	37.5%
The certificate specifies neither of the circumstances above, but it does specify one of the following: <ul style="list-style-type: none"> At least 75% of the eligible multimedia titles that the corporation produced in the year are intended for commercial markets and are not intended for vocational training purposes. At least 75% of the corporation's gross income for the year is derived from such eligible multimedia titles. 	30%
The certificate specifies none of the circumstances above.	26.25%

Notes

1. If, in all or part of a taxation year, an employee reports to work at their employer's establishment situated in Québec and at an establishment of the employer situated outside Québec, the employee will be deemed, for that period:
 - to report to work only at the establishment situated outside Québec if, during that period, they mainly report to work at that establishment;
 - to report to work only at the establishment situated in Québec, in all other cases.

If, in all or part of a taxation year, an employee is not required to report to work at an establishment of the employer and their salary or wages for that period are paid by such an establishment situated in Québec, the employee is deemed to report to work at that establishment if they mainly carry out their duties for that period in Québec.
2. If all the required copies of the prescribed form are sent to us within the time allowed (12 or three months, as the case may be) and the certificate required to claim the tax credit has been duly obtained from Investissement Québec, the application for the tax credit will be accepted, even if the copy of the certificate is sent to us after the time allowed for filing the prescribed form.

However, your application will not be processed until we receive a copy of the certificate. For more information, contact us.
3. To determine whether the corporation should make such an election, you must first calculate the qualified salary or wages of each employee according to the number of days in the corporation's taxation year during which the employee was an eligible employee for the production of multimedia titles. To do so, do the calculations in part 3 on a separate sheet of paper.

Next, compare the list of employees for whom the salaries or wages incurred and paid (the amounts on line 18) are the highest with the list of employees for whom the qualified salaries or wages (the amounts on line 41) are the highest. If the employees are not the same, it is advantageous for the corporation to elect to have the annual limit not apply to the employees for whom the difference between the salaries or wages incurred and paid and the qualified salaries or wages is the greatest.
4. Enter on line 10 the total of the following amounts:
 - the salaries or wages attributable to a multimedia title that the corporation incurred and paid its eligible employees for eligible production work for the title carried out in the taxation year;
 - the portion of the consideration the corporation paid under a contract to a subcontractor with which it was not dealing at arm's length at the time the contract was entered into, for eligible production work for a multimedia title carried out on the corporation's behalf in the year, which is reasonably attributable to the salaries or wages incurred and paid to the subcontractor's eligible employees for that title (the work may also have been carried out by the subcontractor itself).
5. "Assistance" means government or non-government assistance that the corporation or a person or partnership with which the corporation was not dealing at arm's length when the contract was entered into has received, is entitled to receive or may reasonably expect to receive no later than six months following the end date of the taxation year covered by form CO-1029.8.36.PM. The term does not include amounts received and repaid in the taxation year the tax credit is claimed. "Government assistance" and "non-government assistance" are defined in section 1029.6.0.0.1 of the *Taxation Act*.
6. "Benefit or advantage" means a benefit or an advantage that a person or partnership has received, is entitled to receive or may reasonably expect to receive no later than six months following the end date of the taxation year covered by form CO-1029.8.36.PM. The term does not include amounts received and repaid in the taxation year covered by the application. The benefit or advantage may be a reimbursement, compensation or guarantee or the proceeds of disposition of a property which exceed the fair market value of the property disposed of. A benefit or advantage may also be granted in any other form or manner.
7. All or a portion of the amount entered on line 10 that is attributable to the period covered by the qualification certificate and that relates to an eligible activity under section 1029.6.0.1.2.3 of the *Taxation Act*.
8. All or a portion of the amount entered on line 10 that is attributable to an expenditure or to costs paid to the qualified corporation by a person or partnership under a contract and that could give that person or a member of that partnership entitlement to a tax credit. For more information, see sections 1029.6.0.1 and 1029.6.0.1.2.1 to 1029.6.0.1.2.3 of the *Taxation Act*.
9. Enter on line 52 the portion of the consideration the corporation paid under a contract to a subcontractor with which it is was dealing at arm's length at the time the contract was entered into, for eligible production work for the multimedia title that the subcontractor's employees (or the subcontractor itself) carried out in Québec on the corporation's behalf in the year.

For the corporation's taxation year that begins before April 30, 2022, the portion of the consideration paid by the corporation to the subcontractor must be reasonably attributable to eligible production work carried out by the employees of an establishment of the subcontractor situated in Québec.

You must take into account amounts paid to another corporation under the terms of a contract entered into with the qualified corporation where the amounts are attributable to eligible production work relating to eligible multimedia titles that was carried out by the other corporation in a taxation year for which that corporation may claim the tax credit for corporations specialized in the production of multimedia titles.
10. See note 5. Note, however, that the assistance may also have been received by a person or a partnership with which the corporation was dealing at arm's length at the time the contract was entered into.
11. See note 6.
12. Do not take into account any consideration that relates to a multimedia title resulting from eligible production work or to services relating to eligible multimedia titles, or that relates to a multimedia title or part of a multimedia title used in connection with such work or services. For more information, see section 1029.8.36.0.3.26 of the *Taxation Act*.
13. To calculate the amount to be entered on line 80 (where applicable), recalculate the tax credit for the previous year as if the corporation never received, in the previous year, the assistance, benefit or advantage repaid in the taxation year concerned. Thus, you must redo the tax credit calculations done on the copy of form CO-1029.8.36.PM completed for the previous taxation year. The amount to be entered corresponds to the amount by which the recalculated tax credit exceeds the tax credit for the previous year.