

Courtesy Translation

Corporations established in Québec are required to communicate with Revenu Québec in French. For this reason, Revenu Québec does not produce an English version of the forms to be used by corporations. However, Revenu Québec provides translations of the content of the forms for information purposes.

Tax Credit for Film Production Services

Qualified corporation

Form CO-1029.8.36.SP must be filed by any corporation that wishes to claim the tax credit for film production services. To qualify for the credit, a corporation, in particular:

- must, in the taxation year, have an establishment in Québec, and must be a corporation whose activities consist principally in the carrying on in Québec of a film or television production services business or a film or television production business;
- must not be exempt from income tax;
- must not be controlled, directly or indirectly, by one or more corporations that are exempt from income tax in the taxation year and whose mission is cultural;
- must have obtained a favourable advance ruling from the Société de développement des entreprises culturelles (SODEC);
- must not hold a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission (CRTC); and
- must hold a certificate issued by SODEC if, at any time in the taxation year or during the 24 months preceding that year, it does not deal at arm's length with a corporation holding a broadcasting licence issued by the CRTC.

Eligible production costs

With regard to a qualified production,¹ the tax credit for film production services can be claimed in respect of the eligible production costs, that is, the qualified labour costs and the qualified property costs. However, the increase in tax assistance that relates to computer-aided special effects and animation can be claimed only in respect of the qualified labour costs attributable to such special effects and animation.

With regard to a qualified low-budget production,² the tax credit can be claimed in respect of the qualified labour expenditures for computer-aided special effects and animation. Those expenditures must be entered in parts 3, 8 and 9 of form CO-1029.8.36.SP, despite the fact that the terminology differs from that used in the *Taxation Act*. Note that a corporation cannot claim the tax credit for film production services for a qualified low-budget production unless an application for an approval certificate in respect of the production was filed with SODEC before March 29, 2017.

Amounts incurred

To qualify for the tax credit, the amounts incurred:

- must relate to services rendered in Québec or to property used in Québec in the taxation year;
- must be incurred in the taxation year;
- must relate to a film production, from the script stage to the post-production stage (The amounts may relate to a stage carried out after the post-production stage of the film production within a period that is reasonable to the Minister, but that period must not exceed 18 months after the end of the fiscal period that includes the taping date of the first trial composite of the film production.);
- must be paid in the taxation year or by the time the corporation claims the tax credit; and
- must not relate to advertising, marketing, promotion or market research.

An amount incurred in a previous year may be considered a qualified expenditure for the taxation year concerned if the corporation filed an application for an advance ruling with SODEC in the taxation year concerned. In such a case, the fact that the amount was paid in a previous year is not an issue.

Important information

- Complete a separate copy of form CO-1029.8.36.SP for each film production for which the corporation is claiming the tax credit.
- The corporation cannot claim this tax credit for a film production if it has already claimed the tax credit for Québec film productions³ for that film production.
- Enclose all completed copies of form CO-1029.8.36.SP with the corporation income tax return (form CO-17, *Déclaration de revenus des sociétés*), along with a copy of the favourable advance ruling given by SODEC and, where applicable, a copy of the certificate. All the required documents must be sent to us on or before the later of:
 - the day that is 12 months after the filing deadline for the return for the taxation year concerned; and
 - the day that is three months after the later of:
 - the day the favourable advance ruling was given, and
 - the day the certificate was issued.⁴

- If the corporation is claiming the tax credit in respect of amounts incurred for **computer-aided special effects and animation**, enclose a copy of the document that was enclosed with the favourable advance ruling in which the amounts that the corporation incurred relating to computer-aided special effects and animation are broken down by SODEC into items in the production budget for the film production.
- If the corporation was required to make instalment payments for the taxation year covered by form CO-1029.8.36.SP, this tax credit will be used to reduce the amount of those payments.
- In the work charts, enter 0 if the result of a subtraction is negative.
- For more information, refer to sections 1029.8.36.0.0.4 to 1029.8.36.0.0.5.1 of the *Taxation Act*.

1 Information about the corporation

01a Québec enterprise number (NEQ)
 01b Identification number File (**IC 0001**)
 02 Name of corporation
 05 End date of fiscal period (YYYYMMDD)

05c Number of the favourable advance ruling given
 05d Number of the certificate issued (where applicable)

2 Information about the film production

05e Title of the film production
 05f Number of the approval certificate issued

Type of film production

Check the appropriate box on form CO-1029.8.36.SP.

- 06a The film production for which the corporation is claiming the tax credit is a qualified production.
 06b The film production for which the corporation is claiming the tax credit is a qualified low-budget production in respect of which an application for an approval certificate was filed with SODEC before March 29, 2017.

Date of the application for an approval certificate

Check the appropriate box on form CO-1029.8.36.SP.

- 07a The application for an approval certificate was filed with SODEC before June 5, 2014, **or** the application was filed with SODEC after June 4, 2014, and before September 1, 2014, and SODEC considers that the work relating to the film production was sufficiently advanced on June 4, 2014.
 07b The application for an approval certificate was filed with SODEC after August 31, 2014, **or** the application was filed with SODEC after June 4, 2014, and before September 1, 2014, and SODEC considers that the work relating to the film production was not sufficiently advanced on June 4, 2014.

3 Labour costs

10 Salaries or wages⁵ paid to employees⁶ of the corporation
 11 If you checked box 06a, enter the amount of employer contributions and other employment-related costs⁷ related to the amount on line 10. If you checked box 06b, enter 0.
 12 Add lines 10 and 11.
 13 Assistance,⁸ benefit or advantage⁹ related to the amount on line 12
 14 Subtract line 13 from line 12.
 If you checked box 06a, go directly to line 28.
 If you checked box 06b, enter the other remuneration (subcontracting expenses) paid to:

15 • an eligible individual¹⁰
 16 Assistance,¹¹ benefit or advantage¹² related to the amount on line 15
 17 Subtract line 16 from line 15.
 18 • a corporation with an establishment in Québec, all of whose capital stock is owned by an eligible individual
 19 Assistance,¹³ benefit or advantage¹⁴ related to the amount on line 18
 20 Subtract line 19 from line 18.
 21 • a corporation with an establishment in Québec, other than a corporation described on line 18¹⁵
 22 Assistance,¹⁶ benefit or advantage¹⁷ related to the amount on line 21
 23 Subtract line 22 from line 21.
 24 • a partnership with an establishment in Québec that carries on a business in Québec¹⁸
 25 Assistance,¹⁹ benefit or advantage²⁰ related to the amount on line 24
 26 Subtract line 25 from line 24.
 27 Add lines 17, 20, 23 and 26.

28	If you checked box 06a, enter the total of the amounts representing the cost of a service contract and the other costs related to the contract that were incurred directly or indirectly by the corporation. ²¹ If you checked box 06b, go directly to line 31.	
29	Assistance, benefit or advantage related to the amount on line 28	
30	Subtract line 29 from line 28.	
31	Amount on line 27 or line 30	
32	Add lines 14 and 31.	
33	Reimbursement by the corporation of an amount that the parent corporation incurred and that would have constituted a labour cost for the corporation had it been incurred by the corporation ²²	
34	Assistance, benefit or advantage related to the amount on line 33	
35	Subtract line 34 from line 33.	
36	Add lines 32 and 35. Labour costs	A

4 Qualified labour costs

If you checked box 06b, go directly to Part 8.

40	Labour costs (amount A)	
41	Assistance, benefit or advantage repaid (or deemed repaid) by the corporation in the year and related to labour costs of a previous year	B
42	Total of amounts A shown on the copies of form CO-1029.8.36.SP completed for previous years	
43	Total of amounts B shown on the copies of form CO-1029.8.36.SP completed for previous years	
44	Add lines 42 and 43.	
45	Total of amounts C shown on the copies of form CO-1029.8.36.SP completed for previous years	
45a	Special tax paid with respect to the amount on line 50	
45d	Multiplication factor. If you checked boxes: <ul style="list-style-type: none"> • 06a and 07a, enter 4; or • 06a and 07b, enter 5. 	
46	Multiply line 45a by line 45d.	
47	Subtract line 46 from line 45.	
48	Subtract line 47 from line 44.	
49	Add lines 40, 41 and 48.	
50	Assistance, benefit or advantage that relates to labour costs of a previous year but that did not reduce the costs in that year ²³	
53	Subtract line 50 from line 49. Qualified labour costs	C

5 Property costs

60	Expenditures related to the acquisition, rental or leasing of corporeal property (including software) ²⁴	
61	Assistance, benefit or advantage related to the amount on line 60 ²⁵	
62	Subtract line 61 from line 60.	
63	Reimbursement by the corporation of an amount that the parent corporation incurred and that would have constituted a property cost for the corporation had it been incurred by the corporation ²⁶	
64	Assistance, benefit or advantage related to the amount on line 63	
65	Subtract line 64 from line 63.	
66	Add lines 62 and 65. Property costs	K

6 Qualified property costs

70	Property costs (amount K)	
71	Assistance, benefit or advantage repaid (or deemed repaid) by the corporation in the year and related to property costs of a previous year	L
72	Total of amounts K shown on the copies of form CO-1029.8.36.SP completed for previous years	
73	Total of amounts L shown on the copies of form CO-1029.8.36.SP completed for previous years	
74	Add lines 72 and 73.	
75	Total of amounts M shown on the copies of form CO-1029.8.36.SP completed for previous years	
76	Special tax paid with respect to the amount on line 83	
77	Multiplication factor. If you checked boxes: <ul style="list-style-type: none"> • 06a and 07a, enter 4; or • 06a and 07b, enter 5. 	
78	Multiply line 76 by line 77.	
80	Subtract line 78 from line 75.	
81	Subtract line 80 from line 74.	
82	Add lines 70, 71 and 81.	
83	Assistance, benefit or advantage that relates to property costs of a previous year but that did not reduce the costs in that year ²⁷	
86	Subtract line 83 from line 82. Qualified property costs	M

7 Eligible production costs

90	Qualified labour costs (amount C)	
91	Qualified property costs (amount M)	
92	Add lines 90 and 91. Eligible production costs	N

8 Labour costs (computer-aided special effects and animation)

100	Labour costs directly attributable to activities connected with computer-aided special effects and animation (all or part of the amounts on lines 10, 11, 15, 18, 21, 24, 28 and 33) ²⁸	
101	Assistance, benefit or advantage related to the amount on line 100 (all or part of the amounts on lines 13, 16, 19, 22, 25, 29 and 34)	
102	Subtract line 101 from line 100. Labour costs (computer-aided special effects and animation)	O

9 Qualified labour costs (computer-aided special effects and animation)

110	Labour costs (computer-aided special effects and animation) (amount O)	
111	Assistance, benefit or advantage repaid (or deemed repaid) by the corporation in the year and related to labour costs of a previous year	P
112	Total of amounts O shown on the copies of form CO-1029.8.36.SP completed for previous years	
113	Total of amounts P shown on the copies of form CO-1029.8.36.SP completed for previous years	
114	Add lines 112 and 113.	
115	Total of amounts Q shown on the copies of form CO-1029.8.36.SP completed for previous years	
116	Special tax paid with respect to the amount on line 123	
117	Multiplication factor. If you checked box: <ul style="list-style-type: none"> • 07a, enter 5; or • 07b, enter 6.25. 	
118	Multiply line 116 by line 117.	
120	Subtract line 118 from line 115.	
121	Subtract line 120 from line 114.	
122	Add lines 110, 111 and 121.	
123	Assistance, benefit or advantage that relates to labour costs of a previous year but that did not reduce the costs in that year ²⁹	
124	Subtract line 123 from line 122. Qualified labour costs (computer-aided special effects and animation)	Q

10 Tax credit

160	If you checked box 06a, enter the eligible production costs (amount N). If you checked box 06b, enter 0.	
161	Tax credit rate. If you checked box: <ul style="list-style-type: none"> • 07a, enter 25%; or • 07b, enter 20%. 	%
162	Multiply line 160 by line 161.	
163	Qualified labour costs (computer-aided special effects and animation) (amount Q)	
164	Tax credit rate. If you checked box: <ul style="list-style-type: none"> • 07a, enter 20%; or • 07b, enter 16%. 	%
165	Multiply line 163 by line 164.	
166	Add lines 162 and 165. Carry amount V (or the total of all amounts V) to one of lines 440p through 440y of form CO-17, <i>Déclaration de revenus des sociétés</i> , and enter code 29 in the appropriate box. Tax credit	V

Special tax

If, in a future taxation year, you realize that the corporation should not have received all or part of the tax credit, the corporation must, by means of a special tax, repay the excess amount received. When completing form CO-17 for the year in question, enter the excess amount and code 38 in the spaces provided on that form for that purpose. For more information, refer to sections 1129.4.0.5 to 1129.4.0.8 of the *Taxation Act*.

Notes

- The term "qualified production" means a production, other than a qualified low-budget production or an excluded production, in respect of which SODEC has issued an approval certificate that certifies that the production is recognized as a qualified production. Note that the certificate may have been issued to a corporation other than the one claiming the tax credit.
- The term "qualified low-budget production" means a production, other than a qualified production or an excluded production, in respect of which SODEC has issued an approval certificate that certifies that the production is recognized as a qualified low-budget production. Note that the certificate may have been issued to a corporation other than the one claiming the tax credit.
- The term "Québec film production" means a motion picture film, a videotape or a set of episodes or broadcasts that are part of a series in respect of which SODEC gave a favourable advance ruling or issued a certificate.
- Where the prescribed form is sent to us within the time allowed (12 or three months, as the case may be) and the certificate (where applicable) and the favourable advance ruling required to be able to claim the tax credit have been duly obtained from SODEC, the application for the tax credit will be accepted, even if the copy of the certificate or the copy of the favourable advance ruling 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 (where applicable) and a copy of the favourable advance ruling. For more information, contact us.
- Where, for a taxation year, the salary or wages paid to an employee (or a similar qualified expenditure) may qualify for more than one tax credit, certain restrictions apply. However, if only a portion of the salary or wages (or of the qualified expenditure) is used to claim a tax credit, another portion thereof may be used to claim another tax credit under certain conditions. For more information, refer to sections 1029.6.0.1 and 1029.6.0.1.2.1 to 1029.6.0.1.2.3 of the *Taxation Act*.
- If you checked box 06a, the salary or wages incurred for a producer, author, scriptwriter, director, art or musical director, director of photography, composer, orchestra conductor, editor, visual effects supervisor, actor (a speaking role) or performer qualify for the tax credit only if the person was an individual resident in Québec at the time the services were rendered as part of the qualified production.

If you checked box 06b, the employees to whom the salaries or wages were paid must have been resident in Québec **at any time in the calendar year** in which they rendered services as part of the qualified low-budget production. In this form, such employees are referred to as "eligible employees."
- The phrase "employer contributions and other employment-related costs" refers to, for example, Québec Pension Plan contributions, Québec parental insurance plan premiums, Employment Insurance premiums and the contribution related to labour standards. However, that phrase does not refer to employer contributions to the health services fund.
- The term "assistance" refers to any government assistance and any non-government assistance that the corporation received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the taxation year covered by form CO-1029.8.36.SP. The term does not include any amount received and repaid in the taxation year in respect of which the tax credit is claimed. "Government assistance" and "non-government assistance" are defined in section 1029.6.0.0.1 of the *Taxation Act*.

Since the following forms of assistance do not constitute government assistance or non-government assistance, they do not reduce the production costs, labour costs or labour expenditures:
 - the tax credit for film production services;
 - the federal Film or Video Production Services Tax Credit;
 - the federal Canadian Film or Video Production Tax Credit;
 - financial assistance granted by the Société des célébrations du 375^e anniversaire de Montréal.
- The phrase "benefit or advantage" refers to any benefit or advantage that the corporation or a subcontractor obtained, is entitled to obtain or may reasonably expect to obtain, on or before the day that is six months after the end of the taxation year covered by form CO-1029.8.36.SP. The phrase does not refer to any amount received and repaid in the taxation year in respect of which the tax credit is claimed. A benefit or advantage may be a reimbursement, compensation, guarantee or proceeds of disposition of property that exceed the fair market value of the property, or may be granted in any other form or manner.
- To be eligible, the individual must have been resident in Québec at any time in the calendar year in which he or she rendered services as part of the qualified low-budget production. Also enter, on line 15 of form CO-1029.8.36.SP, the remuneration paid for services rendered by the individual's eligible employees as part of the qualified low-budget production.

11. The term “assistance” refers to any government assistance and any non-government assistance that an eligible individual, a corporation or a partnership not dealing at arm’s length with the corporation received, is entitled to receive or may reasonably expect to receive, on or before the day that is six months after the end of the taxation year covered by form CO-1029.8.36.SP. The term does not include any amount received and repaid in the taxation year in respect of which the tax credit is claimed. “Government assistance” and “non-government assistance” are defined in section 1029.6.0.0.1 of the *Taxation Act*.
- Since the following forms of assistance do not constitute government assistance or non-government assistance, they do not reduce the production costs, labour costs or labour expenditures:
- the tax credit for film production services;
 - the federal Film or Video Production Services Tax Credit;
 - the federal Canadian Film or Video Production Tax Credit;
 - financial assistance granted by the Société des célébrations du 375^e anniversaire de Montréal.
12. See note 9.
13. See note 11.
14. See note 9.
15. Enter, on line 21 of form CO-1029.8.36.SP, the remuneration paid to eligible employees of a corporation with an establishment in Québec, other than a corporation described on line 18, for services rendered as part of the qualified low-budget production.
16. See note 11.
17. See note 9.
18. Enter, on line 24 of form CO-1029.8.36.SP, the remuneration paid, to a partnership operating a business in Québec, for services rendered either by an eligible individual who is a member of the partnership or by an eligible employee of the partnership as part of the qualified low-budget production.
19. See note 11.
20. See note 9.
21. The amounts related to the cost of a service contract that were incurred directly or indirectly for a producer, author, scriptwriter, director, art or musical director, director of photography, composer, orchestra conductor, editor, visual effects supervisor, actor (a speaking role) or performer qualify for the tax credit only if the person was an individual resident in Québec at the time the services were rendered as part of the qualified production.
22. The corporation can claim the tax credit in respect of this expenditure only if it is a subsidiary wholly-owned corporation of the parent corporation.
23. The amount on line 50 of form CO-1029.8.36.SP must include the corresponding amount from all copies of the form completed for previous years.
24. The expenditures in respect of the acquisition of corporeal property correspond to the portion of the depreciation of the property, for the taxation year, that is determined in accordance with generally accepted accounting principles and that relates to the use of the property in Québec by the corporation as part of the qualified production.
- The expenditures in respect of the rental or leasing of corporeal property correspond to the portion of the rental or leasing costs, for the taxation year, that is reasonably attributable to the use of the property in Québec by the corporation as part of the qualified production.
- Expenditures in respect of the acquisition, rental or leasing of corporeal property include:
- travel expenses, in two prescribed situations based on the point of departure and the point of arrival;
 - the expenses in relation to the issue of a certificate by SODEC; and
 - the amounts incurred in respect of an insurance contract or a performance bond contract, provided that, *inter alia*, the issuer of the contract has an establishment in Québec and carries on a business in Québec at the time the contract is entered into.
- Property costs do not include costs related to the financing of the qualified production.
- Note that expenditures in respect of the acquisition, rental or leasing of corporeal property made as part of the qualified production must have been incurred with an individual who was resident in Québec, or a corporation or partnership with an establishment in Québec that was carrying on a business in Québec, at the time the corporeal property was acquired, rented or leased.
25. Do not include, on line 61 of form CO-1029.8.36.SP, any assistance, benefit or advantage already taken into account on line 60 in calculating the depreciation of the acquisition cost of the property.
26. See note 22.
27. The portion of the proceeds of disposition of an asset that is related to the portion of the acquisition cost of the asset included in the production costs of the qualified production must be considered an advantage that reduces the production costs of the qualified production.
- Note that the amount on line 83 of form CO-1029.8.36.SP must include the corresponding amount from all copies of the form completed for previous years.
28. The amounts taken into account in this calculation must correspond to the amounts shown by SODEC for the budget items concerned in the document enclosed with the favourable advance ruling.
29. The amount on line 123 of form CO-1029.8.36.SP must include the corresponding amount from all copies of the form completed for previous years.