

Tax Credit for the Production of Multimedia Events or Environments Presented Outside Québec

Qualified corporation

Form CO-1029.8.36.XM must be completed for any corporation that wishes to claim the tax credit for the production of multimedia events or environments presented outside Québec with respect to labour expenditures it incurred in respect of a qualified production. To qualify for the tax credit for a taxation year, the corporation, in particular:

- must, in the taxation year concerned, have an establishment in Québec and carry on a business in Québec that produces multimedia events or multimedia environments presented outside Québec;
- must not be exempt from income tax or controlled directly or indirectly by one or more corporations exempt from income tax in the taxation year;
- must not be controlled, directly or indirectly in any manner whatever, in the taxation year concerned or in the 24 months preceding the year, by one or more persons not resident in Québec; and
- must have obtained a favourable advance ruling or a qualification certificate from the Société de développement des entreprises culturelles (SODEC) for the multimedia event or environment in respect of which it is claiming the tax credit.

Qualified production

A qualified production is a multimedia event presented in a place of amusement situated outside Québec or a multimedia environment presented outside Québec for which the corporation holds a favourable advance ruling or a qualification certificate issued by SODEC.

Labour expenditure

To qualify for the tax credit, a labour expenditure:

- must relate to the production of a qualified production;
- must relate to services rendered in Québec by an employee or subcontractor whose functions are included in SODEC's points grid for creative personnel;
- must have been incurred in the taxation year;

- must have been incurred by the first presentation of the qualified production outside Québec (or later if the extended period is deemed reasonable by the Minister and ends on or before the date that is 18 months after the end of the corporation's taxation year that includes the date of the first presentation of the qualified production outside Québec);
- must **not** have been incurred as part of the promotion of the qualified production; and
- must have been paid by the time the corporation claims the tax credit.

A labour expenditure 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 that year or, failing that, if it filed an application for a qualification certificate with SODEC in that year. In such a case, the labour expenditure can have been paid in a previous year.

Important information

- Complete a separate copy of form CO-1029.8.36.XM for each multimedia event or multimedia environment in respect of which the corporation is claiming the tax credit.
- Enclose all completed copies of form CO-1029.8.36.XM with the corporation income tax return (form CO-17, *Déclaration de revenus des sociétés*), along with a copy of either the favourable advance ruling given by SODEC or the qualification certificate SODEC issued in respect of each qualified production. 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 either the day the favourable advance ruling was given or, in the absence of such a ruling, the day the qualification certificate required to obtain the tax credit for that taxation year was issued.¹
- If the corporation was required to make instalment payments for the taxation year covered by form CO-1029.8.36.XM, this tax credit will be used to reduce the amount of the instalments.
- For more information, refer to sections 1029.8.36.0.0.12.1 and 1029.8.36.0.0.12.2 of the *Taxation Act*.

1 Information about the corporation

Québec enterprise number (NEQ)	Identification number	File	End date of fiscal period
01a	01b	IC 0001	05
Name of corporation			Y Y Y Y M M D D

4.3 Limit based on the cumulative production costs

If you checked box:

- 11, enter the amount from line 137; or
- 12, enter the amount from line 143.

Applicable rate	×	151		152		
Multiply line 151 by line 152.				153	50%	
Overall limit based on the cumulative production costs =						
Total of amounts C shown on the copies of form CO-1029.8.36.XM completed for previous years (amount from line 116)		154				
Total amount of special tax paid for previous years	×	155		156		
Multiplication factor. Enter 2.8571 .	×	155		156		
Multiply line 155 by line 156.	=		157			
Subtract line 157 from line 154.	-		158			
Subtract line 158 from line 153.	=		159			
Limit based on the cumulative production costs =						
Enter the amount from line 130 or line 159, whichever is less . Carry this amount to line 171.						
Qualified labour expenditure						
			160		C	

5 Tax credit

Qualified labour expenditure (amount C)		171		172		
Tax credit rate. Enter 35% .	×			172	%	
Multiply line 171 by line 172. If you checked box 17, complete lines 174 through 181. Otherwise, carry the amount from line 173 to line 181.						
Tax credit before application of the overall limit =						
Maximum tax credit. Enter \$350,000 .						
If the qualified production was co-produced by the corporation and one or more other qualified corporations, enter the corporation's share, expressed as a percentage, of the production costs. Otherwise, enter 100%.						
Multiply line 174 by line 175.				174	%	
Total of amounts V shown on the copies of form CO-1029.8.36.XM completed for previous years		177				
Total amount of special tax paid for previous years (amount from line 155)	-	178		179		
Subtract line 178 from line 177.	=		179			
Subtract line 179 from line 176. If the result is negative, enter 0.			180			
Balance of the overall limit =						
Enter the amount from line 173 or line 180, whichever is less . Carry amount V (or the total of amounts V) to one of lines 440p through 440y of form CO-17, <i>Déclaration de revenus des sociétés</i> , and enter code 95 in the appropriate box.						
Tax credit						
			181		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 80 in the spaces provided on that form for that purpose.

Notes

1. If the prescribed form is sent to us within the time allowed (12 or three months, as the case may be) and the favourable advance ruling or the qualification certificate required to be able to claim the tax credit has been duly obtained from SODEC, the application for the tax credit will be accepted, even if the copy of the favourable advance ruling or the copy of the qualification 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 either the favourable advance ruling or the qualification certificate. For more information, contact us.
2. While an employee's remuneration for a particular taxation year (or a similar qualified expenditure) may entitle a corporation to more than one tax credit, restrictions apply to the addition of credits. Should a tax credit be claimed for a portion of an employee's remuneration (or of an expenditure), another portion may, under certain conditions, be used to claim a different tax credit. For further 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*.
3. "Eligible employee" means an employee resident in Québec at any time in the calendar year in which the employee renders services as part of the production of a qualified production.
4. "Assistance" is government or non-government assistance that the corporation received, is entitled to receive or may reasonably expect to receive, no later than six months after the end of the taxation year covered by form CO-1029.8.36.XM. It does not include any amount received and repaid in the taxation year for which the tax credit is being claimed. "Government assistance" and "non-government assistance" are defined in section 1029.6.0.0.1 of the *Taxation Act*.

Note that the following assistance does not constitute government or non-government assistance and, consequently, does not reduce production costs or labour expenditures:
 - financial assistance granted by the Société des célébrations du 375^e anniversaire de Montréal;
 - financial assistance granted by SODEC.
5. "Benefit or advantage" means a benefit or an advantage that any person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, within six months after the end date of the taxation year covered by form CO-1029.8.36.XM. An amount received and repaid in the year covered by the form is not considered a benefit or an advantage. The benefit or advantage may be a reimbursement, compensation, guarantee or the proceeds of disposition of property exceeding the property's fair market value. A benefit or advantage may also be granted in any other form or manner.
6. "Eligible individual" means an individual resident in Québec at any time in the calendar year in which the individual renders services as part of the production of a qualified production.

Enter on line 64 the remuneration that was paid as part of the production of the qualified production for services rendered in Québec by an eligible individual (a subcontractor) or by eligible employees of such an individual.
7. "Assistance" is government or non-government assistance that an eligible individual, another corporation or a partnership not dealing at arm's length with the corporation received, is entitled to receive or may reasonably expect to receive, no later than six months after the end of the taxation year covered by form CO-1029.8.36.XM. It does not include any amount received and repaid in the taxation year for which the tax credit is being claimed. "Government assistance" and "non-government assistance" are defined in section 1029.6.0.0.1 of the *Taxation Act*.

Note that the following assistance does not constitute government or non-government assistance and, consequently, does not reduce production costs or labour expenditures:
 - financial assistance granted by the Société des célébrations du 375^e anniversaire de Montréal;
 - financial assistance granted by SODEC.
8. See note 5.
9. See note 7.
10. See note 5.
11. Enter on line 70 the remuneration paid, as part of the production of the qualified production, to a corporation with an establishment in Québec, other than a corporation described on line 67, for services rendered in Québec by eligible employees of that corporation.
12. See note 7.
13. See note 5.
14. Enter on line 73 the remuneration paid, as part of the production of the qualified production, to a partnership that carries on a business in Québec, for services rendered by an eligible individual who is a member of the partnership or by eligible employees of that partnership.
15. See note 7.
16. See note 5.
17. The amount on line 127 must include the amounts entered on line 127 on all copies of form CO-1029.8.36.XM completed for previous years. It must therefore be the total of any assistance, benefit or advantage that the corporation received:
 - in the year for an expenditure incurred in a previous year;
 - in a previous year for an expenditure incurred in a year preceding that previous year.
 The assistance, benefit or advantage must not have been used to offset the expenditure.
18. The production costs must be directly attributable to the production of the multimedia event. They must also have been incurred no later than the first presentation of the multimedia event outside Québec, or within a period that is deemed reasonable by the Minister and ends no later than 18 months after the end of the corporation's taxation year that includes the date of the first presentation of the multimedia event outside Québec.
19. Enter on line 132 the costs (other than promotion costs) included in the production cost, cost or capital cost of the multimedia event as well as the production fees and administration costs, to the extent that such costs and fees are reasonable.

Also enter the amount of any assistance, benefit or advantage repaid (or deemed repaid) by the corporation in the taxation year concerned and related to the production costs of a previous year.
20. Enter on line 132a the portion of the depreciation of a particular property that relates to the corporation's use of the property in the year as part of the production of the multimedia event.
21. The amount on line 135 must include the amounts entered on line 135 on all copies of form CO-1029.8.36.XM completed for previous years. It must therefore be the total of any assistance, benefit or advantage that the corporation received:
 - in the year for costs incurred in a previous year;
 - in a previous year for costs incurred in a year preceding that previous year.
 The assistance, benefit or advantage must not have been used to offset the costs.