

Ministry of Revenue

October 2009

Highlights from the 2009 Ontario Economic Outlook and Fiscal Review - Corporations Tax

About this Notice

On October 22, 2009, a number of proposed corporate tax measures were announced in the *2009 Ontario Economic Outlook and Fiscal Review*.

The proposals must receive Royal Assent to become law. This notice provides general information and is not a substitute for the legislation.

Ontario Productions Services Tax Credit

The Ontario Production Services Tax Credit (OPSTC) is a refundable tax credit. It is available to qualifying corporations for labour expenditures related to qualifying foreign film and television production services and non-certified domestic film and television productions in Ontario.

As announced on June 29, 2009, the government proposed to enhance the Ontario Production Services Tax Credit (OPSTC). Effective for expenditures incurred after June 30, 2009, the OPSTC would be expanded to additional production expenditures incurred in Ontario, including eligible service contracts as well as the purchase or rental of qualifying tangible properties, such as equipment and studio rentals.

Ontario Interactive Digital Media Tax Credit

The Ontario Interactive Digital Media Tax Credit (OIDMTC) is a refundable tax credit available to qualifying corporations for expenditures related to the creation, marketing and distribution of eligible interactive digital media products.

As previously announced in the 2009 Ontario Budget, the government proposed, effective for qualifying expenditures incurred after March 26, 2009, to enhance the OIDMTC rates to:

- 40 per cent for qualifying corporations, regardless of size, that develop and market their own eligible products; and
- 35 per cent credit for qualifying corporations that develop eligible products under a fee-for-service arrangement.

This Budget also proposed to expand the OIDMTC, effective for qualifying expenditures incurred after March 26, 2009, to allow corporations to claim 100 per cent of the amount paid to eligible arm's-length contractors that is attributable to the salaries and wages of the contractor's employees.

This Budget further proposed, effective for qualifying expenditures incurred after March 26, 2009, to extend the OIDMTC to digital media game developers that incur a minimum \$1 million of eligible labour expenditures over a 36-month period for fee-for-service work done in Ontario in respect of an eligible product. Corporations that meet the minimum expenditure test would not be required to

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be at arm's length with the purchaser corporation, or to develop all, or substantially all, of the eligible product.

The government is now proposing additional changes to better support large, specialized game developers that develop eligible interactive digital media games in Ontario. It is proposed that, effective after March 26, 2009, a 35 per cent refundable tax credit on Ontario salaries and wages would be available annually to certified game developers that incur at least \$1 million of Ontario labour expenses per year in the development of eligible interactive digital media games. A certified game developer generally would have at least 80 per cent of Ontario payroll or 90 per cent of annual revenues attributable to interactive digital media game development.

More Information**Internet**

This publication and various other English and French bulletins published by the Ministry of Revenue can be found online at ontario.ca/revenue.

Telephone

Please contact the Ministry of Revenue between the hours of 8:30 a.m. and 5:00 p.m. at:

- 1 866 ONT-TAXS (1 866 668-8297)
- 1 800 263-7776 teletypewriter (TTY)

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