

## Entertainment Law

May 25, 2015

### Ontario “Grandfathers” Recent Budget Changes to Production Services and Computer Animation and Special Effects Film Tax Credits

On May 25, 2015, Ontario Minister of Tourism, Culture and Sport, Michael Coteau, announced that the changes to the Ontario Production Services Tax Credit (OPSTC) and the Ontario Computer Animation and Special Effects Tax Credit (OCASE) noted in Ontario’s 2015 budget will be “grandfathered” for all film and tv projects that were sufficiently advanced before the budget date, April 23, 2015. (For a description of the changes, see our April 24, 2015 Update, *Ontario Reduces Production Services and Special Effects Film Tax Credits*). The Minister stated: “... we intend to table amendments to the Ontario Production Services Tax Credit (OPSTC) and Ontario Computer Animation and Special Effects Tax Credit (OCASE) that would, if passed, provide a transition period to ensure that producers who made a significant commitment to Ontario before the introduction of the Budget would receive the tax credit rates they expected.”

The 2015 Ontario budget reduced the rates of the OPSTC from 25% to 21.5% and the OCASE from 20% to 18% and the rate cuts were immediately effective as of the budget date. Key industry stakeholders, including Film Ontario and the Motion Picture Association - Canada, were instrumental in consulting with the Ontario government regarding the importance of “grandfathering” the OPSTC/OCASE changes as part of Ontario’s ongoing effort to provide predictable and reliable support to the film and television sector.

By agreeing to the “grandfathering”, the Ontario government has reinforced the province’s reputation as a leading stable jurisdiction in which to produce film and tv productions.

The Minister’s full statement is set out below:

The 2015 Provincial Budget announced changes to the film and television tax credits that would ensure the long-term sustainability of our tax credits and protect our position as the most competitive jurisdiction in the country.

Our government has a strong relationship with our industry partners and I was pleased to work with them through the Budget committee process. We received valuable feedback from the film and television sector on the need for stable and reliable support. Productions require intense planning and predictable budgets long before the cameras roll.

For this reason we intend to table amendments to the Ontario Production Services Tax Credit (OPSTC) and Ontario Computer Animation and Special Effects Tax Credit (OCASE) that would, if passed, provide a transition period to ensure that producers who made a significant commitment to Ontario before the introduction of the Budget would receive the tax credit rates they expected. This approach includes a combination of provisions through the tax system and a grant.

# Goodmans<sup>LLP</sup> Update

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Ontario is the number one film and television production centre in Canada. The entertainment and creative cluster supports over 206,000 jobs and contributes \$12.4B to the provincial economy. With these proposed changes I am confident we will continue to attract new investment, create jobs and foster economic growth.

*- Hon. Michael Coteau  
Minister of Tourism, Culture and Sport  
Minister responsible for the 2015  
Pan/Parapan Am Games*

If you would like further information or have any questions about these changes, contact any member of our Entertainment Law Group.