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## Entertainment Law

December 21, 2004

### Ontario Announces Increases to the Ontario Production Services Tax Credit and the Ontario Film and Television Tax Credit

On December 21, 2004, the Ontario Minister of Finance, the Honourable Greg Sorbara and the Ontario Minister of Culture, the Honourable Madeline Meilleur, on behalf of the Ontario Government, announced the following respective increases to the rates of the Ontario Production Service Tax Credit for foreign productions and the Ontario Film and Television Credit for domestic productions:

1. An increase in the rate of the Ontario Production Services Tax Credit from 11% to **18%** of eligible Ontario labour costs, subject to review at the end of 2005, and
2. An increase in the rate of the Ontario Film and Television Tax Credit from 20% to **30%** of eligible Ontario labour costs for five years and a continuation of the **10%** regional bonus to the credit.

The new increased rates will be effective for all eligible Ontario labour expenditures incurred on or after January 1, 2005 (pending legislative approval) and will be subject to performance reviews by the Ontario Government to ensure that they are meeting their objectives of sustaining and strengthening film and television production activity in the Province of Ontario.

The increased tax credits are aimed at boosting the province's film industry which has been hit by the rising Canadian dollar and increased competition from other jurisdictions. Ontario's production industry peaked at \$1.1 billion in 2002 but declined to \$870 million in 2003 and it is expected that total production for 2004 will be similar to 2003.

According to Culture Minister, Madeline Meilleur, "We are committed to creating a supportive business environment in which our film and television industry can not only survive, but thrive. The sector generates \$2 billion annually for Ontario's economy and is a major contributor to our quality of life. All Ontarians have a stake in the success and sustainability of this important industry."

According to Finance Minister, Greg Sorbara, "We see this investment as a way to stimulate economic growth in job creation. Working with the industry, we have developed some performance measures that they will need to meet to maximize the value of these tax credits for their members."

For additional information on the new tax credit rate increases please visit the Ontario Ministry of Finance website at [www.gov.on.ca](http://www.gov.on.ca) or contact a member of our Entertainment Law Group listed below.

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