



Ontario Interactive Digital Media Tax Credit Program (OIDMTC)

Kent Smith

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Program Objectives

- OIDMTC program supports corporations development of interactive media products in Ontario
- Program supports OMDC's objective to promote, enhance, and leverage investment, jobs, and original content creation
- Program provided over \$6.7 million in tax assistance to Ontario businesses in 2007-08

Background

- OIDMTC program is jointly administered by the Canada Revenue Agency (CRA) and the Ontario Media Development Corporation (OMDC)
- Program provides refundable tax credits for:
 - Ontario labor expenditures with respect to eligible and specified products; and
 - Eligible marketing and distribution expenditures incurred with respect to eligible products, to a maximum of \$100,000 per product

Products

Two types of products can be claimed under the OIDMTC:
eligible products and specified products

- Eligible products are interactive products that
 - Are developed in Ontario by a qualifying corporation;
 - Are in digital format;
 - Have the primary purpose of educating, entertaining, or informing the user; and
 - Are not used primarily for interpersonal communication, to present or promote the qualifying corporation or to present, promote, or sell its products and services

Products (cont.)

- Specified products are interactive digital media products developed;
 - Under a fee-for-service arrangement between the qualifying corporation and an arm's length purchaser; and
 - For the purpose of sale or license

Tax Credit Rates

Qualifying Expenditures Incurred (After)	Qualifying Expenditures Incurred (Before)	Eligible Products**		Specified Products *** (under fee-for service)
		Small *	Other	
n/a	March 24, 2006	20%	n/a	
March 23, 2006	March 26, 2008	30%	20%	
March 25, 2008	March 27, 2009		25%	
March 26, 2009	n/a	40%		35%

*During the preceding taxation year (on an associated company basis) had neither annual gross revenues above \$20 million nor total assets above \$10 million

**For eligible products, tax credits based on Ontario labor expenditures and the first \$100,000 of eligible marketing and distribution expenditures for each eligible product

*** For specified products, tax credits are calculated with reference to salaries and wages of employees resident in Ontario

Eligible Expenditures

Eligible Ontario labor expenditures include:

For eligible products and specified products:

- salaries and wages directly attributable to the development of the product and actually paid to employees (100% included); and,

For eligible products:

- contract expenditures paid to arm's length contractors that are attributable to the salaries and wages of the contractor's employees, for services rendered at a permanent establishment in Ontario (100% included effective March 27, 2009, 50% until then)

Eligible marketing and distribution expenditures are expenditures that are directly attributable to advertising, promotion, or distribution of the eligible product

Eligible Expenditures (cont.)

	Eligibility for products completed	
	Before March 26, 2008	After March 25, 2008
Period in which Ontario labor expenditures must be incurred *	25 months *	37 months *
Marketing and distribution expenditures (eligible products)	Include expenditures incurred within the 12-month period following the release date, if the \$100,000 maximum has not been reached	
Specified products (described above)	Limited to the salaries and wages of its Ontario-resident employees	
* - Applies to both eligible products and specified products. Period terminates at the end of the month in which development of the product is completed.		

Thank you.

Kent B. Smith, Associate Partner

Tel: 613-755-8742

Email: kent.b.smith@ca.pwc.com