



Film and Television Tax Credit Program Changes Fact Sheet

Proposed Changes

What are the changes proposed to the program?

See appendix below for details of differences between current state and proposed future state.

Expanded Application Window:

- Productions would apply to the FTTC program, at a maximum, 120 days after commencing principal photography in Alberta.
- Applicants would have access to the increased flexibility in the application window when amendments to the FTTC Act and Regulation become effective, on a go-forward basis (i.e., day one of 120 is the date the changes are proclaimed).
- Applications would not be accepted for productions if they have already started principal photography before program updates take effect.

Allow Productions to Claim Tax Credits for Each Year Expenses are Incurred:

- Proposed changes would allow productions to either request multiple tax credit certificates for each taxation year that eligible costs were incurred or request a single tax credit for the last taxation year that eligible costs were incurred. This enables productions to claim the tax credit earlier and allow multi-year productions to make a yearly claim instead of cumulatively at the end of production.
- Only new applicants would have the option to elect to have one tax credit issued for the entirety of their production expenses, or multiple tax credits issued (annually) over the lifecycle of their production.
 - The multiple tax credit option allows applicants to claim the tax credit for the taxation year in which costs were incurred and paid.
- Applicants would select if they will request a single tax credit or multiple tax credits at the time of application for an authorization letter.
 - To receive annual tax credits, a breakdown of the total production budget would be provided at application for each taxation year in which the applicant expects to claim the tax credit and an annual request for tax certificate would be required within six months of taxation year end.
 - The authorization letter would show the breakdown of preliminary tax credits the applicant is expected to claim each year, as well as the maximum cumulative tax credit amount.
 - Applicants must submit a tax credit request within six months following the end of their taxation year, and each tax credit request must be accompanied by an audited cost statement for that period.
- To receive a single tax credit certificate once the project is complete, applicants would submit their actual production costs (accompanied by an audited production cost statement), within 42 months of starting principal photography.
- Current applicants who have received authorization letters already would not have the opportunity to select the multiple tax credit option, as the changes will not be implemented retroactively.

Expanded Eligible Production Genres:

- The eligibility criteria would be expanded to include reality television and game shows in order to encourage further investment, including investment in labour force development, sector infrastructure and jobs.
- Reality Television and game show productions would become FTTC-eligible productions, with the continued exception of non-documentary productions consisting mainly of stock or surveillance footage.
- The rise in popularity of these television genres offers the opportunity to harness the economic benefit of multi-episodic series that can utilize available studio and soundstage space year-round.

Added Consideration for Rural and Remote Filming:

- We recognize that filming in rural and remote locations has associated increased costs and want to ensure that filming in such locations is a viable option.
- While the maximum tax credit rate would remain 30 per cent, the introduction of added consideration for rural and remote filming provides the opportunity for all productions to access the maximum tax credit rate offered under the FTTC program.
- Productions eligible for the base 22 per cent tax rate that complete a minimum of 75 per cent of their Alberta-based filming in a rural or remote location could apply for an additional eight per cent in tax credit on all eligible Alberta labour and production costs.
- What is considered a rural and remote region and associated boundaries are being developed and would be further defined in the program guidelines.
- The department will communicate regularly with stakeholders and provide information pertinent to the status of changes on the FTTC program website at www.alberta.ca/film-television-tax-credit. The department also plans to offer information workshops the months following proclamation of legislation and regulation to help potential applicants understand the changes once they come into effect.

Why have these changes been made?

- Following feedback from key stakeholders, changes have been proposed to improve program delivery and competitiveness and reduce red tape for applicants.
- Stakeholders have expressed that the requirement to apply to the program prior to starting Alberta filming has been a barrier. As this is not required in the majority of other Canadian jurisdictions, new production companies looking to establish an Alberta presence may inadvertently miss the deadline.
- Reducing restrictions around reality television and productions in respect of a game, questionnaire or contest would increase the competitiveness of Alberta's FTTC program. These types of productions utilize many of the same resources as traditional film and television projects, producing many of the same spin-off economic benefits and supporting good jobs for Albertans.
- While Alberta's FTTC program offers a competitive tax credit rate when compared to other jurisdictions, providing additional consideration for rural and remote filming could attract productions to new areas of the province by defraying some of the additional cost associated with filming outside of major metropolitan areas.
- Some stakeholders have also asked that tax credits be issued sooner to reduce loan carrying costs while they wait for the end of another taxation year to claim the credit. After these changes, for productions selecting the single tax credit option, a tax certificate would be issued for the last taxation year in which the production incurred expenses.
- Further, the multiple tax credit option allows applicants to claim the tax credit for the taxation year in which costs were incurred and paid. Providing applicants with the option to claim annual tax credits provides the opportunity for production corporations to access interim cash-flow.
- Additionally, proposed changes provide a six-month window to request a tax credit certificate following the end of each taxation year, enabling productions to claim the tax credit earlier.

Would any of the changes to the FTTC program be implemented retroactively?

- All changes would be effective on a go-forward basis. They would not be applicable to productions who have already applied and been authorized to the program.
 - Applicants who have not yet been authorized and have not yet started principal photography prior to the changes coming into effect could withdraw their application and re-apply under the new rules.
 - Applicants who were denied because they started principal photography prior to applying to the program would not be approved under the revised FTTC program as proposed changes would be on a go-forward basis only.
- There would be a transitional provision related to requesting a revised tax credit certificate for existing applications that have been issued a tax credit certificate but have not yet claimed the tax credit.
 - This would give applicants the opportunity to access their tax credits sooner than their current effective date, by enabling them to claim the tax credit for the taxation year in which expenses were last incurred.

Why would the changes not be applied retroactively?

- There is a general rule against retroactivity when making changes to legislation, to ensure all applicants are treated equally. This rule is being followed in the implementation of these changes.
- No exemptions will be provided, with the previous legislative provisions in effect until the changes are implemented. Applications already made would not be able to be withdrawn and resubmitted under the new rules.

Expanded Application Window

What would be the new proposed timeline for producers to submit their application to the FTTC program?

- Upon proclamation of the changes, productions would be allowed to apply to the program up to 120 days after commencing principal photography in Alberta.

Can productions reapply to the program once principal photography changes take effect?

- Applicants who have been denied because they started principal photography prior to applying to the program would not be approved under the revised FTTC program as proposed changes would be on a go-forward basis only.
 - The 120-day application window would only be effective after proclamation, and re-application will not change the fact that principal photography started before the proclamation date.
- There is a general rule against retroactivity when making changes to legislation, to ensure all applicants are treated equally. This rule is being followed in the implementation of these changes.
- No exemptions will be provided, with the previous legislative provisions in effect until the changes are proclaimed. The [FTTC website](#) would be updated once this occurs.

When would the 120-day application period commence? How will interested applicants know?

- The updated application window would be effective on the date changes are proclaimed on a go-forward basis only (i.e., day one of 120 is the date of proclamation).
 - Therefore, if productions have started principal photography before the date of proclamation and have not yet submitted an application, they would not be permitted to apply.
- The [FTTC website](#) would be updated once the changes come into effect.

Tax Credit Requests

Is there an opportunity for applicants who have not yet received their tax credits to have their tax credit certificates revised?

- Existing applications that have been issued a tax credit certificate but have not yet claimed the tax credit would be able to request a revised tax credit certificate.
- A revised tax credit certificate would allow a corporation to apply for a tax credit for the taxation year in which eligible expenses were last incurred.
 - *E.g., A corporation applied for their tax credit certificate on January 1, 2024 but their taxation year ended on December 31, 2023. Under the current legislation, this applicant would not be eligible to apply for the tax credit until the end of taxation year 2024.*
The transitional provision would enable this applicant to claim the tax credit in respect of taxation year 2023 (when expenses were last incurred), enabling more timely access to funding.
- Corporations would have one opportunity to request a single revised tax credit certificate, with a deadline of January 31, 2025.

How could these changes impact existing productions already authorized for tax credits?

- Existing applications that have been issued a tax credit certificate but have not yet claimed the tax credit would be able to request a revised tax credit certificate.
 - This transitional provision would provide eligible corporations with one opportunity to request a single revised tax credit certificate by *January 31, 2025*.
- A revised tax credit certificate would allow a corporation to apply for a tax credit for the taxation year in which eligible expenses were last incurred.

Would the Minister be able to issue a tax credit certificate so that it may be claimed for expenses incurred in the most recent taxation year?

- Outside of the transition provision, existing tax credit certifications would not be revised.
 - Between proclamation and January 31, 2025, applicants would have the opportunity to revise a tax credit that was previously issued but not yet claimed (i.e., revising the tax credit certificate enables them to claim it sooner than the original effective date).
- Going forward, proposed changes would allow productions to choose to either request multiple tax credit certificates for each taxation year that eligible costs are incurred, or request a single tax credit for the last taxation year that eligible costs were incurred, enabling productions to claim the tax credit earlier.
- The proposed amendment prescribes that the tax credit certificate would show the taxation year to which it applies and would link it to the most recent year in which production costs were incurred, rather than a single date of receipt of information.
- Providing a six-month window following the end of a taxation year to request a tax credit certificate gives corporations the flexibility they need to perform year end processes in order to claim their tax credits in the relevant taxation year, as opposed to waiting to claim in the following year.

Does a production have to request tax credit certificates each year?

- New applicants to the FTTC program do not have to request annual tax credit certificates.
- At the time of application, production corporations would indicate whether they wish to file annual tax credit certificates, or a single tax credit certificate when their production is complete.

Eligible Genres

Would there be any changes to the list of ineligible genres?

- Some reality television and game shows would become eligible for the program.
- Guidelines would set out additional requirements for these genres.

Why weren't other genres considered for inclusion in the program?

- With the rise in popularity of productions in respect of a game, competition or contest, as well as reality television in recent years, the inclusion of these genres presents an opportunity to continue to increase production activity in Alberta.
- Stakeholders have advocated for the inclusion of these genres as they can often be filmed year-round, utilizing available studio and soundstage space and support spin-off economic activity and good jobs for Albertans.

Added Consideration for Rural and Remote Filming

Would producers have to provide additional information to claim rural and remote filming?

- Applicants would be required to submit additional information and documentation to claim for rural and remote filming.
- Requirement details would be set out in program guidelines.

What is considered rural and remote?

- The parameters and locations eligible to be considered rural and remote locations will be defined in the program guidelines.
- Generally, the cities of Edmonton and Calgary would not be included in the definition of rural and remote locations, as these areas are not subject to the added costs associated with filming in less populated areas of the province.

Administrative Changes

What are the administrative and oversight changes referenced?

- These changes seek to empower the Minister to issue directives or guidelines to increase enforceability of program requirements, and clarify information required for applications.

Why is there a lag between the introduction of changes to the FTTC Act and the implementation of these changes?

- Proposed updates to the FTTC program have impacts on both the current FTTC Act and FTTC Regulation.
- Therefore, without making additional changes to the FTTC Regulation, the program is unable to implement the changes being made to the FTTC Act.
- This short period between introduction of the Act and proclamation of both the Act and the Regulation will provide applicants time to understand new features of the program and plan their application submissions in a way that best meets their needs.

Why would interest no longer be earned on tax credit payments?

- The FTTC is effectively a grant delivered through the corporate tax system. Grants are government financial supports and differ from overpayments of tax, which are taxpayer-paid monies that government is holding.
- Alberta does not pay refund interests on other grant payments or on payments made to taxpayers under the province's commodity tax programs (e.g., fuel tax, tobacco tax, tourism levy). This change would align provincial policy on the treatment of interest.

Appendix

Program Element	Current State	Proposed Future State
Application Window	Productions cannot apply to the Minister for an authorization letter in respect of a project after Alberta principal photography begins on the project.	Productions would be able to apply for an authorization letter up to a maximum of 120 days after Alberta principal photography begins. FTTC Act change
Applicable Taxation Year for Tax Credits	Currently, a tax credit can only be applied to a tax year based on the date that completed deliverables are received by the department.	A tax credit certificate would show the taxation year to which it applies (based on the applicant corporation's relevant taxation year), instead of a single date of receipt of information. FTTC Act change
Issuance of Multiple Tax Credits	Under the current legislative scheme, a tax credit certificate shows the amount of the single tax credit that may be claimed by the corporation in the taxation year in which the date of receipt falls.	Applicants would have the option of claiming multiple tax credits during the production (for the taxation year in which eligible expenses were incurred) or claiming a single tax credit at the end (for the last taxation year in which eligible expenses were incurred) once all final documentation has been submitted. FTTC Act change
Excluded Productions	A production in respect of a game, questionnaire or contest and reality television are excluded from the FTTC program.	The clauses that relate to game show and reality television would be adjusted so that types of these productions would become eligible. FTTC Regulation change
Added Consideration for Rural and Remote Filming	New	Productions could be eligible for the 30 per cent tax credit rate when at least 75 per cent of principal photography occurs in rural and remote regions of Alberta. FTTC Regulation change
Required Information for Authorization	A production plan must contain a copy of the chain of title documentation in respect of the project when applying for an authorization letter.	The chain of title documentation would only be required if the project is under the 30 per cent tax credit category. FTTC Regulation change
Administrative Changes	New	Some administrative changes would be implemented as follows: (a) A new provision would be included which empowers the Minister to issue directives or guidelines with respect to some matters. FTTC Regulation change (b) A new provision would be added so that no interest is accrued and paid on tax credits owed to eligible corporations. Alberta Corporate Tax Act change