

Treatment of Tax Credits

**Applicable to Production Applications to the
Canadian Television Fund**

**Policy in effect as of 2005-2006
(Revised 2006-2007)**



Canadian Television Fund

Treatment of Tax Credits

Broadcaster Performance Envelopes

Federal and provincial tax credits are not required to be included in the financial structure for projects receiving funding from the CTF program, whether funding is licence fee top-up alone or a combination of licence fee top-up and equity. In general, the elements of the financial structure, including the extent to which federal and provincial tax credits are included, will be determined by the market place.

Where tax credits are included in the financing structure of a project, the amount included should not exceed 90% of the estimated federal and provincial tax credits. The inclusion of more than 90% of the estimated federal and provincial tax credits in the production financing will be permitted, however, where a producer advises the CTF that (a) all alternative financing sources have been exhausted and that producer wishes to include the additional tax credit amounts in the financial structure for the project, or (b) a provincial tax credit regime effectively requires the inclusion of the full amount of the tax credits in the financial structure for the project.

The CTF will actively monitor the level of tax credits included in the financial structures of CTF funded projects. If the 90% threshold set out above is exceeded on a consistent basis, then the CTF will consider amending its Program Guidelines to implement additional safeguards.

In addition, if based on the CTF's judgment, a broadcaster is found to be practicing unfair dealing with a producer by consistently requiring the inclusion of more than 90% of the estimated tax credits in the financial structure for projects, the CTF may elect to freeze the use of the broadcaster's envelope until the situation is remedied.