

Province extends film, TV tax credits

Marke Andrews, Vancouver Sun

Published: Saturday, January 21, 2006

The provincial government will extend the enhanced labour tax credits available to film and television producers for another two years.

Finance Minister Carole Taylor announced Friday that the 30-per-cent tax credit on B.C. labour employed by domestic productions will extend to March 31, 2008, and the 18-per-cent labour tax credit for foreign-based productions will extend to May 31, 2008. Those credits were increased from 20 per cent (domestic) and 11 per cent (foreign) last January after many productions planned to relocate to Ontario to get a better tax break.

Friday's decision comes a month before the provincial budget, at a time when producers are making decisions about projects for the coming year.

Taylor said the government based its decision largely on the recent InterVISTAS study, which found that the industry is a mobile one that will move to where it can find the best deal, and that the competition among film jurisdictions is fierce.

"I thought it was important to harmonize this issue and give certainty to the industry," said Taylor. "I know how productions get booked, and if you're putting together a financial package for a film production that's going to happen in April, and you have the possibility that the tax regime may change in March, it's very difficult.

"I just wanted to settle this down. We have great confidence in the film industry," said Taylor, who said that an industry that brings in \$1.2 billion to province's economy and \$123 million to the provincial tax base is "an important industry" to support.

She added that the government will conduct a further review of the industry in 2007 to see if things like the labour tax credits are worth retaining beyond 2008.

Members of the industry welcomed Friday's announcement.

"This is fantastic news. We're elated," said Peter Leitch, president of Lions Gate Studios and chair of the Motion Picture Production Industry Association of B.C.

"We've worked hard to make sure the industry is competitive, and working together we've now created an environment where we'll continue to keep this business coming to British Columbia."

The timing couldn't be better, said Leitch, because so many producers make decisions on their year's productions in January.

"We were seeing a slowdown from the middle of [last] year going forward because there was uncertainty about the tax credit," Leitch said. "We're very confident about the year ahead."

Leitch said the industry's labour unions are negotiating for a long-term contract "that will provide stability on the labour front," and the film industry is in close contact with its U.S. customers "to make sure we can meet their budgets."

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