

## **Nova Scotia Film Tax Credit**

In 2014/15 the cost of the Film Industry Tax Credit was \$23.5 million.

Film production associated with the film tax credit was \$66.8 million, as the total spend of \$122 million includes other things which are not related to the NS tax credit, like news shows, sports and current affairs by broadcasters.

For every production dollar spent in NS, the government provides 35 cents. This is the highest level of government support across all industries.

For FITC-related production, the province provides a subsidy of about \$42K per direct FTE employed, and \$17.6K for direct and spin-off FTEs employed.

In terms of NS provincial corporate taxes paid by applicant and parent companies receiving the credit --- they pay less than 1% of the value of the credit in taxes. The remaining 99% is a subsidy to the applicant company.

In 2013-14, the last year that complete tax data is available, \$26.4M was spent on the film tax credit, of which \$66.8M was NS production costs, and \$39.4M is salaries and wages. The revenue from personal, consumption and corporate taxes is estimated to be about \$6M. This means for every \$1 of the tax credit, the government receives less than \$25 cents back in taxes.

### **Details**

- In fiscal year 2014/15 the cost of the FITC was \$23.5 million
  - In the 2014 tax year, the cost of the FITC was \$26.8 million
- The total volume of film and television production in Nova Scotia is \$122 million. In 2013/14 \$66.8 million was spent in NS attributable to the FITC. The \$122 million includes production not attributable to the NS FITC because it also includes:
  - Broadcaster in-house production includes television programs made in their own facilities, primarily news, sports, and current affairs programming, e.g. CBC, Eastlink
  - It includes the value of the federal film tax credit
  - It includes the value of funding from the Canadian Media fund which would be made in the Province without a tax credit being in place
  - This data is from the 2014 Profile – Economic Report on the Screen-based Media Production Industry in Canada, produced by the Canadian Media Production Association (CMPA)
- Economic impact of film spending is not the same as provincial tax revenue that government earns
  - In terms of NS provincial corporate tax:

- FITC applicant companies – Between 2001-2013, 99.4 percent of costs are distributed as refundable tax credits that do not offset any gross provincial tax. 0.6 per cent of costs are offsets of gross provincial tax.
  - In 2012, including both the FITC applicant and parent companies – 99.1 percent of costs are distributed as refundable tax credits that do not offset any gross provincial tax. 0.09 per cent of costs are offsets of gross provincial tax.
- The direct return for FTEs working for the film industry related to the tax credit is calculated as follows:
  - In 2013-2014, of the \$66.8 M that was NS production costs, \$39.4 Million was in salaries and wages. (Per application information).
  - We can estimate the taxes paid based on these salary figures, using tax yield information.
  - Based on the tax yields for provincial consumption taxes (e.g. HST, tobacco, motive fuel), personal income tax and corporate, we can estimate the anticipated tax yield of \$39.4M in salaries as \$5.95M
  - Therefore the film tax credit of \$26.4M in 2013-2014, yielded about \$6M in taxes
- Associated with the \$122M of total film and television production in Nova Scotia, is the employment of 1,140 direct FTEs in the industry
  - 54% of this spending is attributable to the FITC
  - 54% of the FTEs in the industry would be 624 FTEs
  - Therefore, in 2013/14 the province provided a subsidy of \$42,294 per direct FTE employed for FITC-related production
  - Adding indirect FTEs employed, increase the FTE impact by 2,730 FTEs for the total industry. Using the 54% attributable to the FITC, direct and spin-offs would be about 1,494 FTEs
  - Therefore in 2013/14, the province provided a subsidy of \$17,661 per direct and spin-off FTE related to FITC production
  - This data is from the 2014 Profile – Economic Report on the Screen-based Media Production Industry in Canada, produced by the Canadian Media Production Association (CMPA)