

MAJOR TAX CREDITS in MANITOBA (FEDERAL and PROVINCIAL)

Manitoba Manufacturing Investment Tax Credit

The Manufacturing Investment Tax Credit program targets manufacturing plant and equipment purchased for first-time use in manufacturing or processing in Manitoba. Qualified investments must have been made after March 11, 1992 and before January 1, 2021.

Corporations earn a 10% tax credit (for eligible property acquired on or before April 11, 2017) or 9% tax credit (for eligible property acquired on or after April 12, 2017) which can be applied against Manitoba corporate income tax payable in the year earned, with unused credits available for a 10-year carry-forward and a three-year carry-back (to taxation years ending after March 11, 1992 or after April 22, 2003 for class 43.1 property). This credit is 8/10 refundable and 1/10 non-refundable with respect to qualified property acquired on or after April 12, 2017. This credit is 8/10 refundable and 2/10 non-refundable with respect to qualified property acquired after June 30, 2013 and before April 12, 2017. It is 7/10 refundable and 3/10 non-refundable with respect to qualified property acquired on or before June 30, 2013. This program is administered by Canada Revenue Agency on behalf of Manitoba.

The Manufacturing Investment Tax Credit includes equipment under class 43.1 purchased between April 22, 2003 and December 31, 2017. Class 43.1 includes (for a firm's own consumption) equipment used to produce energy from renewable sources and equipment that uses energy more efficiently. Class 43.2 Assets also qualify for the credit.

For more information, visit:

Website: [Taxation, Economic and Intergovernmental Fiscal Research Division](#)

Green Energy Equipment Tax Credit

The Green Energy Equipment Tax Credit is a refundable tax credit promoting the production and purchase of machinery and equipment used to generate renewable energy in Manitoba. Geothermal heating equipment is eligible for a maximum 15% credit and solar thermal heating equipment is eligible for a 10% credit. Biomass fuel energy equipment installed in Manitoba and used in business is eligible for a 15% credit.

For more information, visit:

Website: www.gov.mb.ca/finance/business/ccredits.html

Manitoba Film and Video Production Tax Credit

The Manitoba Film and Video Production Tax Credit is scheduled to expire December 31, 2018.

This refundable corporate income tax credit is based on eligible salaries paid to Manitoba residents and qualifying non-resident employees for work performed on an eligible film or video produced in Manitoba. The basic rate of the credit is 45%.

Salary associated with non-resident employees cannot exceed 30% of eligible salaries paid to Manitoba residents when two or more Manitoba residents are trained for each non-resident employee; or 10% if only one Manitoba resident is trained.

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A corporation that produces three eligible films in two years earns an additional 10% frequent-filming bonus on eligible salaries paid with respect to the third qualifying production.

A 5% Manitoba producer bonus applies based on eligible salaries where a Manitoba resident receives credit as a producer on an eligible film.

A 5% rural and northern bonus applies on eligible salaries paid for work performed in Manitoba on productions where a permanent establishment of the applicant corporation is located, and 50% of principal photography days took place, at least 35km from Winnipeg.

With the frequent filming bonus, producer bonus and rural and northern bonus, a film that meets all program criteria may now earn a maximum 65% credit on eligible salaries.

The tax credit is processed as part of a qualifying company's annual income tax return and administered by the Canada Revenue Agency. Tax certificates are provided by Manitoba Film and Music who ensure the production is an eligible film, the applicant is an eligible corporation, and that the applicant's estimate of the tax credit is reasonable.

For more information, contact:

[Manitoba Film & Music](#)

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Canadian Film or Video Production Tax Credit

The Canadian Film or Video Production Tax Credit (CPTC) is a refundable corporate tax credit designed to encourage the creation of Canadian film and television programming and the development of an active domestic independent production sector.

The CPTC is only available to qualified corporations. A qualified corporation is one that is throughout the year a prescribed taxable Canadian corporation that has a permanent establishment in Canada and primarily carries on the activities of a Canadian film or video production business.

The CPTC is available at a rate of 25% of the qualified labour expenditures for an eligible production. The qualified labour expenditures may not exceed 60% of the cost of the production net of assistance. Therefore, the tax credit will not exceed 15% of the total cost of production net of assistance. The total cost of production will be reduced by any assistance received.

For more information, visit:

Website: www.cra-arc.gc.ca/tx/nnrdsnts/flm/menu-eng.html

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Film or Video Production Services Tax Credit

The Film or Video Production Services Tax Credit (PSTC) is a refundable tax credit designed to encourage the employment of Canadians by a taxable Canadian corporation or foreign-based film producers. The PSTC is available at a rate of 16% of the qualified Canadian labour expenditures.

The qualified Canadian labour expenditure for a production refers to all amounts, which are Canadian labour expenditures less any form of government or non-government assistance.

The Canadian labour expenditure includes amounts paid for the accredited production for:

- salary or wages of an eligible production corporation;
- remuneration of a partnership or person who provides services to the eligible production corporation; and
- reimbursements made by a wholly-owned subsidiary to a taxable Canadian corporation (the parent corporation) of expenditures incurred by the parent for the accredited production.

There is no limit on the amount of PSTC that can be received by an eligible production corporation for any production. However, the PSTC is not available where a production corporation has claimed a Canadian film or video Production tax credit for the production.

For more information, visit Canada Revenue Agency at:

www.cra-arc.gc.ca/tx/nnrdsnts/flm/menu-eng.html

Interactive Digital Media Tax Credit

The Manitoba Interactive Digital Media Tax Credit (MIDMTC) is a refundable corporation income tax credit. The tax credit is equal to 40 per cent of the remuneration paid to Manitobans on eligible projects approved by the Department of Growth, Enterprise and Trade. The maximum tax credit on eligible projects is \$500,000. This credit is scheduled to expire December 31, 2022.

Budget 2016 announced a review of this credit to consider enhanced eligibility criteria for larger digital media companies that establish a significant job-creating presence in Manitoba.

The qualifying company must be a taxable Canadian corporation with a permanent establishment in Manitoba. The tax credit is processed as part of a qualifying company's annual income tax return and administered by the Canada Revenue Agency.

For more information, contact:

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RESEARCH AND DEVELOPMENT TAX CREDITS

Federal Scientific Research and Experimental Development (SR&ED) Tax Incentive Program

The Scientific Research and Experimental Development (SR&ED) Program, administered by the Canada Revenue Agency (CRA), encourages Canadian businesses of all sizes, and in all sectors to conduct research and development (R&D) in Canada. It is the largest single source of federal government support for industrial R&D.

Generally, a Canadian-controlled private corporation (CCPC) can earn a refundable Investment Tax Credit (ITC) at the enhanced rate of 35% on qualified SR&ED expenditures up to a maximum threshold of \$3 million. This 35% ITC is 100% refundable on qualified SR&ED expenditures and 40% refundable on qualified SR&ED capital expenditures incurred before 2014.

A CCPC can also earn a non-refundable ITC at the basic rate of 15% on an amount over the \$3 million threshold, of which 40% can be refunded. A CCPC that meets the definition of a qualifying corporation can earn a refundable ITC at the basic rate of 15% on an amount over the \$3 million threshold, of which 40% can be refunded. Other corporations can earn a non-refundable ITC at the basic rate of 15% on qualified SR&ED expenditures. The ITC can be applied to reduce tax payable. Individuals (proprietorships) and trusts can earn a refundable ITC at the basic rate of 15% on qualified SR&ED expenditures. The ITC must be applied against tax payable and the remaining ITC can be refunded, up to a maximum of 40%.

For more information, visit:

Canada Revenue Agency

Website: <http://www.cra-arc.gc.ca/txcrdt/sred-rsde/menu-eng.html>

Manitoba Research and Development Tax Credit

The Manitoba Research and Development Tax Credit program targets scientific research and experimental development (as defined for federal purposes) carried on in Manitoba.

Corporations may earn a tax credit which can be applied against Manitoba corporate income tax payable in the year earned, with unused credits available for a 20-year carry-forward and a three-year carry-back. This income tax credit is administered by the Canada Revenue Agency on behalf of Manitoba. The tax credit rate is 20% for eligible expenditures made before April 12, 2017 and 15% for eligible expenditures made after April 11, 2017

The credit is refundable for eligible expenditures incurred after 2009 by a corporation with a permanent establishment in Manitoba and where the research and experimental development is carried on in Manitoba under an eligible contract with a qualifying research institute.

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The 2013 federal budget removed capital expenditures from the federal investment tax credit base, but Manitoba Budget 2013 protected the Manitoba credit from this federal tax cutting measure. The federal budget also reduced to 80% the claimable portion of contract payments; Manitoba retained full eligibility for contract payments to eligible institutes only. Manitoba reflected the further federal change reducing the prescribed proxy amount to recognize overhead costs attributable to eligible projects, from 65% to 60% of direct labour costs in 2013, and to 55% starting in 2014.

For more information, visit:

Website: www.gov.mb.ca/finance/business/ccredits.html

Source: Manitoba Finance

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