

OIDMTC

Ontario Interactive Digital Media Tax Credit

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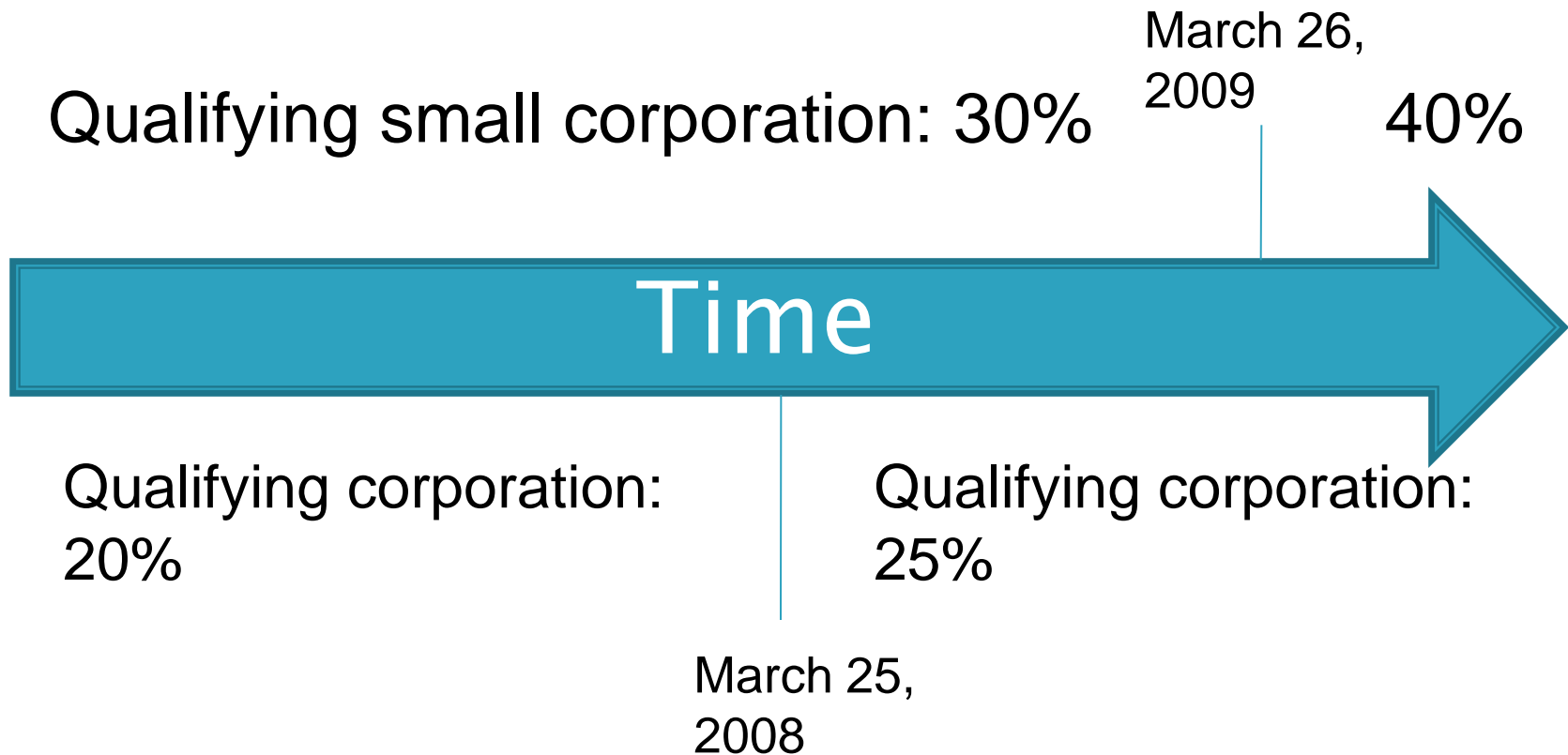
Introduction

- The Ontario Interactive Digital Media Tax Credit (OIDMTC) is a refundable tax credit that supports business interactive media development in Ontario

Who is eligible?

- ❑ A qualifying corporation is
 - ❑ Canadian or foreign-owned
 - ❑ Operate in Ontario
 - ❑ Files Ontario tax return
- ❑ A qualifying **small** corporation (on an associated company basis)
 - ❑ Gross revenue < \$20 million
 - ❑ Total assets < \$10 million

What are the benefits?



What products are eligible?

- ❑ Two types of products
 - ❑ Eligible products: developed and sold by the corporation
 - ❑ Specified products: developed under a fee-for-service for an arm's length purchaser corporation after March 23, 2006
- ❑ **Definition:** a combination of 1 or more application files, data files, all in digital format, that are integrated and are intended to operate together

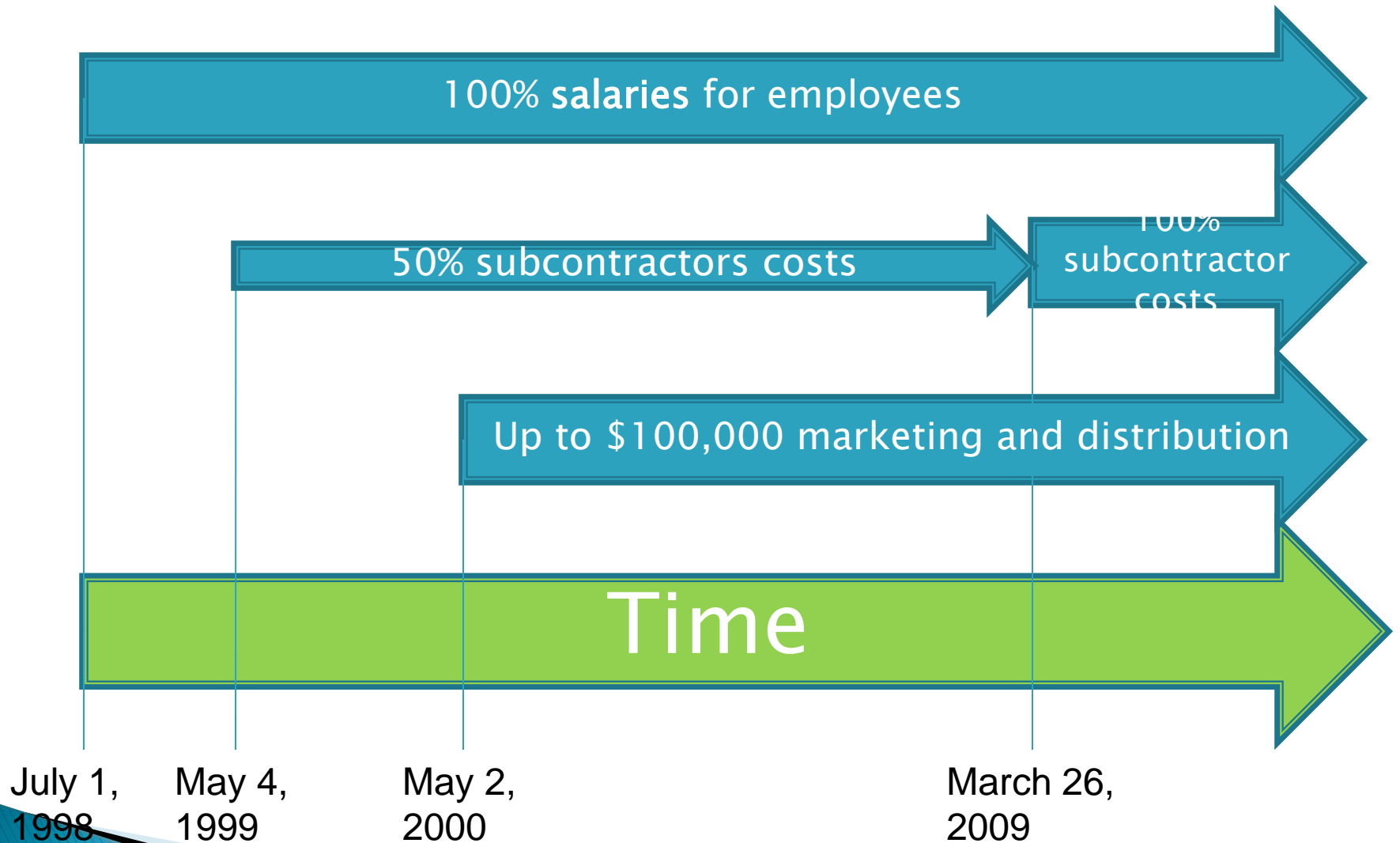
What products are eligible

- ❑ Products' purpose is to educate, inform, or entertain user
- ❑ Presents information in two of **text, sound, images**
- ❑ Product is NOT used for interpersonal communication or to promote the corporation's products/services
- ❑ Eligible examples: Websites, Games, educational media products
- ❑ Ineligible examples: spreadsheet, database

What expenditures are eligible?

- ❑ Labour (employees and subcontractors)
 - ❑ Must be Ontario resident
 - ❑ If the product was completed before March 25, 2008, labour expenses incurred within 25-month period ending at the completion date can be claimed
 - ❑ If the product was completed after March 25, 2008, it's extended to 36 months before the completion date
- ❑ Marketing and Distribution
 - ❑ Ex. Advertising, trade shows, printing, etc
 - ❑ 24 months before, 12 months after the completion date

How much expenditures are eligible?



How is the credit administered?

- ❑ Application fee of 0.1% of the total qualifying expenditures (minimum \$100)
 - ❑ Ex. Total expenditures = \$200,000, application fee = \$200
- ❑ Application submits to OMDC for a certificate of eligibility (usually within 3–5 months)
- ❑ Then the certificate is filed together with the tax return for the refund
- ❑ Application for OI DMTC are submitted only after the eligible product(s) are completed and commercialized