



# FILM AND MEDIA TAX CREDITS

## Residency guidelines

### ABOUT FILM AND MEDIA TAX CREDITS

The Canada Revenue Agency (CRA) administers film and media tax credits for the federal government and the provinces of British Columbia, Ontario and Manitoba. These tax credits are generally based on qualifying labour expenditures paid by corporations to their employees and other qualifying individuals who are residents of Canada. To learn more about information on this page, visit [canada.ca/taxes-film](https://canada.ca/taxes-film) and [canada.ca/taxes-individuals](https://canada.ca/taxes-individuals).

**In Canada, income tax obligations are based on residency status, not on citizenship or immigration status.**

### FACTUAL RESIDENTS AND DEEMED RESIDENTS

For the purposes of film and media tax credits, residents of Canada include factual residents and deemed residents. Salaries and remuneration paid to non-residents, and individuals who are considered residents of another country under the terms of a tax treaty between Canada and that country, do not qualify.

**Factual residents** are individuals who have established significant residential ties to Canada. They are subject to Canadian and provincial or territorial income tax on worldwide income during the part of the year that they were a factual resident. Salaries and remuneration paid to factual residents of Canada **may qualify for the federal and provincial** film and media tax credits.

**Deemed residents** are individuals who have not established significant residential ties to Canada but were in Canada for 183 days or more in a calendar year. They are subject to Canadian income tax on worldwide income throughout the year and are subject to a federal surtax instead of provincial tax. Salaries and remuneration paid to deemed residents of Canada may qualify for the federal film tax credits only. They **do not qualify for the provincial** film and media tax credits.

### DUAL RESIDENTS AND TEMPORARY FOREIGN WORKERS

You can be a resident for tax purposes in more than one country at the same time. **In such cases, and if there is a tax treaty between Canada and the other country, individuals will be considered residents where they have the strongest social and economic ties.**

For example, Canada has a tax treaty with the United States (U.S.). An individual who is considered a resident of both Canada and the U.S. will be considered a resident for tax purposes in the country in which they have established the strongest ties. If they have stronger ties in the U.S., they will be deemed non-residents in Canada for tax purposes and will not qualify for federal or provincial/territorial film and media tax credits.

**A work permit is one indicator of a temporary stay in Canada, but is not conclusive for determining residency for tax purposes.** The residency status of each individual is reviewed independently, on an annual basis, and is based on the facts and information made available to the CRA at the time of an audit.

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### LIST OF DOCUMENTS – EVIDENCE OF SIGNIFICANT TIES TO CANADA

The CRA considers the documents listed below to be evidence of significant ties to Canada. However, the CRA may ask for more information. All documents sent to the CRA are subject to verification, especially in situations where there is dual residency and an income tax treaty applies.

The CRA requires a copy of any one of the following documents to support residency status.

- ☐ Notice of assessment (T1) showing that the individual is a resident of Canada/province for the relevant tax year.
- ☐ Letter from the CRA giving an opinion of the individual's residency status in Canada for the relevant year(s) after completing Form NR74, Determination of Residency Status (Entering Canada) or NR73, Determination of residency status (leaving Canada).
- ☐ Long-term (one year or more) lease or purchase of a Canadian dwelling with utility and/or cell phone bills showing the individual is living at that Canadian address.

If none of the above documents are available, the CRA requires a copy of three of the following documents to support residency status.

- ☐ Copy of the last income tax return filed in the country of origin and/or any document filed with the foreign tax authority in which the individual has declared that they are no longer a resident.
- ☐ Short-term (less than a year) lease agreement or letter from a landlord supporting a rental agreement.
- ☐ Provincial/territorial health or services card for the individual, their spouse and/or dependant.
- ☐ Driver's licence or vehicle registration from the relevant province/territory\*.
- ☐ Professional association or union membership in Canada.
- ☐ Statements of accounts (for example, bank accounts, retirement savings plan, credit cards, securities accounts) from a Canadian branch of a financial institution.

\*A provincial or territorial services card that includes health care and a driver's licence will count as two documents.

### ROLES AND RESPONSIBILITIES

**Individuals are responsible for determining their residency status and corporations claiming a credit are responsible for keeping supporting documentation on file.** Individuals who need help to determine their residency status for tax purposes may complete either form NR74, Determination of residency status (entering Canada) or NR73, Determination of residency status (leaving Canada) and send it to the International tax and non-resident enquiries office for an opinion.

### CRA FILM AND MEDIA SERVICES

The film services units administer and provide access to all programs dealing with film and media production that are under the responsibility of the CRA. The units serve as a gateway to people in the Canadian film industry. For contact information for the film services unit closest to you, visit [canada.ca/taxes-film](http://canada.ca/taxes-film).