

**Ontario Computer Animation and Special Effects Tax Credit
(2015 and later tax years)****Protected B**
when completed

Corporation's name	Business number	<div> <div>Year</div> <div>Tax year-end</div> <div>Month</div> <div>Day</div> </div>
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- Use this schedule to claim an Ontario computer animation and special effects (OCASE) tax credit under section 90 of the *Taxation Act, 2007* (Ontario). Complete a separate Schedule 554 for each eligible production.
- The OCASE tax credit is a refundable tax credit that is equal to 20% of the qualifying labour expenditures, incurred before April 24, 2015, and 18% of expenditures incurred after April 23, 2015, by a qualifying corporation in a tax year, that are directly attributable to eligible computer animation and special effects activities (ECASEA) for an eligible production. Transitional rules may allow qualifying labour expenditures incurred after April 23, 2015 and before August 1, 2016 to be eligible for the 20% rate, see Part 4.
- For a production that only starts incurring eligible expenditures after April 23, 2015, the qualifying corporation must have also been issued a certificate for either the Ontario Production Services Tax Credit (OPSTC) or the Ontario Film and Television Tax Credit (OFTTC) for the production to be an eligible production.
- The criteria for a corporation to be eligible for the OCASE tax credit include the eligibility requirements in Part 3 of this schedule.
- Before claiming an OCASE tax credit, a qualifying corporation must first complete and sign the Ontario Media Development Corporation (OMDC) application for an OCASE tax credit, and send it with a videotape or DVD copy of the animation or visual effect (AVE) for which the request is being made to the OMDC. If the AVE is eligible, the OMDC will issue a certificate certifying the estimated amount of the corporation's OCASE tax credit for the tax year. Only one certificate of eligibility is issued for all of the eligible productions of the qualifying corporation for the tax year for the OCASE tax credit. Enter the certificate information for this production in Part 2 of this schedule.
- To claim the OCASE tax credit, include a completed copy of this schedule for each production and a copy of the certificate of eligibility issued by the OMDC with the T2—*Corporation Income Tax Return for the tax year*. If you are filing electronically, submit a copy of the certificate of eligibility to the appropriate Film Services Unit (FSU) at cra.gc.ca/filmservices. The location of the qualified corporation's books and records usually determines which FSU will handle the review of your claim.

Part 1 – Contact information

110 Name of person to contact for more information	120 Telephone number
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Part 2 – Identifying the eligible production

200 Certificate of eligibility number
210 Production title
220 Estimated OCASE tax credit for this production

Part 3 – Eligibility

1. Is the corporation a Canadian corporation that for the tax year, performed ECASEA for the eligible production at a permanent establishment in Ontario? **300** 1 yes ☐ 2 no ☐
2. Was the corporation exempt from tax for the tax year under Part III of the *Taxation Act, 2007* (Ontario)? **310** 1 yes ☐ 2 no ☐
3. Was the corporation, at any time in the tax year, controlled directly or indirectly, in any manner, by one or more corporations, all or part of whose taxable income is exempt from tax under section 57 of the *Corporations Tax Act* (Ontario) or Part III of the *Taxation Act, 2007* (Ontario)? **320** 1 yes ☐ 2 no ☐
4. Was the corporation, at any time in the tax year, a prescribed labour-sponsored venture capital corporation? **330** 1 yes ☐ 2 no ☐

If you answered **no** to question 1, or **yes** to question 2, 3, or 4, then you are **not eligible** for the OCASE tax credit.

Part 4 – Ontario labour expenditures before April 24, 2015**Transitional rules**

The corporation may claim Ontario labour expenditures after April 23, 2015, and before August 1, 2016, at the 20% rate if the corporation meets all the following criteria:

- before April 24, 2015, the corporation has entered into at least one written agreement in respect of a qualifying labour expenditure for the eligible production with a person that deals at arm's length with the corporation and any of the following criteria:
 - the agreement is in respect of digital animation or digital visual effects for use in the eligible production
 - the agreement demonstrates, in the opinion of the minister of Tourism, Culture and Sport, the corporation has made a significant commitment to production activities related to the eligible production in Ontario.
- before August 1, 2015, the corporation has notified in writing the Ontario Media Development Corporation of its intent to apply for a certificate in respect of the eligible production;
- before August 1, 2016, the corporation has applied to the Ontario Media Development Corporation for a certificate in respect of the eligible production;
- principal photography or key animation for the production commenced before August 1, 2015.

If eligible, complete parts 4 and 5 instead of parts 6 and 7.

Qualifying wage amount incurred for salaries and wages paid to employees of the corporation and directly attributable to ECASEA performed in Ontario **400** _____ A

Add:

Qualifying remuneration directly attributable to ECASEA performed in Ontario paid to:

- other taxable, arm's length Canadian corporations solely owned by an individual * **411** _____ B
- individuals **412** _____ C
- eligible partnerships **422** _____ D

Amounts paid to a parent corporation for Ontario labour expenditures incurred by it in respect of the subsidiary wholly-owned corporation's ECASEA under a reimbursement agreement, effective for a production, if principal photography commenced after March 22, 2007 **440** _____ E

Subtotal (total of amounts A to E) **▶** _____ F

Complete lines 450 and 460 if there is an entry on line 440:

Name of parent corporation **450** _____

Business Number of parent corporation **460** _____

Deduct: Ontario labour expenditures that the corporation (parent) transferred under a reimbursement agreement to a subsidiary wholly-owned corporation **470** _____ G

Total Ontario labour expenditures (amount F minus amount G) (if negative, enter "0") **480** _____ H

* These other corporations must meet the requirements of paragraph 4 of subsection 25(4) of *Regulation 37/09* of the *Taxation Act, 2007* (Ontario), subject to the restrictions stated in subsection 25(2.1).

Part 5 – Assistance before April 24, 2015

Assistance related to expenditures incurred for the eligible production (other than excluded government assistance) that the qualifying corporation, or other person, or partnership has received, is entitled to receive, or may reasonably expect to receive:

Amount of assistance directly attributable to amount H in Part 4 **500** _____ I

Amount of assistance not directly attributable to amount H in Part 4 **510** _____ J

Prescribed cost, as defined in subsection 24 (1) of *Regulation 37/09* of the *Taxation Act, 2007* (Ontario) **520** _____ K

Amount J _____ × $\frac{\text{amount H in Part 4}}{\text{amount K}}$ = **530** _____ L

Total assistance (amount I plus amount L) **540** _____ M

Part 6 – Ontario labour expenditures after April 23, 2015

Qualifying wage amount incurred for salaries and wages paid to employees of the corporation and directly attributable to ECASEA performed in Ontario **615** _____ N

Add:

Qualifying remuneration directly attributable to ECASEA performed in Ontario paid to:

- other taxable, arm's length Canadian corporations
solely owned by an individual * **616** _____ O
- individuals **618** _____ P
- eligible partnerships **622** _____ Q

Amounts paid to a parent corporation for Ontario labour expenditures incurred by it in respect of the subsidiary wholly-owned corporation's ECASEA under a reimbursement agreement, effective for a production, if principal photography commenced after March 22, 2007 **640** _____ R

Subtotal (total of amounts N to R) **▶** _____ S

Complete lines 650 and 660 if there is an entry on line 640:

Name of parent corporation **650** _____

Business Number of parent corporation **660** _____

Deduct: Ontario labour expenditures that the corporation (parent) transferred under a reimbursement agreement to a subsidiary wholly-owned corporation **670** _____ T

Total Ontario labour expenditures (amount S minus amount T) (if negative, enter "0") **680** _____ U

* These other corporations must meet the requirements of paragraph 4 of subsection 25(4) of *Regulation 37/09* of the *Taxation Act, 2007* (Ontario), subject to the restrictions stated in subsection 25(2.1).

Part 7 – Assistance after April 23, 2015

Assistance related to expenditures incurred for the eligible production (other than excluded government assistance) that the qualifying corporation, or other person, or partnership has received, is entitled to receive, or may reasonably expect to receive:

Amount of assistance directly attributable to amount U in Part 6 **700** _____ V

Amount of assistance not directly attributable to amount U in Part 6 **710** _____ W

Prescribed cost, as defined in subsection 24(1) of *Regulation 37/09* of the *Taxation Act, 2007* (Ontario) **720** _____ X

Amount W _____ × $\frac{\text{amount U in Part 6}}{\text{amount X}}$ = **730** _____ Y

Total assistance (amount V plus amount Y) **740** _____ Z

Part 8 – Tax credit calculation

Qualifying labour expenditures before April 24, 2015
(amount H in Part 4 minus amount M in Part 5) (if negative, enter "0") **600** _____ AA

Qualifying labour expenditures after April 23, 2015
(amount U in Part 6 minus amount Z in Part 7) (if negative, enter "0") **601** _____ BB

Ontario computer animation and special effects tax credit before April 24, 2015 (amount AA multiplied by 20%) **610** _____ CC

Ontario computer animation and special effects tax credit after April 23, 2015 (amount BB multiplied by 18%) **611** _____ DD

Total Ontario computer animation and special effects tax credit (amount CC plus amount DD) **612** _____ EE

Enter amount EE on line 456 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 554, add all the amounts from line EE and enter the total amount on line 456 of Schedule 5.

See the privacy notice on your return.