

FILM AND MEDIA TAX CREDITS

Residency determination for tax purposes

ABOUT FILM AND MEDIA TAX CREDITS

The Canada Revenue Agency (CRA) administers [film and media tax credits](#) on behalf of the federal government and the provinces of British Columbia, Ontario and Manitoba. These tax credits are based upon qualifying labour expenditures paid by corporations to their employees and other qualifying individuals who are [residents of Canada](#).

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

Residents of Canada for the purposes of film and media tax credits include “factual residents” and “deemed residents”. 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.

WHAT ARE FACTUAL RESIDENTS?

Individuals who have established significant residential, economic and social 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 or remuneration paid to factual residents may qualify for the federal and provincial film and media tax credits.

WHAT ARE DEEMED RESIDENTS?

Individuals who have not established significant 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 or 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

It is possible to be a resident for tax purposes in more than one country at the same time. In such cases, and where a tax treaty exists between Canada and the other country, individuals will be considered residents where they have the strongest residential, social and economic ties. For example, as Canada has a tax treaty with the United States (US), US citizens will be considered residents in the country in which they have established the strongest ties. If they have stronger ties in the US, they will be deemed non-residents in Canada for tax purposes and will not qualify for federal and provincial film and media tax credits.

A work permit is one indicator of temporary stay in Canada, but is not conclusive for determining residency for tax purposes. The resident 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 STRONG TIES TO CANADA

The CRA considers the documents listed below to be evidence of strong ties to Canada but may request additional information as outlined in the CRA's [Determining an Individual's Residence Status](#) bulletin. All documents submitted to the CRA are subject to further verification, especially in situations of dual residency where an income tax treaty exists.

GREEN DOCUMENTS

The CRA requires a copy of any one of the green documents to support resident status.

- Notice of Assessment (T1) indicating the individual is a Resident of Canada/province for the relevant tax year
- Letter from the CRA giving an opinion of the individual's resident status in Canada for the relevant year(s) after completing the [Determination of Residency Status form \(NR74\)](#)
- 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

YELLOW DOCUMENTS

If no green documents are available, the CRA requires a copy of **three** yellow documents to support resident status.

- Copy of the last tax return filed in the country of origin and/or any document filed to 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 health card and/or services card for the individual, their spouse and/or dependant
- Driver's license or vehicle registration from the relevant province*
- 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 services card that includes a driver's license will count as two yellow documents.

ROLES AND RESPONSIBILITIES

Individuals are responsible for determining their own residency status and corporations claiming the credit are responsible for keeping supporting documentation on file. Individuals who need assistance determining their resident status for tax purposes may complete [Form NR74, Determination of Resident Status \(Entering Canada\)](#) and send it to their [tax centre](#) to receive an opinion from the CRA about their resident status.

CRA FILM AND MEDIA SERVICES

The [Film Services Units](#) (FSUs) administer or provide access to all programs dealing with film and media production that are under the responsibility of the CRA and serve as a gateway to other services specific to the film industry, such as [non-resident actors](#) and [behind-the-scenes personnel](#) who provide services in Canada, [customs](#), and the [GST/HST](#).

Click [here](#) to find a FSU near you.