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# Business Report

2010 B.C. Budget Overview  
March 2010



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The B.C. Government released its Provincial Budget on Tuesday, March 2, 2010. In its first post-Olympic Budget, the Province will run a slightly smaller deficit than the previous year's forecast. There were no major surprises as the government continues to focus on fiscal restraint, with minimal increases for Ministries outside of the Ministry of Health. The following is a summary of the income tax measures contained in the Budget.

## Income Tax Measures

### **B.C. HST Credit Introduced**

To help low and modest income individuals and families with the harmonized sales tax (HST), a new ongoing BC HST credit is introduced effective July 2010 to replace the previous B.C. Sales Tax Credit. The maximum annual tax credit is \$ 230 per family member. The maximum annual credit is reduced by four percent of family net income (recipient's and spouse's net incomes from the prior year) in excess of \$ 20,000 for single individuals and \$ 25,000 for families.

The credit will be paid together with the federal Goods and Services Tax Credit payment and the BC Low Income Climate Action Tax Credit payment which are made each January, April, July and October. The first payments under this program will be made in July 2010.

### **B.C. Interactive Digital Media Tax Credit Introduced**

A new BC Interactive Digital Media tax credit is introduced for qualifying projects beginning after August 2010. The tax credit rate will be 17.5 percent of qualifying BC labour employed in the development of qualifying interactive digital media. Interactive digital media means an interactive product made for use by an individual, the primary purpose of which is to educate, inform or entertain, and must include at least two of the following forms: text, sound and images. A certification process will be provided to assist in the tax credit application process. Projects must be completed to qualify for the tax credit.

### **Production Services Tax Credit Increased**

The basic Production Services Tax Credit rate is increased to 33 percent from 25 percent effective for productions with principal photography beginning after February 2010.

### **Film Incentive B.C. Cap Increased**

The Film Incentive BC tax credit rate of 35 percent applies to qualifying BC labour expenditures up to a cap of 48 percent of total production costs. This cap is increased to 60 percent for productions with principal photography beginning after February 2010. The increase in the cap to 60 percent matches the federal Canadian Film or Video Production tax credit cap.

### **Digital Animation or Visual Effects Tax Credit Increased**

The Digital Animation or Visual Effects tax credit, which is in addition to both the Film Incentive BC and Production Services tax credits, is increased to 17.5 percent from 15 percent for productions with principal photography beginning after February 2010.

### **B.C. Mining Flow-Through Share Tax Credit Extended**

The BC Mining Flow-Through Share Tax Credit is extended for three additional years to the end of 2013.

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