

## Digital Animation Tax Credit (DATC)

| PROJECT EXAMPLE                                | BUDGET                      |
|--|-----------------------------|
| A. Eligible Animation Salaries (Employees)     | \$ 800,000                  |
| B. Eligible Non-Animation Salaries (Employees) | \$ 100,000                  |
| C. Eligible Remuneration (3rd Party Labor)     | \$ 120,000                  |
| D. Overhead                                    | \$ 585,000 ((A + B) * 65%)  |
| E. Total Production Costs                      | \$1,585,000 (A + B + C + D) |
| F. Base Tax Credit*                            | \$ 396,250 (E * 25%)        |
| G. Digital Animation Tax Credit                | \$ 140,000 (A * 17.5%)      |
| H. Total Tax Credit                            | \$ 536,250 (F + G)          |
| I. Tax Credit as % of Labor                    | 60%                         |

\*Lesser of 25% of Total Production Costs OR 50% of Eligible Salaries

As of July 2015 animation labour in Nova Scotia will be eligible for a bonus of 17.5% on animation specific activities. This animation incentive is in addition to the standard credit available via Nova Scotia's DMTC.

With this addition the DMTC can provide an incentive of up to 60% on labour associated with the project. With no cap on eligible projects or labor costs, Nova Scotia is now the most attractive Canadian jurisdiction for animation development.