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March 26, 2008

Dear Clients:

Re: Enhancements to the OIDMTC in the March 25th Provincial Budget

We are pleased to inform you that the Budget announced by the Honourable Dwight Duncan, Minister of Finance, on Tuesday, March 25, 2008 included the following enhancements to the Ontario Interactive Digital Media Tax Credit (OIDMTC):

This Budget proposes:

- **to increase the 20 percent tax credit rate for corporations exceeding the size test and fee-for-service work to 25 percent for qualifying expenditures incurred after March 25, 2008 and before January 1, 2012**
- **to extend the enhanced 30 percent OIDMTC rate for small corporations to qualifying expenditures incurred after December 31, 2009 and before January 1, 2012**
- **to extend the eligibility period for eligible labour expenses for qualifying digital media products for the OIDMTC from two to three years. Currently, eligible labour expenditures for the OIDMTC must be incurred within the two-year period, ending when development of a product is completed. This measure would apply to products completed after March 25, 2008**

Currently, the OIDMTC rate is 30 percent for corporations with annual gross revenues of not more than \$20 million and total assets of not more than \$10 million that develop their own interactive digital media products. The previous 2006 Budget extended the OIDMTC at a rate of 20 percent to corporations that exceed the size test, and allowed corporations with a fee-for-service arrangement the entitlement to claim the OIDMTC in cases where all or substantially all of a "specified" product is developed by them. These 2006 Budget enhancements are effective for expenditures incurred after March 23, 2006, and before January 1, 2010.

Certificates issued by the OMDC cannot incorporate the changes until revisions to the OIDMTC have passed into law. If you have any questions regarding the changes, please call the OMDC at (416)314-6858.

Jennifer Blitz
Director Tax Credits & Financing Programs