

## Digital Media Tax Credit (DMTC)

PROJECT EXAMPLE	BUDGET
A. Eligible Salaries (Employees)	\$ 800,000
B. Eligible Remuneration (3rd Party Labor)	\$ 200,000
C. Overhead	\$ 520,000 (65%A)
D. Total Production Costs	\$ 1,520,000 (A + B + C)
E. Base Tax Credit*	\$ 380,000 (25%D)
F. Marketing & Distribution**	\$ 100,000
G. Total Tax Credit	\$ 480,000 (E + F)
H. Tax Credit as % of Labor	48%

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

\*\*Maximum of \$100,000 per product

New changes to the Nova Scotia Digital Media Tax Credit allow an assumed 65% of labor costs to be considered as part of the total project costs. If the company spends 65% or less on non-labor related costs they will not have to provide proof of expenditures for anything other than labor. If a company spends more than 65% of their labor costs on other production costs, they can still claim those costs by providing receipts and invoices.

These changes now provide an incentive of up to 48% on labor associated with a project. With no cap on eligible projects or labor costs, Nova Scotia is now the most attractive Canadian jurisdiction for video game development. Our Tax Credit has no language requirement and you are not required to include any information about Nova Scotia within your game.