

Ministry of Finance

Tax Bulletin



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British Columbia Book Publishing Tax Credit

Income Tax Act (British Columbia)

Do you provide book publishing services in British Columbia?

Do you need to know how to claim the British Columbia Book Publishing Tax Credit?

This bulletin provides specific tax information on the Book Publishing Tax Credit Program.

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Overview

The Book Publishing Tax Credit Program provides a refundable tax credit to eligible book publishing corporations that carry out business in British Columbia.

The amount of the refundable tax credit for a taxation year is equal to 90% of the base amount of Support for Publishers contributions you receive for the taxation year under the federal Canada Book Fund (CBF).

The CBF program (previously known as the Book Publishing Industry Development Program) has the purpose of building a strong and viable Canadian book industry that publishes and markets Canadian-authored books. The program is divided into two

main components: Support for Publishers and Support for Organizations. The Support for Publishers component supports the ongoing production and promotion of Canadian-authored books by providing financial assistance to Canadian-owned and controlled publishers. The Support for Publishers contributions consist of two possible amounts: a base amount and a supplementary amount based on export sales. For more information, and to see if you qualify for this program, please see www.pch.gc.ca/eng/1268182505843/1268239483048

Definitions

BC book publishing corporation means a corporation that:

- is Canadian-controlled throughout the taxation year as determined under sections 26 to 28 of the *Investment Canada Act*, and
- is a **book publishing corporation** that carries out its business primarily through a permanent establishment in British Columbia.

A corporation carries out its business primarily through a permanent establishment in British Columbia, in a taxation year, if:

- the corporation has a permanent establishment only in British Columbia, or
- the corporation has a permanent establishment outside British Columbia and the percentage determined by the following formula is greater than 50%.

$$\frac{A}{B} \times 100\%$$

where:

A = the total salaries and wages paid by the corporation to employees of the permanent establishment in British Columbia in the taxation year, and

B = the total salaries and wages paid by the corporation in the taxation year.

A BC book publishing corporation does not include a corporation that:

- is exempt from tax under section 27 of the *Income Tax Act* (British Columbia),
- is controlled directly, or indirectly, by persons who are exempt from tax under section 27 of the *Income Tax Act* (British Columbia) or under Part I of the *Income Tax Act* (Canada), or
- is a type or class of corporation prescribed by regulation.

Book publishing corporation means a corporation whose principal business is book publishing and that:

- offers books for retail sale,
- enters into contractual agreements with authors or copyright holders, and
- assumes the financial risks associated with the production and marketing of the books.

CBF contribution means a contribution paid before April 1, 2017, as a base amount under the Support for Publishers component of the CBF program, administered by the Department of Canadian Heritage.

Eligibility Requirements

Your corporation may claim the British Columbia book publishing tax credit provided **all of the following conditions** are met:

- your corporation is a BC book publishing corporation throughout the taxation year for which you are claiming the credit,
- you have received a CBF contribution in the taxation year that you are claiming the credit, and
- you have filed an application for the book publishing tax credit.

Claiming the Credit

You must first apply to the Department of Canadian Heritage to receive your CBF contribution. You may then be eligible for a British Columbia book publishing tax credit of 90% of the CBF contributions you receive in the taxation year.

You claim the British Columbia book publishing tax credit on **Schedule 5, Tax Calculation Supplementary - Corporations** form, and submit the Schedule 5 along with your **T2 Corporation Income Tax Return** to the Canada Revenue Agency (CRA). You enter the amount of the CBF contributions you received in the taxation year on line 886, and the amount of the credit you are claiming (amount on line 886 x 90%) on line 665. The credit is fully refundable; however, it will first be applied towards your corporation's tax payable.

Please note: You must claim the credit within **18 months** after the end of the taxation year in which you received your CBF contributions.

Canada Revenue Agency and the Ministry

The Ministry of Finance has contracted with the CRA to review and audit the book publishing tax credit claims. The CRA is responsible for issuing refund cheques to eligible BC book publishing corporations. If you disagree with the amount of credit assessed by the CRA, you have the right to file a *Notice of Objection* with the CRA within 90 days of the date of the *Notice of Assessment*.

Need more info?

British Columbia Book Publishing Tax Credit website: www.sbr.gov.bc.ca/business/income_taxes/corporation_income_tax/tax_credits/book_publishing.htm

Ministry of Finance

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Income Tax Act* and Regulation are on our website at www.sbr.gov.bc.ca/business/Income_Taxes/Corporation_Income_Tax/legislation.htm