

Interactive Digital Media Tax Credit Program Information

For Eligible Interactive Digital Media Corporations

Overview

The Interactive Digital Media Tax Credit (IDMTC) program is available for corporations whose primary business is the creation and development of interactive digital media and gaming products. The IDMTC program provides a 25 per cent refundable tax credit on qualifying labour expenditures.

Eligibility

In order to be eligible to register under the IDMTC, a corporation must:

- be permanently established in Alberta during the applicable taxation year;
- not be exempt from paying taxes in the taxation year; and
- meet either of the following requirements:
 - The corporation's eligible salary and wages is equal to or greater than \$2 million, or
 - The corporation's eligible salary and wages is equal to or greater than \$50,000 and less than \$2 million and the corporation is substantially engaged in one or both of the following:
 - the development of interactive digital media products; and/or
 - the provision of eligible activities to one or more recipient corporations that have permanent establishments in Alberta.

Eligible products

Products considered eligible for the program are developed for end-users on digital media platforms, networks or devices.

Eligible products must:

- consist of a combination of application files and data files, in a digital format, that are integrated and are intended to be operated together;
- be designed primarily to educate, inform or entertain the user;
- be used interactively by individuals and developed in Alberta; and
- be capable of presenting information in at least two of the following forms:
 - text
 - sound
 - images

Ineligible products

Products that are not considered eligible for this program include:

- operating system software;
- a product designed to be used by individuals for interactive communication;
- a product classified by the Entertainment Software Rating Board as "AO" (adults only);
- a product designed for marketing or promoting an entity, product or idea; and
- a product, in the opinion of the Minister, that is contrary to public policy.

Ineligible labour expenses

The following labour activities are not covered under this program:

- marketing;
- human resource services;
- administrative support services;
- management services;
- contracted services (if the contractor is eligible they can apply to the program separately); and
- activities attributable to an animated or live-action scene relating to an interactive digital media product, other than a cut scene, over which the user of the product has limited or no control.

Labour forecast

The following are required in order to be eligible to receive a conditional approval letter:

- the corporation's projected eligible salary and wages, including bonuses, during the fiscal year in which the application is made; and
- the actuals for eligible salary and wages, including bonuses, paid by the corporation in the fiscal year preceding the fiscal year in which the application is made.

Templates for both labour forecasts and actuals are available for corporations to download on the portal.

Conditional approval letter

After registration and submission of the labour forecast, corporations will receive a conditional approval letter that states the tax credit amount they are qualified to receive.

During scheduled intake windows, corporations may apply to revise their labour forecast and receive a new conditional approval letter.

Diversity and inclusion

Corporations have the option of participating in the diversity and inclusion program component. The program provides an additional five per cent tax credit on salary and wages (calculated on an individual employee basis) to the eligible corporation for under-represented employees in technical positions.

Corporations in this program are also required to have a public facing diversity and inclusion policy on their website.

Tax credit certificate

Actuals must be submitted within 90 days of a corporation's fiscal year end in order to receive the tax credit certificate. The certificate will be available to download on the portal.

Tax credit certificates will be issued based on actual eligible salary and wage costs, not on forecasts.

Tax credits certificates issued through the IDMTC are refundable.

Tax credit revocation

The Government of Alberta may revoke registration or a tax credit certificate if program staff determine that the eligible corporation was in contravention of the [Interactive Digital Media Tax Credit Act](#) or the [Interactive Digital Media Tax Credit Regulation](#). If a corporation is found to be non-compliant, it may be required to pay back some or all of the tax credits issued.

Questions?

For more information about the IDMTC program, please contact the IDMTC program team by email at IDMTC.program@gov.ab.ca