

# OCASE

Ontario Computer Animation and Special Effects Tax Credit

In Association with CASO – June 11, 2026



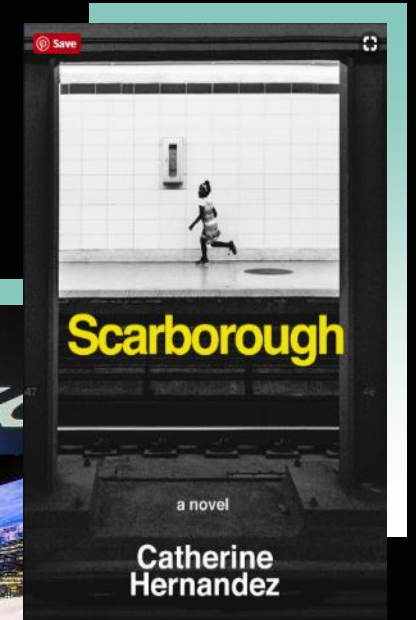
# AGENDA

1. Ontario Creates Introduction
2. Disclaimer
3. Tax Credits Overview
4. Ontario Tax Credits Key Points
5. OCASE Overview
6. OCASE Qualifying Corporations
7. OCASE Eligible Activities
8. Types of OCASE Claims
9. VFX/ Digital Animation Service Provider Claims
10. Digital Animation Claims
11. Producer Claims
12. Calculation of VFX% for Producer Claims
13. Hybrid Claims
14. Eligible Labour for OCASE
15. Eligible Labour for OCASE Continued
16. Eligible Labour for OCASE Continued
17. Other Labour Requirements
18. Tethered vs Untethered Productions (New)
19. Untethered Production Requirements
20. 25K OCASE Labour Threshold for Untethered Productions
21. OCASE Genre Exclusions: (Tethered Productions)
22. New Genre Exclusions: ( Untethered Productions)
23. Issues with Producer Claims
24. Issues with Hybrid Claims
25. General Issues with New OCASE Applications
26. How To Apply

# ONTARIO CREATES

Ontario Creates is the provincial agency responsible for economic development of 6 cultural media industries:

- Interactive Digital Media
- Film
- Television
- Music
- Books
- Magazines



# Disclaimer

Note: This slide deck is a general guide and may not be relied upon in order to determine eligibility for the amount of an anticipated tax credit. Please consult the OCASE legislation and regulations for further details.

# Ontario Tax Credits

## Ontario's tax credits are labor and/or spend based:

- **Ontario Film & Television Tax Credit (OFTTC)** – 35% *labor* (+ additional 10% regional bonus if applicable and 1<sup>st</sup> time producer bonus)
- **Ontario Production Services Tax Credit (OPSTC)** – 21.5% *labor and spend*
- **Ontario Computer Animation Tax Credit (OCASE)**- 18% Labor Spend
- **Ontario Interactive Digital Media Tax Credit (OIDMTC)** – 40% *labor + m&d spend (35% for development under fee-for-service vs. IP ownership)*
- **Ontario Book Publishing Tax Credit (OBPTC)** - 30% *labor & spend*



# Ontario Tax Credits Key Points

## No sunset clause

Ontario's tax credits do not have an expiry date.

## No annual cap

There is no cap on the \$ you can claim or receive.\*

## Refundable

The amount of the credit, net of any Ontario taxes owing, will be paid to the qualifying corporation as revenue.

If the qualifying corporation does not owe any taxes, the full amount will be paid out.

\* With the exception of OBPTC

# Ontario Computer Animation & Special Effects Tax Credit

## OCASE

OCASE is calculated on qualifying Ontario labour expenditures for computer animation and digital visual effects (VFX) for a film or television production incurred in a taxation year.

The OCASE tax credit goes to the corporation that performs eligible activities, such as a VFX house, so it is possible to have multiple eligible OCASE applicants and claims per production.

# 18%

Refundable tax  
credit on qualifying  
Ontario Labour

# Stackable

can be claimed in  
addition to an OPSTC or  
OFTTC tax credit

# OCASE Qualifying Corporations

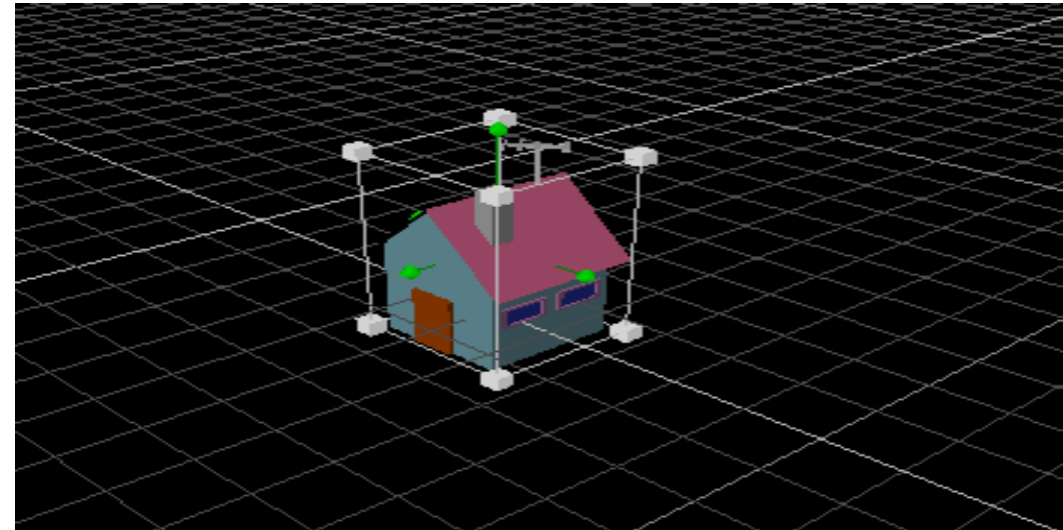
- Must be incorporated in Canada but can be Canadian or Foreign owned
- Files an Ontario corporate tax return
- Must be the producer or must contract directly with the producer of the production
- Must have a permanent establishment in Ontario where animation and special effects activities are performed

## OCASE Eligible Activities

**Only labour directly related to the creation of visual effects or animation can be claimed for OCASE.**

### **Examples of Eligible Activities Include:**

- Designing
- Modelling
- Rendering
- Lighting
- Painting
- Animating
- Compositing



**Supporting labour, such as technology support or administration is typically not eligible. Also please note general post-production i.e. offline and online editing are not eligible**

# Types of OCASE Claims

*There are four types of OCASE claims:*

## **VFX claim by VFX/Animation Corporation**

Providing services to  
Producer of  
production

## **Digital Animation Claim by Producer**

Animated  
production

## **Producer's Claim**

(e.g., shooting green  
screen, plate shots,  
motion capture etc.)

Formerly known as on-  
set claims for claims by  
producers on live-action  
shoots

## **Hybrid Claim**

Producer's Claim or  
Post only live action  
combined with  
VFX/Animation claim

# VFX/Digital Animation Service Provider Claims

- VFX or Animation service providers make annual OCASE applications
- Include costs for all eligible OCASE labour incurred in tax year for one or more eligible productions
- Must contract directly with producer of eligible productions



# Digital Animation Claims

OCASE claims for eligible productions that are entirely animated claimed by the (PRODUCER) Ontario-based Production Corporation, or Ontario based Production Services Corporation.

- ❑ Eligible labour for OCASE activities claimed must be “directly in support” of the digital animation.
- ❑ Not all labour to produce an animated production is eligible for OCASE, i.e. general corporate and HR management roles, accounting, marketing etc.

See Ontario Creates’ “**Eligible Positions for Animated Productions for OCASE Claim**” to be posted soon on [www.ontariocreates.ca](http://www.ontariocreates.ca)



# Producer Claims

## Producer Claims (previously known as “on-set”)

These OCASE claims are made by the Ontario Production Corporation, or Ontario Production Services Corporation (considered “the Ontario Producer”) for a portion of the labour of conventional cast and crew on a live action shoot that can be considered “directly in support” of VFX.

- “Directly in support” of VFX: involves activities which are related to digital effect creation such as labour for the preparation, design, and implementation of blue or green screen shooting, plate shots, digital scanning or motion capture etc.
- Roles that do not contribute directly (i.e. are not involved in a hands-on way) will be ineligible
- Labour expenditures, for roles that are entirely VFX-related, such as VFX Supervisor, can be claimed at 100%.

See Ontario Creates’ **“Eligible Positions for a Producer's Live Action OCASE Claim for Conventional Cast and Crew (non-VFX-Specific Roles)”** and **“OCASE Primer: How To Make a Producer’s On-Set OCASE Claim”** posted on [www.OntarioCreates.ca](http://www.OntarioCreates.ca)



# Calculation of VFX% for Producer Claims

**Preferred Method:** to determine VFX% is calculated by determining time spent setting up and shooting visual effects divided by total setup and shooting time for each day of Main Unit and Second Unit shooting during principal photography period.

- The shooting time methodology involves comparing [Overall Shoot Time + Setup Time] (because it is comprised of crew call to camera wrap minus 1 hour for lunch/meals) to [VFX Setup Time + VFX Shoot time].
- Signed Daily Production Reports (DPRs) are required that record both the Total Shooting Hours as well as the VFX Shooting Hours per day during principal photography.
- Only principal photography **days shot in Ontario** can be included in VFX % Calculation.

**Other methodologies:** include VFX set-ups divided by total set-ups, shots, scenes, editor logs etc.

- Whatever methodology is used we expect it to be reasonable, and that you can verify the VFX % through contemporaneous, original source documentation.

# Hybrid Claims

**Type #1:** A Producer Claim (formerly “on-set” claims) where the OCASE applicant also undertakes to hire digital animation or VFX labour directly;

**Type#2:** Post-Only Claims where the OCASE applicant hires digital animation and VFX labour directly. (no “on-set” live shooting)

## Issues:

- Applicants often confuse labour requirements of other tax credits like OFTTC and OPSTC and forget that OCASE labour is different. (i.e. only your Ontario employees, arm’s length remuneration, and no labour paid to another Canadian corporation for the services of their employees, and all labour must be performed in Ontario, etc.)



# Eligible Labour for OCASE

## Wages and Salaries

- amounts incurred in the tax year, for your Ontario based employees who performed OCASE activities on an eligible production at your permanent establishment (“PE”) in Ontario, or who reported to your PE in Ontario where the computer animation or VFX work took place

## Remote work is eligible, as long as

- employees are working in Ontario;
- they report to your Ontario PE;
- an Ontario based supervisor who works at the Ontario PE delegates tasks and reviews the work of employees.
- “reported to” means more than just for HR purposes.

# EXPENDITURE

# Eligible Labour for OCASE Continued

## OCASE Remuneration

Amounts incurred in the tax year, paid to arm's-length Ontario-based individuals (non-employees) who performed OCASE activities on an eligible production either at your PE in Ontario or at their own PE in Ontario.

Eligible remuneration includes amounts paid to arm's length:

- Individuals (freelance contractors)
- Another Canadian corporation (personal loan-out corporation) for the work performed by the sole shareholder

# Eligible Labour for OCASE Continued

## OCASE Labour Reimbursed To Parent Corporation

- You can include employee labour performed by Ontario-based employees of the parent corporation, and arm's length remuneration performed for OCASE activities on an eligible production that is reimbursed by the OCASE applicant corporation to its 100% parent corporation.
- The parent corporation must be a taxable Canadian corporation.
- To be eligible, the reimbursed labour would have to be eligible for OCASE as if it was incurred directly by the applicant.

# Other Labour Requirements

- All OCASE labour must be paid to Ontario-based individuals for services performed in Ontario. They must be resident in Ontario the Dec 31<sup>st</sup> prior to the year in which the individual provides their services on the production.
- All eligible labour must be paid in 60 days after the tax year end of your claim.
- OCASE labor on a production can span over two or more tax years – separate OCASE claim must be done for each tax year.

# Tethered vs Untethered Productions (NEW)

- Productions claimed for OCASE where eligible OCASE labour costs were incurred prior to March 26, 2024, need to be certified under OFTTC/OPSTC (“tethered”) before Ontario Creates can issue a Certificate of Eligibility for OCASE.
- Productions claimed for OCASE where no eligible OCASE labour costs are incurred prior to March 26, 2024, are no longer required to be certified under OFTTC/OPSTC to be eligible (“untethered”) for OCASE.



# Untethered Production Requirements

For a film or television production for which **no eligible Ontario labour costs** were incurred before March 26, 2024 is an eligible production for OCASE if it:

- (a) consists solely of non-interactive audiovisual content that is either a single instalment or a group of two or more episodes;
- (b) is produced for commercial exploitation by means of one or more of,
  - (i) a theatrical distribution,
  - (ii) a television broadcast, or
  - (iii) an alternative means;

# \$25K OCASE Labour Threshold for Untethered Productions

- Untethered productions submitted for OCASE for the first time by a qualifying corporation must have Ontario Labour Expenditures in excess of \$25k that relates to eligible OCASE activities incurred in the tax year of the claim, OR
- Incurred in the tax year of the claim AND incurred in the previous tax year of the claim.
- Once a qualifying corporation incurs more than \$25k in OCASE labour for a production in the initial OCASE claim, expenditures related to that production for any subsequent taxation year claims are eligible.

Please note: Ontario Labour Expenditures for a production that is untethered cannot include Ontario Labour Expenditures from a previous tax year if that labour was already included in a previous OCASE claim by the same qualifying corporation for that production.

## OCASE Genre Exclusions: (Tethered Productions)

For a film or television production for which eligible Ontario labour costs were incurred before March 26, 2024, is an eligible production if it is not:

- News, current events, or public affairs programming, Weather, or market report segments
- Talk shows, Games, quizzes, or contests (excluding those primarily for minors)
- Sports events or activities, Gala presentations, or awards shows
- Fundraising productions, Reality television
- Advertising, Pornographic content
- Corporate, industrial, or institutional productions
- Productions mainly composed of stock footage (non-documentary)



# New Genre Exclusions: (Untethered Productions)

In addition to the genre exclusions for a tethered production, a film or television production **for which no eligible Ontario labour costs** were incurred before March 26, 2024,, is an eligible production for OCASE if it is not:

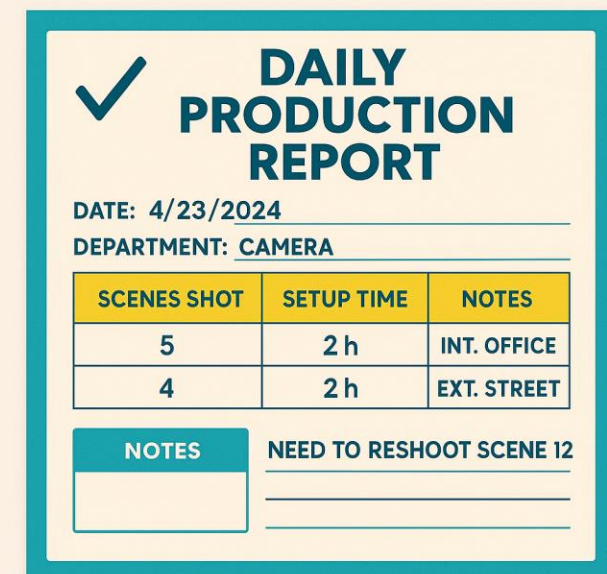
- Instructional content (e.g., cooking, crafting, fitness, parenting, careers, finance)
- Reviews, commentary, opinions, or advice videos
- Educational content tied to a course or curriculum (excluding content for children under 12)
- Vlogs, travelogues, video diaries, home movies, or recreational content
- Music videos
- Esports, gaming, or gambling-related content
- Prank videos, speeches, sermons, presentations, or discourses
- Event coverage (e.g., conferences, ceremonies, gatherings)
- Content largely made from previously released film, TV, or digital media
- Productions primarily consisting of user-generated footage
- Productions that are deemed contrary to public policy by the Minister of Culture



# Issues with Producer Claims

## #1 Lack of documentation:

- Incomplete or unsigned DPRs
- No VFX% calculated
- VFX% and DPRs are mismatched/inconsistent
- VFX% methodology is comparing “apples to oranges”
- Plan for OCASE claim during production and make sure DPRs indicate VFX set-up and shoot time vs total set-up and shoot time for the day
- We need a clear description of VFX activities performed on-set



A sample Daily Production Report (DPR) form. It features a teal checkmark icon and the title 'DAILY PRODUCTION REPORT'. The form includes fields for 'DATE: 4/23/2024' and 'DEPARTMENT: CAMERA'. Below these is a table with three columns: 'SCENES SHOT', 'SETUP TIME', and 'NOTES'. The table contains two rows of data. At the bottom, there is a 'NOTES' section with a teal header and a white box containing the text 'NEED TO RESHOOT SCENE 12'.

SCENES SHOT	SETUP TIME	NOTES
5	2 h	INT. OFFICE
4	2 h	EXT. STREET

NOTES  
NEED TO RESHOOT SCENE 12

## Issues with Hybrid Claims

In addition to making sure the OCASE applicant is claiming the correct type of labour for OCASE, **(i.e. amounts paid to Ontario based employees, or amounts paid to arm's length Ontario-based individuals or paid via their personal loan-out corporations for OCASE activities performed in Ontario)** applicants are required to provide clear and detailed documentation demonstrating VFX or animation work completed after the green screen shoot, or in post-production.

### We need to see:

A breakdown of VFX or animation activities performed during post-production;  
Identification of VFX-related roles or animation roles and personnel involved;  
Clear alignment between budget allocations (e.g. VFX costs) and the actual work performed.



## General Issues with New OCASE Applications

- OCASE is an annual tax credit based on actual paid costs, so it is unlike OPSTC and OFTTC tax credits that can be based on budgeted estimates.
- Often applicants do not break out labour into categories on their labour schedules or in their OCASE application, i.e. wages, incorporated single shareholder loan-outs, sole proprietorship/freelancer remuneration.
- Non-Arm's Length remuneration and amounts paid to another Canadian multi-shareholder/multi-employee corporation is not eligible for OCASE
- Voice Recording work carried out for animated productions may be eligible for OCASE, but only if the work is performed at the PE of the OCASE applicant or at the PE of the remunerated party performing the voice recording. Often it isn't.

# How To Apply

## Ontario Creates:

- You should apply to Ontario Creates (via our Online Application Portal) for an OCASE claim for each taxation year in which you have incurred costs for VFX or computer animation work on eligible productions in Ontario.
- For OCASE Ontario Creates reviews the eligibility of the company and the productions and issues a Certificate of Eligibility for each taxation year, listing productions included in the claim, and the OCASE estimate.

## Canada Revenue Agency (CRA):

- File the Certificate of Eligibility with your T2 corporate tax return to CRA. You don't need to wait for the Certificate to be issued to file your T2 return (just include Schedule T2SCH554 for OCASE with T2 claim to indicate to CRA that you anticipate getting OCASE. CRA will not assess your claim for that tax year until Certificates of Eligibility are received.)
- CRA reviews expenditures and is final arbiter on the amount of tax credit
- If your company does not owe any taxes, CRA will issue your company payment as revenue to your company.

Presented by:

Paritosh Mehta, Manager  
Tax Credits & Financing Programs  
(416) 572-0433  
pmehta@ontariocreates.ca

Monica Szenteszky, Team Leader  
Tax Credits & Financing Programs  
(416) 642-6692  
mszenteszky@ontariocreates.ca

Lakshmi Nair, Business Officer  
Tax Credits & Financing Programs  
(647) 475-6550  
lnair@ontariocreates.ca

THANK YOU!

[ontariocreates.ca](https://ontariocreates.ca)



# MORE QUESTIONS?

Ontario Creates has someone on duty every weekday to answer your tax credit questions.

Many questions are answered in our **Frequently Asked Questions (FAQ)**. <https://www.ontariocreates.ca/tax-incentives/ocase>

For further assistance, please contact [taxcredits@ontariocreates.ca](mailto:taxcredits@ontariocreates.ca) (preferred), or the Phone Duty Line **416 642 6659**.

Please leave a detailed message including your name, company name, phone number and which tax credit or file you are inquiring about. Phone calls and emails will be responded to **within one business day**.

