

# Ontario Digital Media Tax Credit (OIDMTC)

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Information Session

July 17<sup>th</sup>, 2025



# AGENDA

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# 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





# ONTARIO TAX CREDITS

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

**Ontario Interactive Digital Media Tax Credit (OIDMTC) – 40% labour + M&D spend with IP ownership OR 35% for development labour under fee-for-service**

Ontario Film & Television Tax Credit (OFTTC) – 35% labour  
+ additional 10% regional bonus if applicable

Ontario Production Services Tax Credit (OPSTC) – 21.5% labour + spend

Ontario Computer Animation and Special Effects Tax Credit (OCASE) – 18% labour

Ontario Book Publishing Tax Credit (OBPTC) - 30% labour + spend



# ONTARIO TAX CREDITS - HIGHLIGHTS

## Refundable

The amount of the credit, net of any Ontario taxes owing, will be paid to the qualifying corporation. If the qualifying corporation does not owe any taxes, the full amount will be paid out.

## 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.\*

\* With the exception of OBPTC



## 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 ODMTC legislation and regulations for further details.*

# OIDMTC OVERVIEW

OIDMTC is an after-the-fact type of revenue source in the form of a refundable tax credit. The IDM product must be completed and costs incurred before you can apply for OIDMTC\*

**40%**

**Non-Specified products**

Ontario labour costs  
+ M&D costs up to  
\$100k per product

**35%**

**Specified Products  
(fee-for service)**

Ontario labour costs

**35%**

**Digital Game  
Company Claims**

Ontario labour costs  
\*games do not need  
to be completed

# NON-SPECIFIED PRODUCTS

- Interactive Digital Media products **developed, owned and exploited** by the applicant.





# SPECIFIED PRODUCTS

- Interactive Digital Media products developed by the applicant **under a fee-for-service arrangement** with an arm's length Purchaser corporation.



# ELIGIBLE APPLICANTS

- **Canadian Corporation** (must be incorporated in Canada but can be Canadian or foreign controlled.)
- Must have a **permanent establishment** in Ontario where the product is developed.
- Must not be controlled **directly/indirectly** by a corporation that is exempt from tax.



# DEFINITION OF IDM PRODUCT

## PRIMARY PURPOSE

- Educate child users under the age of 12, or entertain
- More than 50% of a product must meet the primary purpose requirement and there can only be one primary purpose
- Cannot be primarily for interpersonal communication
- Cannot be primarily promotional
- Note: Advergaming games (heavily branded that promote things) are considered primarily promotional

## INTERACTIVITY

- They achieve their primary purpose by presenting information in at least two of the following forms:
  - i) text
  - ii) sound
  - iii) images
- By interacting with them the user can choose what information is to be presented and the form and sequence in which it is presented.
- Note: “games of chance” and 360° cinematic VR video products are often are not interactive enough to be eligible for ODMTC
- Web-series or linear video products are not considered interactive digital media products

# DEFINITION OF IDM PRODUCT

## PRELOADED CONTENT

- As of the date of completion the product should contain preloaded content that achieves the primary purpose using two of text, sound or images.
- If your product requires user content to operate or for the product to contain content that meets the primary purpose – it is not eligible for ODMTC.
- Applicants must provide Ontario Creates access to the version of the product as it existed upon completion to review the content.

## THE USER

- The user is intended to be an individual
- The user interacts directly with the product
- The product is developed to entertain users, or educate users under 12 years of age



# WHAT KIND OF PRODUCTS ARE ELIGIBLE?

1. **Games**
2. **Apps/Modules** (except apps/modules where the majority of the content also appears on a website that is not eligible – see below)
3. **Interactive VR Products** (i.e. those with hot-spots)
4. **Certain Websites that primarily (more than 50%)**
  - Hosts one or more digital games
  - Features content that educates child users of the website under the age of 12
  - Hosts one or more virtual or augmented reality experience
  - Features content related to an eligible film/TV/or internet production where:
    - the OI DMTC applicant has an agreement with the copyright holder of the related film/TV/or internet production to develop the website; AND
    - there is no more than 10% of the original film/TV/or internet production exhibited on the website.



# WHAT KIND OF PRODUCTS ARE NOT ELIGIBLE FOR OIDMTC?

1. IDM Products that host any content that is,
  - news, current events or public affairs programming,
  - opinion, commentary or advice, or
  - weather or market reports.
2. IDM Products produced primarily (more than 50%) for industrial, corporate or institutional purposes, including vocational training products or products that educate or inform employees.
3. IDM Products that are primarily (more than 50%) a reference material or the product is designed to be used primarily for finding information, such as a guide for equipment or software, a dictionary or a map.
4. IDM Products that primarily (more than 50%) aggregate content from various internet sources or is used primarily to filter and organize specific content from the internet.
5. Search engine products or blogs;
6. IDM Products that are primarily (more than 50%) a database, including a real estate database or recipe database.





# ELIGIBLE LABOUR NON-SPECIFIED & SPECIFIED PRODUCTS

- Amounts paid for wages and salaries of your Ontario based employees for product development who reported to a permanent establishment in Ontario of the qualifying corporation where the eligible Non-Specified or Specified products are developed.
- Amounts paid as remuneration to arm's length Ontario based individuals for services rendered in Ontario for product development (includes individuals, individuals paid via loan out corporations where they are the sole shareholder/employee, and amounts paid to partnerships for the services of an individual partner.)
- Amounts paid to a taxable arm's length Canadian corporation for services rendered by their employees in Ontario for product development. (these amounts cannot be included as eligible remuneration labour to qualify for the 80/25 test).

## No Caps or Limits



# PERMANENT ESTABLISHMENT/REMOTE WORK AND ELIGIBLE LABOUR FOR NON-SPECIFIED & SPECIFIED CLAIMS

## WAGES

In the case of the qualifying wage amount, the expenditure is paid to an employee of the qualifying corporation, who reported to a permanent establishment of that corporation in Ontario at which the eligible product was being developed. Ontario based employees can work remotely in Ontario but they must report to the Applicant's P.E in Ontario. Please note: "reporting to" means the employees are under the control & direction of an Ontario based supervisor who assigns tasks and reviews the work of employees.

## REMUNERATION

In the case of the qualifying remuneration amount, the expenditure is paid for services rendered at a permanent establishment in Ontario of the qualifying corporation, or of a person or entity claimed as eligible remuneration. (i.e. work could be rendered at the home office (P.E.) of the individual contractor or of their personal loan-out corporation in Ontario).



# 80/25 RULE

(Applicable to Non-Specified and Specified Products Only)

**100% = Total Development Labour**

- 25% wages and salaries of your Ontario resident employees for work developing the product in Ontario.
- 80% must be wages and salaries of your Ontario resident employees **plus** arm's length remuneration paid to:
  - I. Ontario individuals working as sole proprietorships (no employees)
  - II. Ontario individuals paid via personal corporation where they are the only shareholder, and employee if applicable.

**25%**

**Wages & Salaries  
of Employees**

**80%**

**Remuneration +  
Wages & Salaries**

# MARKETING & DISTRIBUTION NON-SPECIFIED PRODUCTS

- Can claim up to a **max of \$100,000** of eligible M&D expenditures per eligible Non-Specified product.
- M&D Costs **incurred in the 24-month period** prior to the completion date of the Non-Specified product, and in the **12-months** following the completion date of the product.
- Eligible M&D Costs must be **directly attributable** to advertising or promoting the eligible product or distributing the product to potential customers.
- Only **50% of meals & entertainment** costs allowed.



**\$100K**

**in eligible M&D  
costs per product**

**50%**

**of meals &  
entertainment  
costs allowed**

# ELIGIBLE REVENUE GENERATING STREAM

**Ontario Creates cannot certify a Non-Specified or Specified product until we can see that it had or has an eligible revenue generating stream.**

The product does not need to have already generated revenue before it is certified but we do need to see that it is available or was available for commercial exploitation as outlined in the ODMTC Regulations.

- Is the product being offered for sale or license (includes subscription fees)?
- Are there in-product purchases?
- Is the product generating revenue via 3<sup>rd</sup> party advertising?
- Is the product being promoted using the sale or license of another product developed by the applicant that can be considered an extension or upgrade of the product?

## **Note For Specified Products:**

- If this is a Specified product we need to see that the product has an eligible revenue generating stream to make money for the arm's length Purchaser corporation.



# CLAIM PERIOD ELIGIBLE LABOUR NON-SPECIFIED AND SPECIFIED PRODUCTS

- Can claim development labour expenditures for the **37 month period prior to the end of the month** in which the product was completed  
  
(e.g. for a product completed November 28, 2025, applicant can claim labour expenditures going back in time 37 months from November 30, 2025. In this case the claim period would be November 1, 2022 to November 30, 2025.)

## Other Criteria:

- Labour must be directly attributable to the development of the eligible product
- Paid to Ontario residents for services rendered in Ontario
- Must be paid no later than 60 days after the end of the taxation year





# APPLICATION DEADLINE

**18 months after the end of the applicant's fiscal year in which the products were completed (for Non-Specified and Specified products)**

## **Example:**

- product completed September 30, 2025
- applicant's year-end is Dec 31, 2025
- must submit ODMTC application to Ontario Creates via the Online Application Portal by June 30, 2027

**Note:** For Digital Game claims under 93.2 and 93.1 an additional admin fee is charged for ODMTC applications received more than 18 months after year end of claim.



# INCLUDE VERSION OR BUILD NUMBERS

**For all products included in your claim if you have a version or build number please include it in the name of the product i.e. Fun Game, v2.6 [iOS] (2025)**

- This helps Ontario Creates identify the correct version of the product claimed by the applicant. Ontario Creates has to confirm the completion date of the product included in your claim and this helps us do that.
- Also as IDM products are iterative, new versions are often claimed in subsequent tax years – sometimes developed by different applicants.
- Ontario Creates has to verify that there is no “double dipping” of labour costs claimed for a product and that we are certifying a “new” product for the OIDMTC.



# APPLY FOR EACH GAME PRODUCT SEPARATELY BY PLATFORM

**OIDMTC Applications for Non-Specified and Specified claims can be delayed if the applicant does not allocate game labour and distinguish products separately from each other based on the release platform.**

For example, we sometimes see an applicant roll all labour costs into one product title that is released on various game platforms, such as iOS, Android, X-Box, X-Box One, and claim it as one single IDM product. Doing this often results in Ontario Creates requesting that the applicant re-submit their application within 30 days, separating out the games by release platform and allocating the eligible labour across these platforms accordingly. Often the costs are pro-rated.

**Examples:**

Xbox

Nintendo Switch

PlayStation

PC

iOS

Android

Meta Quest

And More



# PRODUCT COMPLETION DATE

**It is helpful to provide evidence of the stated completion date of any Non Specified or Specified product in your OIDMTC application.**

## **Ontario Creates needs to know:**

- How does the public access / exploit the completed product?
- When did exploitation begin? If different than completion date, Why?

## **Documentation that you can provide: (not an exhaustive list)**

- Version numbers for the completed products in your OIDMTC claim. i.e. Screenshots from App Store or GooglePlay that identifies the exact version of the product and the date of its release to the public.
- Agreements or Invoices from entities who have licensed the product.





# ACCESS TO COMPLETED PRODUCT

As Non-Specified and Specified products **have to be completed** it is important that Ontario Creates can see/or access a contemporaneous copy of the completed product you are including in your claim. We are looking to see proof that the product is indeed completed on the date as noted in the application, that the product is interactive, and reviewing the product and its content is required to ensure it has met any other primary purpose or other eligibility criteria.

## **Issues that slow us down include:**

- A video walkthrough or screenshot is provided but is not detailed enough to show us all of the content that appears in the product, or the interactivity of the product.
- The applicant provides a different version of the product and not the actual version of the product included in the OIDMTC application. (this happens a lot with website products)
- The product was completed in the tax year of the OIDMTC claim, but the product was released to the public in a subsequent year (this is ok – but Ontario Creates would need to prove that the product was indeed completed in the year of the claim so evidence of this is much appreciated)

# SITUATION THAT MAKES AN ELIGIBLE LABOUR REVIEW MORE DIFFICULT

Including labour as Ontario wages and salaries directly attributable to product development that are actually support or corporate management positions.

Labour for individuals whose roles are **not directly attributable to the development of the product** are most often\*:

- Legal and finance positions (legal counsel, CFO, VP of Finance),
- Administrative positions (receptionist, assistant to CEO, bookkeeper),
- Corporate management (CEO of the corporation), or
- Related to marketing and distribution activities (sales and marketing positions).

*\*this is not an exhaustive list, and some of these roles are eligible under marketing and distribution costs*

Please note that there are cases where the CEO of a company, for example, may undertake product development activities, and in those cases a portion of the CEO's labour may be found directly attributable to the development of the product. The onus is on the applicant to demonstrate this. If some of the CEO's labour is directly attributable to product development we would also expect a reasonable portion of the CEO's labour must be attributable to corporate management.

# PROVIDE BACKUP FOR ELIGIBLE LABOUR REVIEW

**Backup you should provide for a review of eligible labour:**

- Financial Statements
- T4s for each of the employees in respect of whom the top five (5) highest wages are being claimed; and contractor agreements for each of the contractors in respect of whom the top (5) highest remuneration amounts are being claimed. If no contractor agreement exists, please provide copies of invoices.
- Breakdown of individuals paid wages and salaries for work other than product development with their addresses and job description.

# HOW TO CLAIM MARKETING & DISTRIBUTION COSTS

- For Non-Specified products you can include up to \$100k in eligible M&D costs per product as qualifying expenditures. Please note: You should always provide Ontario Creates with the Gross M&D costs for your Non-Specified products – even if they exceed \$100K – especially if there is any M&D assistance.
- In the OIDMTC application you can include M&D expenditures going back 24 months from the completion date of the product – however - you should only include M&D costs going forward to the end of the taxation year of your OIDMTC claim.
- M&D expenditures incurred 12 months after the completion date are eligible to be claimed for OIDMTC – and if you have additional M&D costs that are incurred in a subsequent tax year you need to include these costs as an M&D only product in a new OIDMTC application for the subsequent tax year.

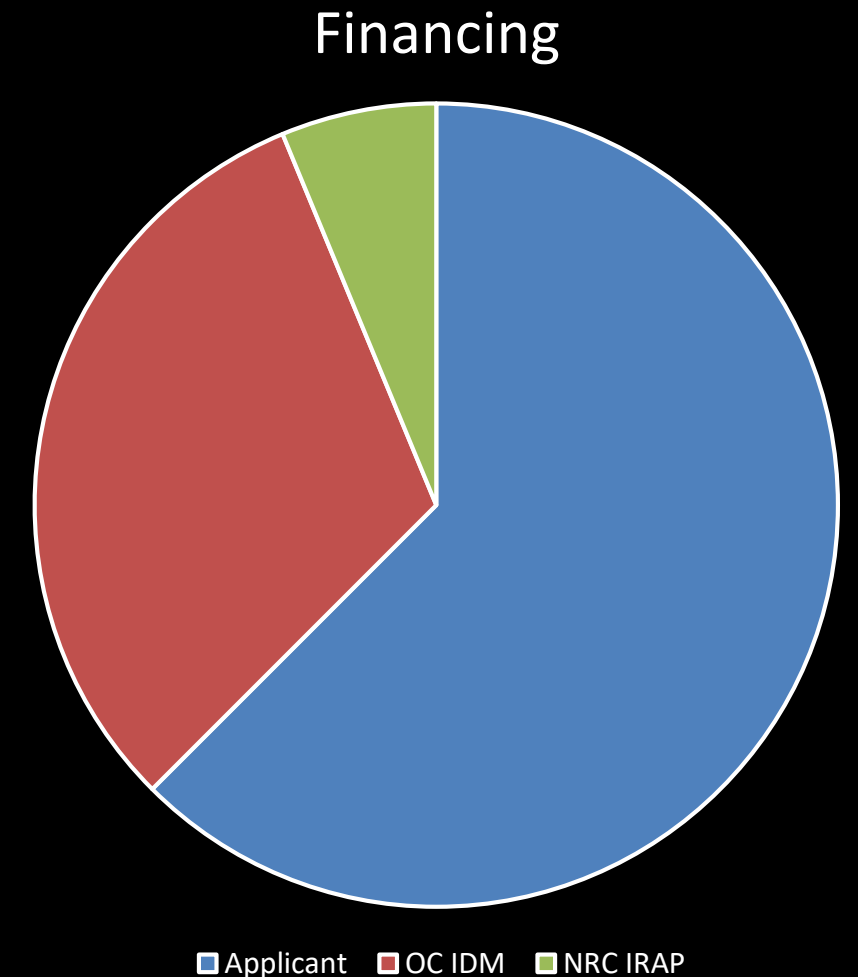




# ASSISTANCE CALCULATIONS FOR NON-SPECIFIED & SPECIFIED CLAIMS

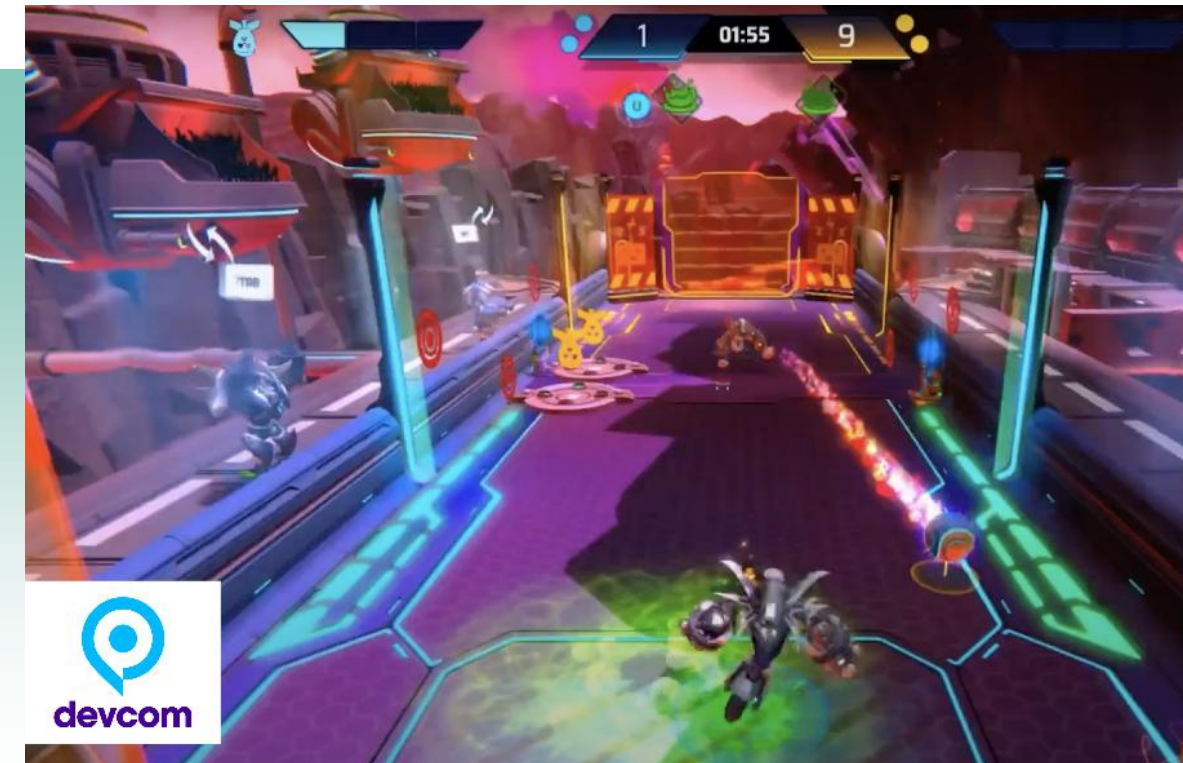
If you received government assistance for the development or marketing & distribution of the products included in your claim:

- Include the agreements with your application
- Marketing and Distribution assistance from a government entity is applicable to Non-Specified products only
- You should determine the total actual paid costs of development for each product (less any Marketing & Distribution costs) incurred in your claim period. This number is very important for your assistance calculation.
- Total Actual Paid Development costs would include, eligible product development labour, ineligible development labour, labour in support of product development, hard costs, **non-Ontario development costs etc. that were incurred in the claim period.** (less any M&D)



# GOVERNMENT ASSISTANCE THAT RELATES DIRECTLY TO LABOUR

- If you receive government assistance that relates directly to the labour costs you have included in your claim for the development of your IDM product– the amount of that assistance will be deducted directly off of your total eligible Ontario labour for that product;
- Please make sure if assistance relates to any eligible labour in your claim that you don't “pre-deduct” it from your Total Eligible Labour claimed for the product in the cost schedules that you submit to us for review.
- Types of government assistance that relates to IDM development labour would include amounts received from the Industrial Research Assistance Program (IRAP), Canada Emergency Wage Subsidy (CEWS), Temporary Wage Subsidy (TWS), or specific mentorship grants etc.



## GOVERNMENT ASSISTANCE IN RESPECT OF DEVELOPMENT COSTS IN PROPORTION TO LABOUR

- This type of government assistance usually relates to the development of the entire product, or to completing a phase of development of an IDM product.
- We call the portion of government assistance that is deducted from your eligible development labour the “grind”.
- Types of government assistance where the “grind” is calculated in proportion to eligible development labour would include amounts received from, Ontario Creates IDM Fund for Production, or Concept Definition Fund, or the new IDM IP Fund etc.
- Please note that amounts received from the Canada Media Fund (CMF) is not considered government assistance for the OIDMTC as contribution from CMF is made up of a combination of public and private funding.

**Note: The assistance “grind” is not calculated based on how much assistance the applicant has received in the year.**

# HOW TO APPLY

## Ontario Creates

- For Non-Specified and Specified claims you should apply after the tax year in which you have completed the development of any eligible Non-Specified or Specified products.
- Remember there is an 18-month Application Deadline to submit your OIDMTC application for Non-Specified and Specified products.
- Ontario Creates reviews the eligibility of the company and the products and issues a Certificate of Eligibility for each taxation year, listing eligible products, and the OIDMTC estimate

## Canada Revenue Agency

- File the Certificate of Eligibility with your T2 corporate tax return (or if you don't want to wait for the Certificate of Eligibility to file your taxes submit T2 return with Ontario Schedule T2SCH560 and CRA will know that you are claiming OIDMTC and will hold assessing tax return until the Certificate of Eligibility is 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 a cheque or e-transfer as revenue to your company.



# 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/oidmtc>

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**.



# THANK YOU!

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