

Season's Greetings!

**On behalf of
the IFC BC staff
and Board of
Directors, I'd
like to wish all of
our members a
most wonderful
holiday season!**

Sincerely,

Upcoming Events

IFC BC AGM

March 31, 2010
12:00 p.m.
The Vancouver Club

IFC BC 15th Annual Golf Tournament

May 13, 2009
University Golf Club

Please call 604-683-6626
for information and
registration.

Nerd Corps International Distribution, Inc.

by Nancy Lees, Director of Communications

Nerd Corps International Distribution Inc. (NCID) is a film and television distribution company, focused primarily on animated and children's productions. To date NCID's distribution activities have involved the international distribution of Nerd Corps Entertainment's television properties and associated merchandising rights. Nerd Corps Entertainment is a full service property development and animation studio based in Vancouver, B.C. Working in a state-of-the-art studio with more than 120 production staff, Nerd Corps encompasses all aspects of intellectual property creation and management, from production to marketing, interactive development and licensing. The studio's stable of productions includes award-winning series Storm Hawks and League of Super Evil, as well as Dragon Booster for Alliance Atlantis and Hot Wheels: Battle Force 5 for Nelvana and Mattel, Inc.

2009 was NCID's busiest year to date, with Nerd Corps producing 39 half-hour episodes of both original series and work-for-hire productions, up from 32 in 2008. With the possibility of adding a third production line now in the mix, 2010 is shaping up to be a bigger year in terms of NCID's distribution activities.

Working in Canada, and B.C. in particular, offers its own advantages. A production-friendly tax credit system, combined with a significant training infrastructure feeding into a high level existing talent base, creates an attractive proposition for U.S. broadcasters and production companies looking to acquire content. The *International Financial Activity Act* (IFAA) was a distinct advantage when it came to forming our own distribution entity. From our perspective, the IFAA was the final ingredient in making B.C. the ideal location for a company wanting to manage the lifecycle of an entertainment property from development, through production, and on to distribution.

License fees from domestic broadcasters have taken a considerable hit over the last decade thanks to the advent of the hundred channel universe, the Internet, and the resulting fragmentation of television audiences. For Nerd Corps, NCID has been a vital component of our strategy to address fragmentation. NCID's ability to sell to the international market, manage broadcast fees, merchandising and interactive on a territory by territory basis, has allowed Nerd Corps to continue

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Welcome To The New Staff Of Ministry Of Finance Audit Department

In July, the Audit Department of the Ministry of Finance, Income Taxation Branch was moved to Victoria and is now staffed with a new team. Registrants should not expect to see any changes in the way audits are conducted or the information required.



Martin Larratt (left) and Francis Camilleri

Francis Camilleri is the new Audit Manager for the IFA audit program. Since obtaining his CMA designation in 1991, Francis has spent several years taking on roles ranging from financial accounting to managing accounting departments in various sectors, including manufacturing, R&D, construction,

and forestry, before entering the public sector as an auditor with CRA in 1998. In 2003, Francis joined the BC public service as a Senior Tax Auditor. Since then Francis has taken on roles as Senior Appeals Officer and Appeals Director, and is currently the Audit Manager

responsible for the International Financial Activity, Corporation Capital Tax, and the Insurance Premium Tax audit programs.

Martin Larratt is the Audit Supervisor for the group. Please join the IFC BC in welcoming Martin and Francis to the IFA program.



Comparing Canada's Corporate Tax Rates

Canada is often incorrectly perceived to be a 'high tax' country, but recently tax policy in Canada has undergone a rapid shift, and a review of rates on personal and corporate taxes tells the story of competitive taxes in Canada versus the U.S. and other countries.

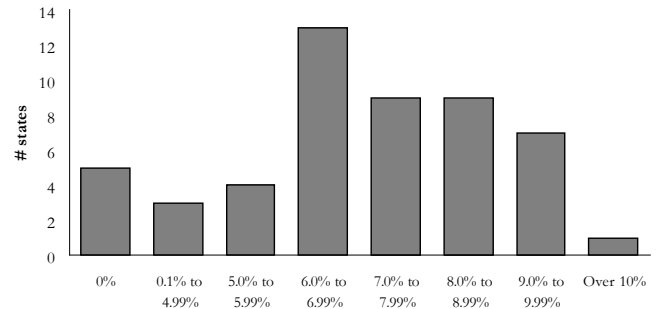
At the 2009 rate of 19.0% (reducing to 18% in 2010), Canada's corporate income tax rate is one of the lowest in the world. As shown in Table 1, the attractiveness of Canada's federal rate is offset somewhat by higher rates in certain provinces; British Columbia, however, with its 11% rate (reducing to 10.5% in 2010) is far more competitive than the U.S. and other OECD countries. Not only are rates competitive, but the trend is downward. By 2012, it is expected that Canada's tax rate, at 25% combined federal and provincial, will be one of the lowest in the G7. Other countries are following suit. Korea, Singapore, Taiwan are just a few countries that are reducing corporate

income taxes in an attempt to stay competitive in a global economy.

U.S. federal tax is significantly higher than Canada's 19% rate. 44 states impose a traditional corporate income tax while three states—Michigan, Texas, and Washington—impose a variant of a gross receipts tax in which businesses pay tax on their gross sales rather than their net profits. Many states impose state corporate income taxes at rates above the national average of 6.6%.

Iowa charges the highest corporate tax rate of 12%, followed by Pennsylvania at 9.99% and Minnesota at 9.8%. The distribution of state income tax rates is shown below in Figure 1. When the federal rate is factored in, many states tax their businesses at rates far in excess of other OECD countries.

Figure 3: Distribution of US State Corporate Income Tax Rates (2009)



While Canada, along with many other countries, continues to reduce corporate rates, there is no sign that the U.S. plans to follow suit. The fact that the combined federal and state tax rate of many states in the U.S. brings rates well above even the highly-taxed Japan is a unique opportunity to showcase Canada as a low-tax, onshore jurisdiction.



Table 1
Corporate Tax Rate 2009

Ireland	12.50
Hong Kong	16.50
Singapore	18.00
Switzerland	21.17*
Korea	24.25
China	25.00
UK	28.00
Canada (BC)	30.00
Germany	30.18*
Canada	31.32*
U.S.	39.10*
Japan	39.54*

*Average rate, will vary by region
OECD, 2009 Corporate Tax Rates, websites

IFC BC Hosts A Lunch for British Columbia MLA's

In November, 2009, the IFC BC hosted a lunch where MLA's from all parties has an opportunity to hear a presentation on the IFC BC and learn more about the IFA program and the positive impact it is having on British Columbia's economy. The luncheon was well attended and we thank all the MLA's who joined us.



A big thanks goes to the Board Members Ron Bozzer, Steve Bow, Michael Brooks, David Hall, and Tracey Orr who volunteered their time to attend the event to support the IFC BC.



Pictured from left to right: Richard Lee, MLA; B. Flexman, IFC BC; Ben Stewart, MLA; C. Hansen, MLA; and R. Bozzer, BLG

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to produce high quality television and maintain our production budgets. It's a strategy that's paid off. Last year Storm Hawks was aired in more than 100 countries, and League of Super Evil is tracking to have the same level of exposure by 2010. All of which has raised our profile at home and internationally.

"By controlling our own distribution and maintaining those relationships ourselves we can tap into those markets directly and

get a better understanding of what they need. Then it's a matter of consistently delivering a high quality product that they know will fit their programming needs," says Ken Faier, El Presidente at Nerd Corps. "From both a financial and strategic point of view, it just makes sense to involve the international community."



For more information about Nerd Corps Entertainment or Nerd Corps International Distribution, please visit the website at www.nerdcorps.ca.