FEDERAL LIVE PERFORMING ARTS TAX CREDIT

March 28, 2025

IMAGINE UNLOCKING THE FULL IMPACT OF CANADA'S LIVE ENTERTAINMENT INDUSTRY, WHERE SHOW BUSINESS IS BIG BUSINESS FOR CANADIAN JOBS AND TOURISTS

Overview

Canada's performing arts sector is ready for a bold reset.

Just as the Canadian Film or Video Production Tax Credit turned a struggling market into a $12 billion industry—earning the global nickname "Hollywood North"—a new Live Performing Arts Tax Credit (LPTC) can ignite a similar renaissance on our stages and allow Canadian live arts to remain competitive in a sea of global tax credits.

What is the LPTC?

The LPTC would offer eligible organizations in both the non-profit and commercial industries a 25% tax credit rebate on Canadian production-related labour expenses—provided at least 75% of the qualifying expense is on Canadian labour and that the organization attest they intend to invest in more productions in the following tax year.

The infrastructure and framework for this program already exists within the federal government, with a strong foundation built on three-decades of experience from the Canadian Film or Video Production Tax Credit and other creative industries programs.

This is not a grant; it is a strategic reinvestment, ensuring that taxpayer dollars directly support Canadian jobs, talent development, and creative innovation.

The Economic Rationale

- **Projected Job Creation & Impact:** The LPTC is projected to generate 32,400 new jobs and inject $25 billion of economic activity into our communities within a 5-year period.
- **High Return on Investment:** Every dollar invested by the government in the LPTC is estimated to generate ten dollars of economic impact, through both direct and indirect revenues (eg: tourism spending)
- **Canadian Jobs:** In the live performing arts, every new show equals new Canadian jobs—backstage technicians, carpenters, costume designers, musicians, stage managers, and performers, plus tourism, retail and hospitality workers in supporting industries. And, it has never been more important to tell stories from a Canadian perspective and showcase our unique identity.
- **Competitive Advantage**: This system exists across the UK. In the US, several states including Illinois, New York State, Ohio, Maryland, Connecticut, and Louisiana have all instituted similar tax programs for the live performing arts. This has had a direct impact on reducing competitiveness in Canada, losing talent, revenue, programming opportunities, capital investments, and other induced impacts. Canada's cultural industry needs comparable support tools in place to compete and attract investment.

- **Tourism**: Cultural tourists spend 3x the amount of regular tourists. These benefits are felt both in urban and rural settings, whether audiences are domestic travelers exploring Canada or global visitors coming to see their favourite artist. Visitor spending associated with live music tourism alone in 2023 is estimated at $9.9 Billion, representing 10.8% of total tourism expenditures in Canada for that year.

Why Act Now?

Increased tax credits in neighbouring competitive markets has meant that Canada is less competitive and we are losing Canadian jobs and opportunities, contributing to our stalled economy. When the economy struggled in 1995, the government's introduction of film-related tax credits grew the media production sector from $2 billion to $12 billion annually. Today, we stand at a similar inflection point for the performing arts and given the uncertainty south of the border, it is more important than ever that we invest - and seek new investment - in industries that will increase international and domestic tourism and showcase our unique identity.

A Generational Opportunity

The LPTC is a contemporary model, ushering in a new era of homegrown productions that can tour nationally and internationally, celebrating our stories, fostering Canadian pride, and building a sustainable, trackable, and world-class performing arts ecosystem.

Conclusion

By embracing the LPTC, we can replicate the proven success of our film, recording and digital media industries, stimulating growth, innovation, and job creation in live performing arts. This is about building a stronger, more competitive Canada—one that invests in its talent, its stories, its culture, and its future. The industry is united in its desire to ensure our stages shine just as brightly as our screens.

Case Study: *Come From Away*

Come From Away is a Canadian-born global phenomenon: conceived by a Canadian producer, written by Canadian writers, and developed at a Canadian College.

But when it came time to secure the funding needed to move the show from workshop to stage, the production team needed to turn to American investors to finance the show's development and launch.

The results speak for themselves. *Come From Away* went on to become a global success, generating over $200 million (CAD) in net profits. Yet, instead of those profits coming to Canada and being taxed and spent here, they went to the US.

Had a Canadian performing arts tax credit been available, it would have been possible to find Canadian investors to back the show. And then those profits could have remained in Canada.

Which would have meant more jobs for our artists, more profits and taxes for our economy, and a stronger, self-sustaining cultural ecosystem—one that lets our best stories shine on global stages without exporting all the financial rewards.

Coalition Partners:

LABOUR:

ASSOCIATIONS:

PARTNERS:

Appendix A - National Live Performing Arts Tax Credit (LPTC) Recommendations and Model	
Type of Tax Credit	A 25% refundable tax credit on eligible creative, production, and marketing labour expenses.
Eligible Organizations	Non-profit and for-profit organizations incorporated in Canada that are engaged in professional live performing arts (live music, theatre, orchestras, dance, circus and opera). All organizations wishing to apply for the LPTC for the first time would be required to file a report on their business and operating model and demonstrate: - three years of operating - that 75% of creative labour is carried out by Canadian citizens or permanent residents In addition, applicants would be required to declare their current expenditure on creative programming and make an attestation of their intent to continue to invest in live programming in the following tax year. This pre-qualifier will be used to support impact measurement.
Funding Eligibility	To be eligible, at least 75% of total creative labour expenditure in the tax year of the claim must be paid to Canadian citizens or permanent residents. If eligible, 100% of the organization's labour expenditure is eligible for the 25% rebate. We see the LPTC as an additional tool to support the live performing arts, which would dovetail with existing granting programs. Based on existing models, we would work with government to discuss stacking limits or maximum percentages of government contributions across programs.
Efficient Processes	Applicants would make one annual submission of their aggregate eligible creative, production and marketing labour expenses. National Arts Service Organizations could play a role in validating and vetting applicants to reduce bureaucratic workload.
Minimum Threshold	To be eligible, entities would need to meet a minimum threshold of CA$1M per year in eligible expenses. Smaller organizations (from $100K to $1M in eligible expenses) could apply following review and vetting with their National Arts Service Organization (NASO)
Program Cap	The LPTC will be capped at $200M of eligible expenditures per fiscal year per organization.

Priority Alignment

The proposed Live Performing Arts Tax Credit (LPTC) adds an additional tool to help support the Canadian live performing arts industry by implementing an established and reliable framework of the tax system, focusing on reinvestment into Canadian jobs, talent and development in a way that is directly measurable year on year. This model offers several key advantages:

1. Meeting Government Objectives:

Similar to the established tax credit systems in the film & TV industry, the LPTC meets the government's objectives of supporting business activity, supporting Canadian workers and investment, and increasing competitiveness with other jurisdictions.

2. Predictability and Long-Term Financial Planning:

By embedding support within the tax system, live arts organizations gain access to objective, predictable rules concerning eligibility, calculation, and timing of LPTC payments. With defined criteria and payment schedules, organizations can forecast their finances and engage in more strategic, long-term planning and growth.

3. Efficiency and Administrative Clarity:

A tax-based model provides a streamlined, standardized, and predictable mechanism for securing support. The tax system's well-established procedures ensure that qualified producers receive their credits efficiently and on a schedule integrated into standard fiscal cycles.

4. Formalized Accountability and Dispute Resolution:

The tax system comes with a built-in framework for verifying eligibility, determining benefit amounts, and settling disputes. Government officials are obliged to evaluate claims impartially and promptly, ensuring that taxpayers receive the support and transparency they are due. In cases of disagreement, established rules and appeals processes are already in place, allowing for fair resolution.

5. Consistency with Existing Policy Instruments:

Using tax incentives to support specific policy objectives is a proven and effective strategy – as evidenced by the growth of Canadian film and TV from a $3B to a $12B industry as a direct result of the implementation of a system of tax credits. The LPTC would join a range of existing refundable tax credits that deliver targeted support to specific professional sectors (such as the Canada Workers Benefit or the Labour Credit for Journalism Organizations).

Appendix B: Supporting Calculations

Program Framework:

Nordicity has conducted an international industry study to propose a notional model of best practices, attached to this report. The study envisioned broad-based eligibility with few limits or caps, resulting in a projected rebate amount of $480M in Year One. Following discussions with government stakeholders, we are suggesting additional eligibility requirements (as outlined in Appendix A) which would reduce the program cost by approximately 25%, bringing the overall cost of the program more in line with existing film & TV tax credits (approx $360M). Should the program costs be reduced, as suggested, than the economic multipliers below would be proportionally impacted.

Proposed Program Investment:

Projected Rebate Amount	$360 million *

**adjusted with proposed program eligibility revisions*

Investment and ROI - Year One (Industry-wide participation, per Nordicity report):

Projected Rebate Amount	$480 million
Projected Labour *Added* to Industry	5,000
Returned Income Tax on investment	$50 million
Returned Tax on Production	$131 million
Investment Delta	$298 million
Returned Income Tax from sector participants	$287 million
Projected Reinvestment	$288 million
Projected Economic Impact**	**$4,379 million**
Projected GDP Impact	$1,275 million

***Statistics Canada Entertainment Industry Multipliers*