

IDMTC

# Interactive Digital Media Tax Credit



The Interactive Digital Media Tax Credit (IDMTC) is a potential refund offered to businesses across the provinces that are focused squarely on innovating entertainment and education media. These include gaming, animation, television or film production companies.

## Qualifying criteria for IDMTC

While each [province has its own unique guidelines](#) around the timing for applications, the qualifying criteria for IDMTC is fairly uniform province-by-province, encompassing solutions that: Aim to educate, inform, or entertain the user, recent information in a combination of **text, sound, and images** and are **interactive by design**.

Examples of qualifying products could include **video games, educational software, or AR/VR products**, to name a few.

On a province-by-province level, the IDMTC also offers a different mix of refund for **marketing and distribution costs** of up to \$100K in some instances; activities that are strictly prohibited by both SR&ED and CDAE.

## How much can qualified applicants receive from IDMTC?

Similar to CDAE, IDMTC can be delivered as a mix of refundable and non-refundable credits accounting for both wages and material expenses.

In Quebec specifically, the provincial version of IDMTC (often abbreviated to CTMM), will see the total taxable balance shift to a 20:10 percentage split by 2028 in an attempt to encourage more provincial income from successful businesses in this sector.

YEAR	REFUNDABLE	NON-REFUNDABLE
2024	37.5%	0%
2025	35%	2.5%
2026	32.5%	5%
2027	30%	7.5%
<b>2028</b>	<b>27.5%</b>	<b>10%</b>

Source: Government of Quebec



**37.5%**  
Maximum  
Potential Return



## Quebec specifically...

For a Quebecois digital media production to receive IDMTC funding, the company must:

- ✔ Be established and operational in Quebec.
- ✔ Must have a valid initial qualification certificate issued by Investissement Quebec for the production or title in question.
- ✔ The project must “include an appreciable quantity of three of the following four types of data in digital form: text, sound, fixed images and animated images. However, a title will be deemed to satisfy this condition if it is intended for customers with a disability” or “is produced on electronic media and controlled by software that allows for interactivity.”
- ✔ The title must feature a French version.

## When to use IDMTC, SR&ED or both

Any expenses claimed for either SR&ED or IDMTC can't overlap or therefore be stacked. While companies can file claims for separate expenses in both categories, they can't “double dip,” so to speak—ie. Any wages or labor costs that are already filed as SR&ED claims can't also be IDMTC eligible.

### How to apply for IDMTC

While IDMTC can be a generous credit, there could be benefits to leveraging SR&ED or different non-dilutive funding options that ultimately offer greater returns. To that end, given the strict qualifying criteria, if potential applicants realize early that IDMTC is a no-go, knowledgeable R&D tax professionals can help determine other avenues for non-dilutive funding.

**Talk to an expert at Boast today to understand which tax credits make sense to maximize your innovation and extend your runway.**

