



DIRECTORS GUILD OF CANADA

British Columbia District Council

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### *Important Notice regarding New Hiring Practices by Major Studios*

There is a change in practice regarding documentation you must provide the employers when filling out your start packs.

From now on, as a condition of employment, you may be required to sign a Declaration of Personal Residency Form, and attach your Notice of Assessment with your personal tax information blacked out. This information is required because the employers have been unable to realize the full amount of the tax credits due them because of erroneous or false information provided by members when they are hired by a production.

Loan-Out Companies need to supply additional information. Under section 41 of the Business Corporation Act, a corporation is required to file an annual report with the registrar within the two months following the anniversary date of incorporation. Should you fail to file the annual report two years in a row, the registrar may dissolve or cancel the corporation's registration, as it is no longer in "good standing".

If you are in doubt about your corporation's status, you may call the BC Registry Services at 604 775-1041 or visit their website at <http://www.fin.gov.bc.ca/registries>.

If you do work under a loan-out company and you are injured, WorkSafe BC may force back-payment of any premiums owed, or deny a claim outright, should they determine that you are an employer. Please see the attached pdf for further details on this subject.

We have consulted our legal counsel and have been advised that it is the right of the production company, under the terms of our Collective Agreement, to determine whether they will hire individuals as direct-hire employees or as loan-out companies. They also assure us that the request for and the maintenance of these documents is in accordance with Canadian privacy legislation. In order to best maintain the privacy of all of this information, the Production Accountant will keep the residency documents in a secure and locked facility, and only those production personnel on a need-to-know basis will be allowed access.

## **Important information regarding BC Local Hiring**

New rules and requirements are being put into place by AMPTP affiliated companies regarding the hiring of BC resident personnel.

### **Direct Hire**

If you are to work as a direct hire (employee) you may be required to:

- Complete and sign a Declaration of Personal Residency Form
- Provide a copy of your current Notice of Assessment (with financial information blacked out)

If you do not have a copy of your current Notice of Assessment, you must provide copies of all the other documentation listed on the Declaration of Personal Residency Form, which is:

- Two bills from different utility companies issued in the crew member's name (one for the recent month and one for December 2009)
- SIN card, last Medical Services Plan billing for 2009
- And if renting, a copy of residential lease (dollar amount blacked out) and both sides of a cancelled rent check (dollar amount blacked out)

### **Loan-Out Company**

If you provide your services through a loan-out company, the following information may be of interest to you.

Loan-out companies in the film industry are being audited by the Canadian Revenue Agency. Along with recovering back taxes (GST and Income Tax) owing, part of the audit process may examine whether or not an individual working under a loan-out company should actually be deemed an "employee".

For more information, please read:

CRA Bulletin RC4110 <http://www.cra-arc.gc.ca/E/pub/tg/rc4110-08e.pdf>.

If in doubt, talk with your accountant.

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Loan-out corporations with more than one shareholder qualify for fewer tax credits than corporations which are 100% owned by the individual employed. The CRA disallows 35% of the payment to a loan-out company that is not solely owned. Payments to solely-owned loan-out companies are allowed at 100%. Loan-out companies who have not filed a Schedule 50 (which lists the shareholders) with their tax return, CRA will assume it is a multi-owned loan-out company. Loan-out companies who misrepresent the shareholder details may not qualify for any tax credits at all. In order to comply with the provincial and federal requirements, you may be required to:

- Provide 2 Notices of Assessments – 1 issued to them as an individual and 1 issued to their loan-out companies.

If you don't have an individual Notice of assessment you may be asked to provide:

- Two bills from different utility companies issued in the crew member's name (one for the recent month and one for December 2009)
- SIN card, last Medical Services Plan billing for 2009
- And if renting, a copy of residential lease (dollar amount blacked out) and both sides of a cancelled rent check (dollar amount blacked out)

If you don't have a company Notice of Assessment you may be asked to provide:

- A Register of Corporate Shareholders (Schedule 50)
- A copy of the last Annual Report (Form 6) with proof of filing fee paid

If you are unable to provide Schedule 50 and Form 6 within 5 business days of your start date, you may be paid as a direct hire (employee) with withholding deducted at source.

For further information, please contact the office.

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