



SR&ED Program:

(Scientific Research and Experimental Development)

Should You Apply?

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Research & Technology Advisor



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

What is the SR&ED Program?

...a tax incentive program to encourage Canadian businesses* of all sizes to conduct R&D that will lead to new or improved technologically advanced products or processes.

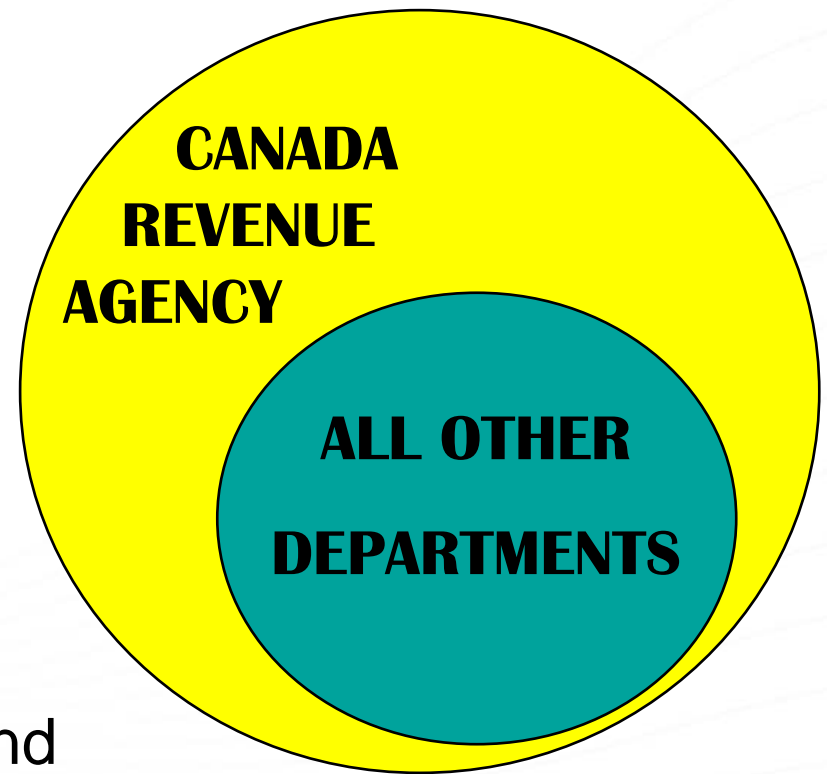
* business or individual claimants
(a tax payer - not necessarily a payer of tax)

Topics

- SR&ED Program Overview
 - What it is?
 - What it is not?
- Criteria for Judging Eligibility
 - “Routine” Engineering...
versus SR&ED
- What do you need to apply?
- What might you expect?
- Questions and Answers

Overview

- Available since 1985
- Single largest government support for science and technology in Canada
- One of the world's best tax-based incentive programs
- Entitlement program, not a grant
- Small companies → CA\$H Refund
- Large companies → Tax Credit



Grant vs Entitlement Funding

SR&ED Investment Tax Credit

- R&D broadly based
- Demand program - no limit on program spending
- Non competitive
- Eligibility defined in law

What Is SR&ED?

The Definition

“Systematic investigation or search carried out in an eligible field of science or technology through experiment or analysis”

Income Tax Act, Sect. 248(1)

What Is Not SR&ED?

- Market research or sales promotion
- Quality control or routine testing
- Research in social sciences or humanities
- Prospecting, exploring, drilling for or producing minerals, petroleum or natural gas
- Commercial production or use of a new or improved material, device or product
- Style changes
- Routine data collection

Categories of SR&ED

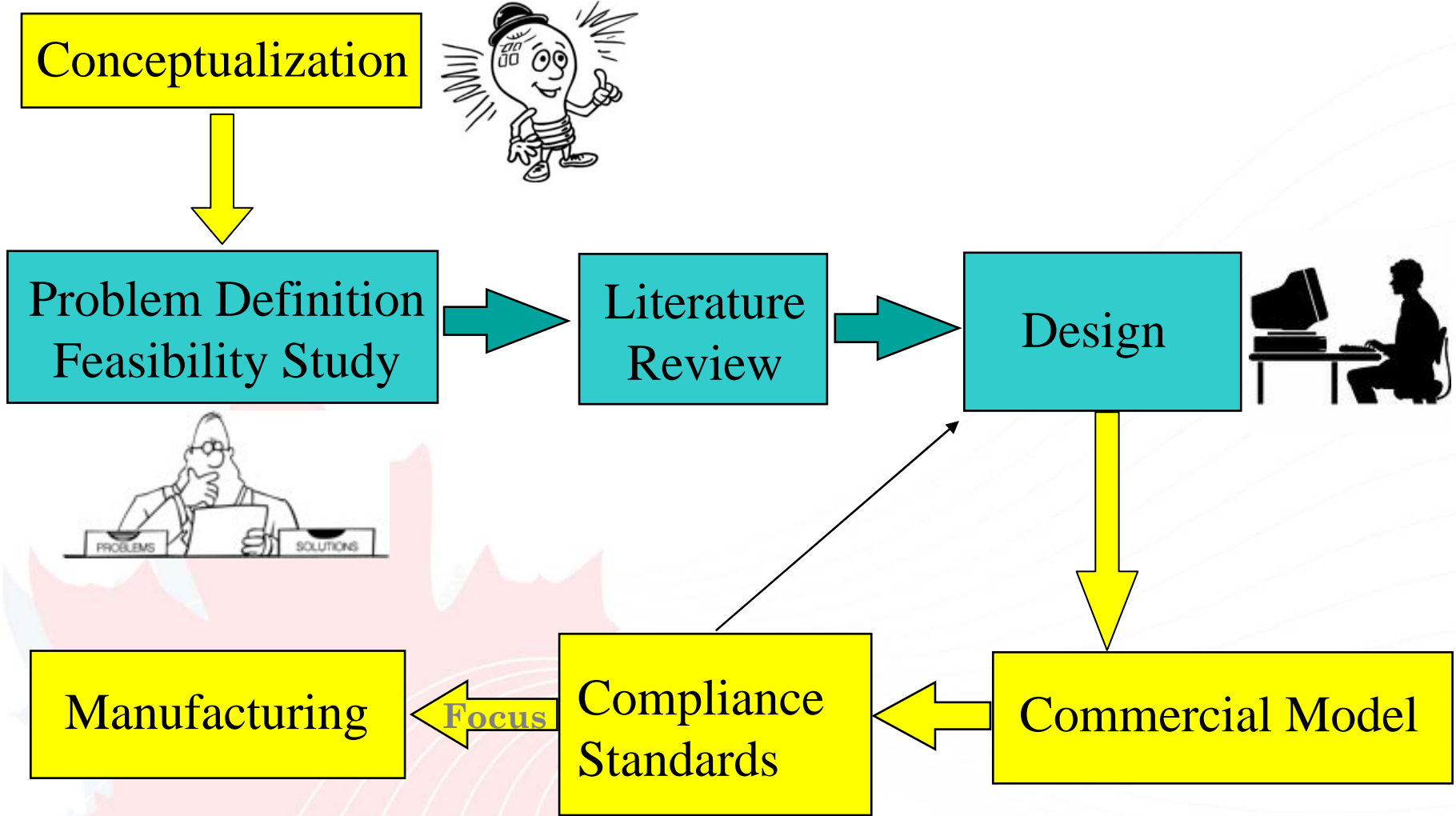
1. Basic research
2. Applied research
3. Experimental development for achieving scientific or technological advancement
4. Support work for 1, 2 or 3

Factors Affecting Eligibility

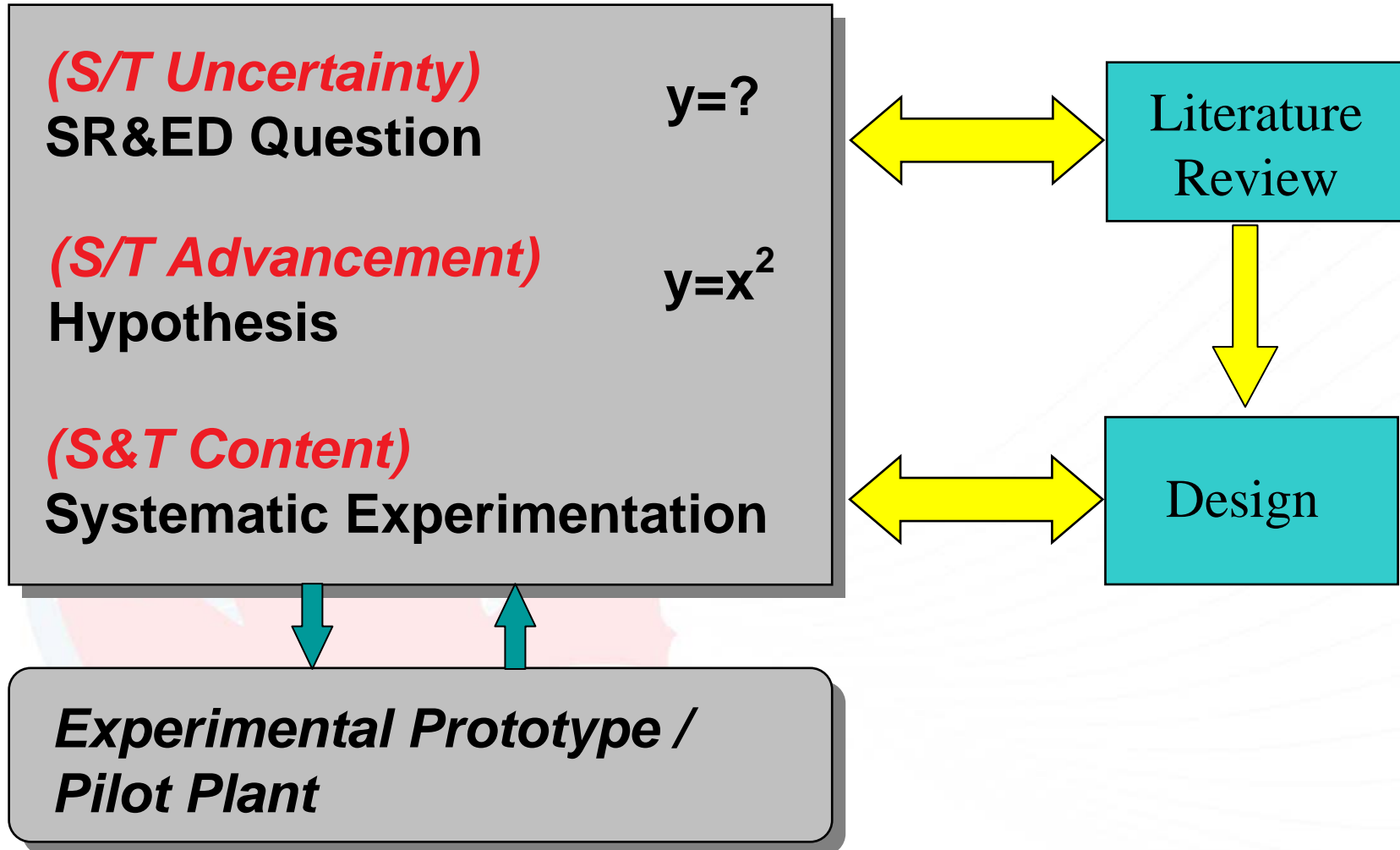
The 2
Minute
Version



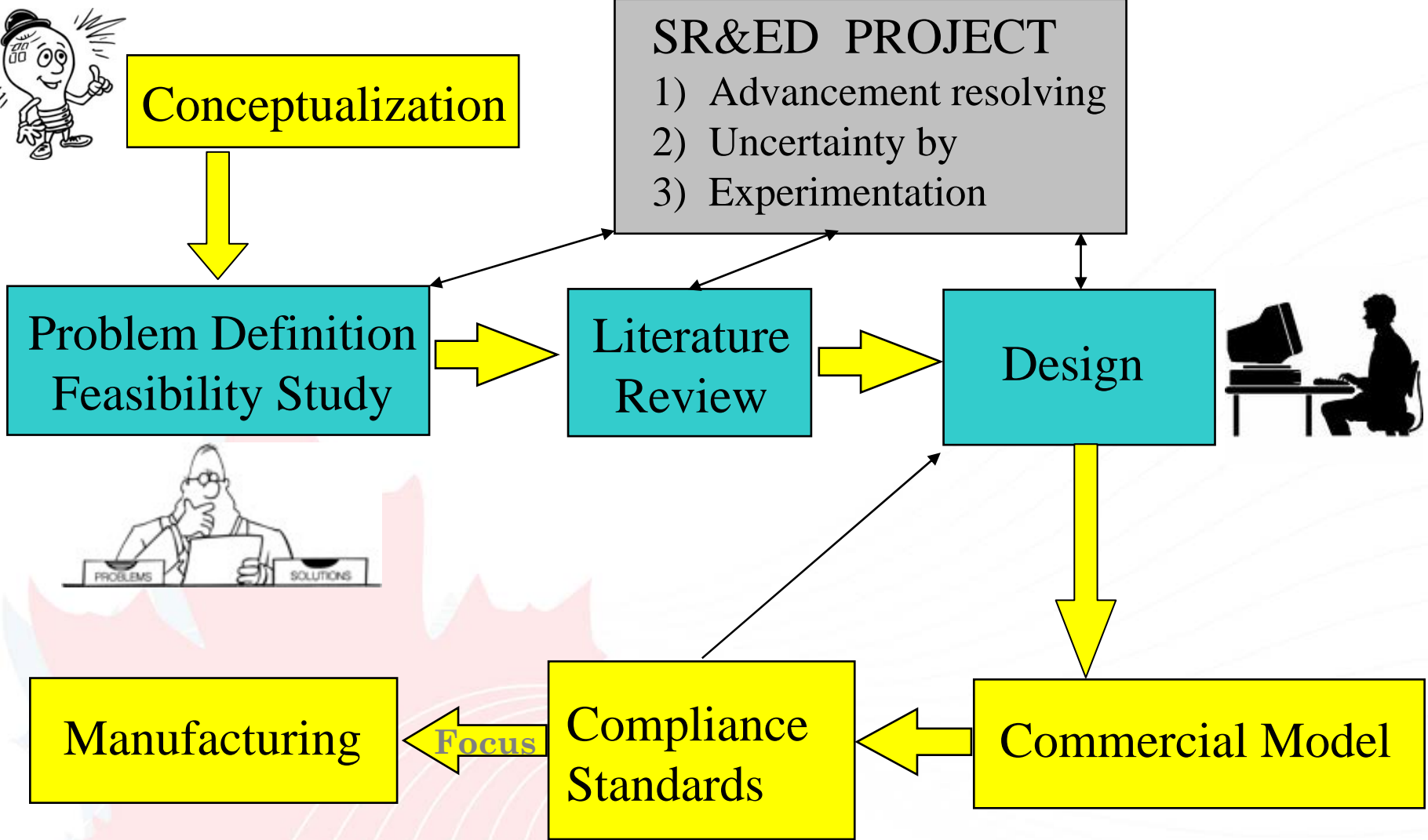
Product or Process Development



Research & Development



Research & Development



What Do You Need? Documentation & Evidence

Dated* documents of:

- Original project goals
- The progress of the work
- How work was carried out
- Results & conclusions
- Other evidence (e.g., samples, pictures, etc.)

* Documents created during the R&D process

What might affect your claim?

- SR&ED program provides refund of eligible expenses incurred during the claim period
- Nationally we process over 18,000 claims (\$4B), the prairie region makes up over 10% of all claims
- Time for refund can vary from 4 to 12 months, service can be faster if the claim is 'Accepted as Filed'
- Project description clearly written with the required information can speed processing

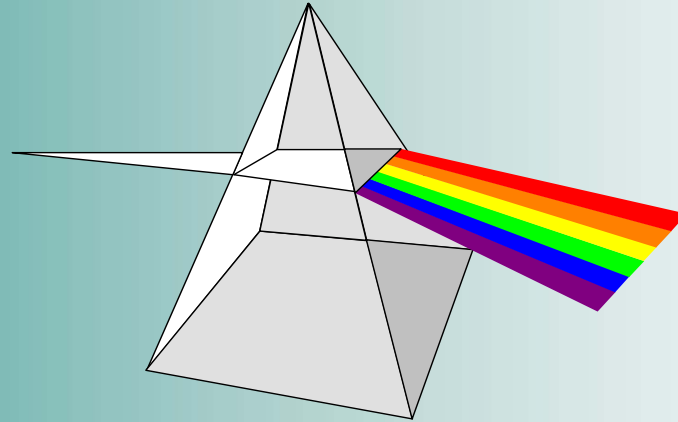
Should you apply for SR&ED?

DO You ...

- Conduct SR&ED activities yourself?
- Do collaborative SR&ED with local partners?
- Contract others (in Canada) to solve your SR&ED problems?
- ... need assistance for research activities

... if so – **YES** please request a **PCPR**

Discussion



Questions / Answers

Web site: www.cra.gc.ca/sred

Inquiry Line: (403) 691-5890