

RESEARCH BITE #10

DATE: April 22, 2016

RE: SR & ED Tax Incentives

Have you ever considered doing research with an industry partner? Have you heard about the Scientific Research and Experimental Development (SR&ED) Program? This a federal tax incentive program designed to encourage Canadian businesses of all sizes and in all sectors to conduct research and development (R&D) in Canada. The program is administered by the Canada Revenue Agency (CRA), which delivers SR&ED tax incentives in a timely, consistent and predictable manner, while encouraging businesses to prepare their claims in compliance with Canada's tax laws and the CRA's policies and procedures.

Generally, a Canadian-controlled private corporation (CCPC) can earn a refundable ITC at the enhanced rate of 35% on qualified SR&ED expenditures, up to a maximum threshold of \$3 million. This 35% ITC is 100% refundable on qualified SR&ED expenditures and 40% refundable on qualified SR&ED capital expenditures incurred before 2014.

A CCPC can also earn a non-refundable ITC at the basic rate of 15% on an amount over the \$3 million threshold.

A CCPC that meets the definition of a qualifying corporation can earn a refundable ITC at the basic rate of 15% on an amount over the \$3 million threshold, of which 40% can be refunded.

Individuals (proprietorships) and trusts can earn a refundable ITC at the basic rate of 15% on qualified SR&ED expenditures. The ITC must be applied against tax payable and the remaining ITC can be refunded, up to a maximum of 40%.

For more information:

<http://www.cra-arc.gc.ca/txcrdt/sred-rsde/clmng/glssry-eng.html#qlfsrd>



Karen E. Mosier,
Research Coordinator/Navigator
Department of Surgery

Email: karen.mosier@usask.ca
Phone: 306-966-8935