



WHAT IS CANADA'S SR&ED TAX INCENTIVE?

Do any research and development in Canada and you'll eventually hear the acronym SR&ED – Scientific Research and Experimental Development. SR&ED is a tax incentive program offered by the Canadian government that encourages companies to conduct scientific and technological research. With SR&ED, your company can reap the rewards of research or developing new products in Canada.

Tax incentive programs like SR&ED can often be complicated, so we've put together a comprehensive overview of the program that outlines which companies and projects are eligible and explains how coming to Canada and applying for SR&ED can make a huge impact on your company's success.

The SR&ED program offers tax incentives for businesses in Canada that perform basic research, applied research or experimental development in the fields of science and/or

technology. Each year, the SR&ED program provides \$3 billion in tax incentives to over 20,000 applicants.

WHAT COMPANIES ARE ELIGIBLE?

Any private company that invests in research and development in Canada can take advantage of SR&ED. Proprietorships and members of partnerships can also apply.



WITH

**Canada's Scientific
Research & Experimental
Development (SR&ED)
Tax Credit**

UP TO
35%

as a Canadian-controlled operation or 15% as a foreign-controlled operation

WITH

Ontario's Tax Credits

20%

with the Ontario Business Research Institute Tax Credit

8%

with the Ontario Innovation Tax Credit

3.5%

with the Ontario R&D Tax Credit

What is Canada's SR&ED Tax Incentive?

WHICH R&D PROJECTS ARE ELIGIBLE?

To meet the eligibility requirements, your company must be conducting experimental or analytical scientific research that satisfies three main criteria. Your research project must:

- **Have a technological uncertainty** that has no obvious or readily accessible solution to the problem you are attempting to solve.
- **Involve a systemic investigation** that uses the results and knowledge gained from failed approaches to inform your next attempted solution.
- **Achieve a technological advancement.** This doesn't mean that your project needs to be successful. Unsuccessful projects can demonstrate that the techniques you used were not feasible in solving the problem or uncertainty.

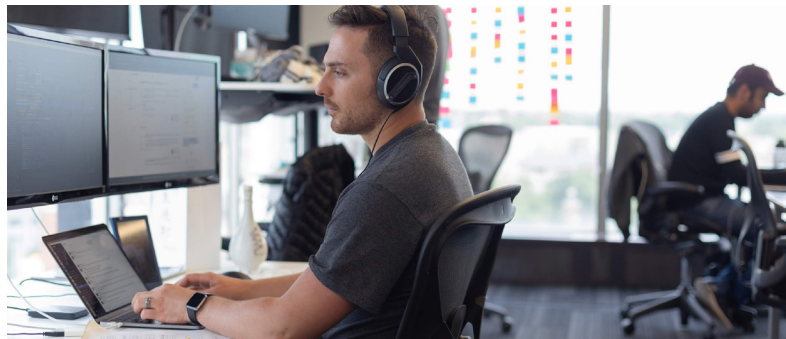
HOW CAN SR&ED HELP YOUR COMPANY?

The SR&ED program rewards companies for conducting research and development in scientific and technological fields in Canada with a 15% federal tax credit. Canadian-controlled private corporations (CCPCs) can earn an enhanced rate of 35% up to \$3 million.

WANT TO GET GOVERNMENT SUPPORT FOR YOUR R&D PROJECTS?

When it comes to receiving government support for your business, we can help. Waterloo EDC can help you identify the programs that align with your goals, guide you through the submission process and write letters of support to bolster your funding application or leverage our connections with government partners to maximize your chances of success, when appropriate. All you have to do is set up shop in Waterloo, Canada.

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With these financial rewards, your company can fund innovative ventures in science and technology, invest in future SR&ED projects and give yourself a competitive edge. SR&ED is an invaluable tool to advance your company's R&D capacities and accelerate your success.

Plus, by locating in Ontario, your company can take advantage of other tax credits in addition to SR&ED and save up to 66.5% on research, development and innovation.

WHAT DOES THE APPLICATION PROCESS INCLUDE?

To claim your SR&ED tax credit, you must file an income tax return and include a completed Form T661 to provide general, project, financial and statistical information.

