



Canadian SR&ED investment tax credit rates (2015)

| Qualified CCPC | | | | | Other companies (non Qualified Co's.) | | | | |
|-------------------------|--------------------|-------------------------|---|----------|---------------------------------------|--------------------|-------------------------|---|----------|
| Provinces & Territories | Prov./Terr. Credit | Prov./Terr. Refundable? | Federal Credit Refundable (reduced by Prov./Terr. credit) | Combined | Provinces & Territories | Prov./Terr. Credit | Prov./Terr. Refundable? | Federal Credit Non-refundable (reduced by Prov./Terr. credit) | Combined |
| AB | 10% | Yes | 31.50% | 41.50% | AB | 10% | Yes | 13.5% | 23.5% |
| BC | 10% | Yes | 31.50% | 41.50% | BC | 10% | No | 13.5% | 23.5% |
| MB | 20% | Partial | 28.00% | 48.00% | MB | 20% | Partial | 12.0% | 32.0% |
| NB | 15% | Yes | 29.75% | 44.75% | NB | 15% | Yes | 12.8% | 27.8% |
| NL | 15% | Yes | 29.75% | 44.75% | NL | 15% | Yes | 12.8% | 27.8% |
| NS | 15% | Yes | 29.75% | 44.75% | NS | 15% | Yes | 12.8% | 27.8% |
| ON | 10% | Yes | | | ON | 10% | Partial | | |
| ON | 4.5% | No | 29.93% | 44.43% | ON | 4.5% | No | 12.8% | 27.3% |
| PEI | 0% | N/A | 35.00% | 35.00% | PEI | 0% | N/A | 20% | 20% |
| QC | 20% | Yes | 28.00% | 48.00% | QC | 10% | Yes | 14% | 24% |
| SK | 10% | No | 29.75% | 44.75% | SK | 10% | No | 17% | 32% |
| YK | 15% | Yes | 29.75% | 44.75% | YK | 15% | Yes | 17% | 32% |
| NWT | 0% | N/A | 35.00% | 35.00% | NWT | 0% | N/A | 20% | 20% |
| NV | 0% | N/A | 35.00% | 35.00% | NV | 0% | N/A | 20% | 20% |

Notes:

- 1) The **federal rate** for non-Qualified companies is 15% (20% prior to Jan 1, 2014). Federal credits are reduced by any provincial tax credits receivable.
- 2) **Manitoba** starting in 2012, one-half of the credit for in-house R&D is refundable.
- 3a) **Ontario** allows foreign and public companies to claim the 10% (OITC) as long as they meet the income & size tests.
- 3b) **Ontario** also provides a 4.5% non-refundable ORDTTC credit to all corporations.
- 4a) **Quebec** - for **tax years beginning > Dec 2, 2014 new \$50,000 exclusion threshold** that reduces qualified expenses
- 4b) **Quebec rate** > June 5, 2014 is 30% of wages & university payments but no credits for materials. (14% if large co.)
- 5) **Saskatchewan** non-refundable 10% after March 31, 2015. 15% refundable for expenditures before Apr. 1, 2015



SR&ED Refund Calculator

NOTE: Insert your own numbers into the white spaces, as they apply, to calculate your expected SR&ED Tax Credit refund.

| [Fiscal Year] | | | | | | | | | |
|--|-------------------|------------|--------------------------|------------------|-------------------|----------------|--------------|--------------------|--------------|
| 1) Labour & overhead (i*) | Enter Amount Paid | % on SR&ED | Qualified SR&ED expenses | Ontario ITCs | Qualified Federal | Federal ITCs | Total ITCs | Refundable Portion | |
| Employee 1 | \$1,000,000.00 | 100% | \$1,650,000.00 | | | | | | |
| Employee 2 | \$0.00 | 100% | \$0.00 | \$1,650,000.00 | \$239,250.00 | \$1,410,750.00 | \$493,762.50 | \$733,012.50 | \$733,012.50 |
| Employee 3 | \$0.00 | 100% | \$0.00 | | | | | | |
| 2) Materials/Subcontractors | | | | | | | | | |
| Material 1 | \$0.00 | 100% | \$0.00 | | | | | | |
| Material 2 | \$0.00 | 0% | \$0.00 | \$100,000.00 | \$10,000.00 | \$90,000.00 | \$31,500.00 | \$41,500.00 | \$41,500.00 |
| Subcontractor 1 (ii*) | \$100,000.00 | 100% | \$100,000.00 | | | | | | |
| 3) 3rd Party Payments (Universities & Gov't labs) | | | | \$100,000.00 | \$30,000.00 | \$70,000.00 | \$24,500.00 | \$54,500.00 | \$54,500.00 |
| 4) Capital Equipment (>90% SR&ED) (iii*) | | | | purchased | \$100,000.00 | \$4,000.00 | \$96,000.00 | \$33,600.00 | \$37,600.00 |
| | | | | leased | \$100,000.00 | \$10,000.00 | \$90,000.00 | \$31,500.00 | \$41,500.00 |
| Qualified SR&ED costs & ITCs for [Fiscal Year]: | | | | \$2,050,000.00 | | | | \$908,112.50 | |
| Refundable ITCs for [Fiscal Year]: | | | | | | | | | \$887,952.50 |

NOTES:

- 1) SR&ED labour includes 65% gross up SR&ED wages for "proxy" method overhead* allocation
- 2) These calculations assume that we RENOUNCE the additional 4.5% non-refundable Ontario R&D Tax Credit (ORDTC)
- 3) Once annual SR&ED expenditures exceed \$3 million;
 - b) credits are reduced to 20% of expenses (CRA Only - no Ontario).
 - b) 40% of these credits are refundable with the balance applied vs. income taxes payable.

2012 Budget changes:

- i) SR&ED labour includes 60% gross up 2013 & 55% for 2014 for "proxy" method overhead* allocation
- ii) Beginning 2013 only 80% of subcontractor costs are eligible
- iii) Beginning 2014 there are NO credits on capital equipment



SR&ED Refund Calculator

NOTE: Insert your own numbers into the white spaces, as they apply, to calculate your expected SR&ED Tax Credit refund.

| [Fiscal Year] | | | | | | | | | |
|--|-------------------|------------|-------------------------|--------------|--------------|-------------------|--------------------|---------------------|--------------------|
| 1) Labour & overhead (i*) | Enter Amount Paid | % on SR&ED | SR&ED Eligible Portions | | Ontario ITCs | Qualified Federal | Federal ITCs (iv*) | Total ITCs | Refundable Portion |
| Employee 1 | \$100,000.00 | 100% | \$165,000.00 | | | | | | |
| Employee 2 | \$0.00 | 100% | \$0.00 | \$165,000.00 | \$7,425.00 | \$157,575.00 | \$31,515.00 | \$38,940.00 | \$0.00 |
| Employee 3 | \$0.00 | 100% | \$0.00 | | | | | | |
| 2) Materials/Subcontractors | | | | | | | | | |
| Material 1 | \$0.00 | 100% | \$0.00 | | | | | | |
| Material 2 | \$0.00 | 0% | \$0.00 | \$100,000.00 | \$4,500.00 | \$95,500.00 | \$19,100.00 | \$23,600.00 | \$0.00 |
| Subcontractor 1 (ii*) | \$100,000.00 | 100% | \$100,000.00 | | | | | | |
| 3) 3rd Party Payments (Universities & Gov't labs) | | | | \$100,000.00 | \$20,000.00 | \$80,000.00 | \$16,000.00 | \$36,000.00 | \$20,000.00 |
| 4) Capital Equipment (>90% SR&ED use) (iii*) | | | | \$100,000.00 | \$4,500.00 | \$95,500.00 | \$33,425.00 | \$37,925.00 | \$0.00 |
| Total ITCs for [Fiscal Year]: | | | | | | | | \$136,465.00 | |
| Refundable ITCs for [Fiscal Year]: | | | | | | | | | \$20,000.00 |

* - includes 65% gross up SR&ED wages for "proxy" method overhead allocation

NOTE: These calculations assume that we are NOT entitled to the additional 10%, refundable Ontario Innovation Tax Credit (OITC). credit is available to large, public or foreign companies as long as their prior year assets < \$50 million & taxable income < \$800,000.

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2012 Budget changes:

- i) SR&ED labour includes 60% gross up 2013 & 55% for 2014 for "proxy" method overhead* allocation
- ii) Beginning January 1, 2013 only 80% of subcontractor costs are eligible
- iii) Beginning January 1, 2014 there are NO credits on capital equipment
- iv) Beginning January 1, 2014 the Federal ITC rate is reduced from 20% to 15%