



## BRITISH COLUMBIA (BC) SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT TAX CREDIT

To claim this tax credit, attach this form to the **top of the corporation's T2 Corporate Income Tax Return** for the year. This form must be filed within 18 months of the end of the tax year in which the corporation's scientific research and experimental development (SR&ED) qualified BC expenditures are incurred. **Late filed tax credit forms will not be processed.** Please refer to Part 6 of the *Income Tax Act* (British Columbia).

### Freedom of Information and Protection of Privacy Act (FOIPPA)

The personal information on this form is collected for the purpose of administering the *Income Tax Act* (British Columbia) under the authority of both this Act and section 26 of the FOIPPA. Questions about the collection or use of this information can be directed to the Information and Privacy Analyst, FOI Section, Ministry of Small Business and Revenue, PO Box 9432 Stn Prov Govt, Victoria, BC V8W 9N6. (Telephone: Victoria at 250-953-3671, Vancouver at 604-660-2421 or toll-free at 1-800-663-7867 and ask to be re-directed). Email: FOI.QRYS@gov.bc.ca

This form is to be used by corporations that have made an **SR&ED qualified BC expenditure**. A corporation's **SR&ED qualified BC expenditure** for a tax year is the total of its BC qualified expenditures incurred in that year and its **eligible repayment** for that tax year. A corporation that is a member of a partnership, other than a specified member as defined in subsection 248(1) of the *Canadian Income Tax Act* (*Canadian ITA*), can use this form to claim its proportionate share of the partnership's British Columbia SR&ED tax credit earned on **BC qualified expenditures** incurred after February 20, 2007. A specified member includes any limited partner. The **credit amount from a partnership** is reported on line 14 of Part 5 and must not be included in Schedule A.

**Qualified expenditure** has the same meaning as subsection 127(9) of the *Canadian ITA*, except government assistance does not include a British Columbia SR&ED tax credit or an investment tax credit under subsection 127(5) or (6) of the *Canadian ITA*.

**BC qualified expenditures** include qualified expenditures made after August 31, 1999 (February 20, 2007 for partnerships) and before September 1, 2014 in respect of SR&ED carried on in British Columbia. The expenditure must have been incurred at a time when the corporation or partnership had a permanent establishment in British Columbia. Expenditures incurred by an individual or trust do not qualify. BC qualified expenditures do not include expenditures incurred in the course of earning income if any of the income is exempt income, as defined in section 248(1) of the *Canadian ITA*, or is exempt from tax under Part 1 of the *Canadian ITA*.

A corporation's **eligible repayment** is the total of all amounts of designated assistance repaid in the tax year by the corporation or deemed repaid under subsection 127(10.8) of the *Canadian ITA*, to the extent each amount is a repayment of designated assistance that reduced an amount of a BC qualified expenditure in the tax year or a previous tax year.

The **refundable** tax credit may only be claimed by a **Canadian-controlled private corporation (CCPC)**. Any refundable credit to which the corporation is entitled will be offset against other income taxes payable (federal and provincial) and a refund cheque may be issued for any remainder. The refundable credit is limited to 10% of the lesser of the corporation's SR&ED qualified BC expenditure for the tax year and its expenditure limit as defined in subsection 127(10.2) of the *Canadian ITA*. If a CCPC's expenditure exceeds the corporation's expenditure limit, the corporation may be able to claim a non-refundable credit.

Other corporations, corporations claiming a credit amount from a partnership and CCPCs whose expenditure exceeds their expenditure limit, may claim a **non-refundable** tax credit to the extent of their British Columbia tax otherwise payable. Any remaining non-refundable tax credit, if not deductible in the year earned, may be used to offset British Columbia tax otherwise payable in any of the three preceding years and ten subsequent years. The tax credit may not be carried back to a tax year ending before September 1, 1999.

### Part 1 – Corporate Information (Please print)

Corporate Name	Partnership's Filer Identification Number (If you are claiming an amount from a partnership)					
Business Number	Tax Year	yyyy	Start	mm	dd	End
Contact Person's Name	Telephone Number	Fax Number				

### Part 2 – Eligibility

Was the corporation exempt from taxation under section 27 of the <i>Income Tax Act</i> (British Columbia) or Part I of the <i>Canadian ITA</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Was the corporation at any time in the year controlled directly or indirectly in any manner whatever by one or more persons, all or part of whose income was exempt from taxation under section 27 of the <i>Income Tax Act</i> (British Columbia) or Part I of the <i>Canadian ITA</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Was the corporation at any time in the year:		
a) a small business venture capital corporation registered under section 3 of the <i>Small Business Venture Capital Act</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
b) an employee venture capital corporation registered under section 8 of the <i>Employee Investment Act</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If the answer to any of the above questions is "yes", the corporation is not eligible for a tax credit.		

### Part 3 – SR&ED qualified BC Expenditure

To determine the amount of total current and capital BC qualified expenditures, complete Schedule A.	
Total current BC qualified expenditures in the tax year	350 + _____ 1
Total capital BC qualified expenditures in the tax year	360 + _____ 2
Eligible repayment made in the tax year	370 + _____ 3
SR&ED qualified BC expenditure for the year (add lines 1 to 3)	380 = _____ 4

## Part 4 – Refundable Tax Credit for Canadian-Controlled Private Corporations

Corporation's expenditure limit as defined in subsection 127(10.2) of the <i>Canadian ITA</i> .....	5
Corporation's SR&ED qualified BC expenditure for the year (from line 4) .....	6
Enter the lesser amount of line 5 and line 6 .....	7
Applicable rate .....	X10% 8
Refundable tax credit available (multiply line 7 by line 8) .....	= 9
<b>Refundable tax credit claim</b> (enter an amount up to the amount on line 9 at line 674 of Schedule 5). ....	10

## Part 5 – Non-refundable Tax Credit for the Year

Corporation's SR&ED qualified BC expenditure for the year (from line 4) .....	11
Applicable rate .....	X10% 12
Tax credit earned in the year (multiply line 11 by line 12). ....	= 13
Tax credit allocated from a partnership .....	14
<b>Deduct:</b> Recaptured BC SR&ED tax credit allocated to the corporation from a partnership of which the corporation is a member .....	- 15
Subtract line 15 from line 14 .....	= 16
(if line 15 exceeds line 14, enter nil on line 17 and transfer the amount from line 16 to Part 10 of this form)	▶ + 17
<b>Deduct:</b> Refundable tax credit claimed (from line 10) .....	+ 18
Tax credit renounced for the current tax year (from line 28) (complete part 6 below). ....	+ 19
Add line 18 and line 19 .....	= 20
Annual non-refundable tax credit for the year (line 13 plus line 17 minus line 20). ....	= 21
<b>Add:</b> Tax credit balance at the beginning of the tax year (from line 31). ....	+ 22
Tax credit transferred on amalgamation or windup of a subsidiary. ....	+ 23
Add line 22 and line 23 .....	= 24
Total non-refundable tax credit available for deduction (line 21 plus line 24). ....	= 25
British Columbia income tax otherwise payable. ....	26
British Columbia tax payable from line 240 on Schedule 5 less BC foreign tax credit, BC logging tax credit, BC royalty and deemed income rebate, BC political contribution tax credit, and BC small business venture capital tax credit, BC Nisga'a royalty tax credit, British Columbia manufacturing and processing tax credit.	
<b>Non-refundable tax credit claim</b> (enter this amount on line 659 of Schedule 5). ....	27
Claim the amount that is the lesser of line 25 and line 26 or <b>nil</b> if the corporation has made a deduction for the BC two-year tax holiday for new small businesses.	
<b>Complete Part 8</b> if the amount claimed on line 27 includes amounts carried forward from preceding years on line 22. The non-refundable tax credit may be used to offset British Columbia tax payable for a three-year carry back (if not deductible in the year earned) and a ten-year carry forward.	
<b>Complete Part 9</b> to carry back any non-refundable tax credit if not deductible in the current year earned.	

## Part 6 – Renunciation of Tax Credit

The corporation hereby renounces, under subsection 100(1) of the <i>Income Tax Act</i> (British Columbia), all entitlement to the British Columbia Scientific Research and Experimental Development tax credit as follows:	
Amount of non-refundable tax credit the corporation elects to renounce .....	Amount ..... 28
The amount renounced cannot exceed the total credit earned in the year less the refundable credit claimed in the year (line 13 minus line 18).	

Part 7 – Summary of Tax Credits Available for Carryforward or Carryback

Tax credit balance at the end of the preceding year		+		29
<b>Deduct:</b>	Tax credit expired after 10 years		<b>504</b>	– 30
Tax credit at the beginning of the year (line 29 minus line 30)			<b>520</b>	= 31
<b>Add:</b>	Tax credit transferred on amalgamation or windup (from line 23)		<b>530</b>	+ 32
	Tax credit earned in the current year (from line 13)		<b>540</b>	+ 33
	Add line 32 and line 33			= 34
Tax credit available (add line 31 and line 34)				= 35
<b>Deduct:</b>	Tax credit renounced (from line 28)		<b>580</b>	+ 36
	Refundable tax credit claimed (from line 10)		<b>610</b>	+ 37
	Non-refundable tax credit claimed (from line 27)		<b>560</b>	+ 38
	Non-refundable tax credit carried back to preceding years (from line 56)			+ 39
	Add lines 36 to 39			= 40
Tax credit balance at the end of the year (line 35 minus line 40)			<b>620</b>	= 41

Part 8 – Request for Application of Tax Credit from Preceding Years

The corporation hereby requests the following tax credit to be applied to the current year tax payable.

Year of origin	yyyy mm dd	Amount to be applied	+		42
Year of origin		Amount to be applied	+		43
Year of origin		Amount to be applied	+		44
Year of origin		Amount to be applied	+		45
Year of origin		Amount to be applied	+		46
Year of origin		Amount to be applied	+		47
Year of origin		Amount to be applied	+		48
Year of origin		Amount to be applied	+		49
Year of origin		Amount to be applied	+		50
Year of origin		Amount to be applied	+		51
Total to be applied (add lines 42 to 51)				=	52

Part 9 – Request for Carryback of Tax Credit

The corporation hereby requests a carryback of the tax credit to be applied as follows:

1st preceding tax year	Credit to be applied	<b>911</b>	+		53
2nd preceding tax year	Credit to be applied	<b>912</b>	+		54
3rd preceding tax year	Credit to be applied	<b>913</b>	+		55
Total carried back (add lines 53 to 55)				=	56

## Part 10 – Calculating the recapture of tax credits

You will have a recapture of tax credit in a year when all of the following conditions are met:

- you acquired a particular property and the cost of the property was a BC qualified expenditure in a tax year;
- the cost of the particular property was included in computing your tax credit; and
- you disposed of the particular property or converted it to commercial use after March 31, 2000 (after February 20, 2007, in the case of partnerships), and within 10 tax years of the acquisition. This condition is also met if you disposed of or converted to commercial use a property which incorporates the property previously referred to. If, however, you sell the property to a non-arm's length purchaser who continues to use all the property, or substantially all for British Columbia SR&ED, the recapture does not apply.

You will also have a recapture if you have an excess of recaptured BC SR&ED tax credit allocated from a partnership transferred from line 16 of Part 5. Enter the transferred amount in the calculation below as a positive number

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use.

If you have more than one disposition, please complete the columns for each disposition for which a recapture applies, using the calculation format below.

### Calculation – if you meet all of the above conditions

	Amount of tax credit in respect of the particular property you acquired	Amount calculated at the tax credit rate at the time the property was acquired on either the proceeds of disposition (if sold in an arm's length transaction) or, in any other case, the fair market value of the property	Lesser of amount 700 and amount 710
	700	710	
1.			
2.			
3.			
4.			
5.			
		<b>Subtotal</b>	+
		Corporate partner's share of the excess of the BC SR&ED tax credit (from Part 5, line 16)*	+
		<b>Total</b> recapture of BC SR&ED tax credit (enter this amount on line 241 Schedule 5)	=

#### \* Note

As a member of a partnership, a corporation will report its appropriate portion of the British Columbia SR&ED tax credit of the partnership after the BC SR&ED tax credit has been reduced by the amount of any recapture. If this amount is a positive amount, enter the amount on lines 16 and 17 in Part 5. However, if the partnership does not have sufficient BC SR&ED tax credit otherwise available to offset the recapture, then the amount by which reductions to the BC SR&ED tax credit exceed additions (the excess) will be determined and added to the corporation's tax otherwise payable.

## Schedule A – Current and Capital BC Qualified Expenditure

	Current	Capital
<b>Total current and capital expenditures for SR&amp;ED</b> (from lines 557 and 558 of Form T661) . . . . .		
<b>Add:</b> Qualified expenditures you transferred (from lines 544 and 546 of Form T661). . . . .	+	+
Government and non-government assistance (from lines 513, 514, 515, 516, 517 and 518 of Form T661). . . . .	+	+
<b>Subtotal</b> . . . . .	=	=
<b>Deduct:</b> <b>Qualified expenditures transferred to you</b> (from lines 508 and 510 of Form T661) . . . . .	–	–
Government assistance (defined in section 97 of the <i>Income Tax Act</i> (British Columbia)). . . . .	–	–
Expenditures incurred in the tax year for SR&ED carried on outside British Columbia . . . . .	–	–
Expenditures incurred at a time when the corporation had no permanent establishment in British Columbia . . . . .	–	–
Current expenditures for SR&ED contract paid or payable to, or for the benefit of a person or partnership that is not a taxable supplier in respect of the expenditure. . . . .	–	–
Expenditures for third-party payments made to entities outside British Columbia . . . . .	–	–
Prescribed proxy amount on directly engaged salary and wages where the SR&ED was carried on outside British Columbia . . . . .	–	–
Prescribed proxy amount on directly engaged salary and wages at a time when the corporation had no permanent establishment in British Columbia. . . . .	–	–
<b>Subtotal</b> . . . . .	=	=
<b>BC qualified expenditures</b> Report on lines 350 and 360 in Part 3 of Form T666 . . . . .	<b>350</b> =	<b>360</b> =