

Part 2 – Project information (continued)

| Section C – Additional project information | | | |
|---|--|---------------------------------------|--|
| Who prepared the responses for Section B? | | | |
| 253 1 <input type="checkbox"/> Employee directly involved in the project | 254 Name | | |
| 255 1 <input type="checkbox"/> Other employee of the company | 256 Name | | |
| 257 1 <input type="checkbox"/> External consultant | 258 Name | 259 Firm | |
| List the key individuals directly involved in the project and indicate their qualifications/experience. | | | |
| 260 | Names | 261 | Qualifications/experience and position title |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 265 | Are you claiming any salary or wages for SR&ED performed outside Canada? | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No |
| 266 | Are you claiming expenditures for SR&ED carried out on behalf of another party? | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No |
| 267 | Are you claiming expenditures for SR&ED performed by people other than your employees? | 1 <input type="checkbox"/> Yes | 2 <input type="checkbox"/> No |
| If you answered yes to line 267, complete lines 268 and 269. | | | |
| 268 | Names of individuals or companies | 269 | BN |
| 1 | | | |
| 2 | | | |
| What evidence do you have to support your claim? (Check any that apply) You do not need to submit these items with the claim. However, you are required to retain them in the event of a review. | | | |
| 270 1 <input type="checkbox"/> | Project planning documents | 276 1 <input type="checkbox"/> | Progress reports, minutes of project meetings |
| 271 1 <input type="checkbox"/> | Records of resources allocated to the project, time sheets | 277 1 <input type="checkbox"/> | Test protocols, test data, analysis of test results, conclusions |
| 272 1 <input type="checkbox"/> | Design of experiments | 278 1 <input type="checkbox"/> | Photographs and videos |
| 273 1 <input type="checkbox"/> | Project records, laboratory notebooks | 279 1 <input type="checkbox"/> | Samples, prototypes, scrap or other artefacts |
| 274 1 <input type="checkbox"/> | Design, system architecture and source code | 280 1 <input type="checkbox"/> | Contracts |
| 275 1 <input type="checkbox"/> | Records of trial runs | 281 1 <input type="checkbox"/> | Others, specify 282 _____ |

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

| Enter the breakdown between current and capital expenditures (to the nearest dollar) | | Current Expenditures | Capital Expenditures |
|--|-----|----------------------|----------------------|
| Total expenditures for SR&ED (from lines 380 and 390) | 492 | 496 | |
| Add | | | |
| • payment of prior years' unpaid amounts (other than salary or wages) | 500 | + | |
| • prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method) | 502 | + | |
| • expenditures on shared-use equipment for property acquired before 2014 | | | 504 + |
| • qualified expenditures transferred to you (see note 3) (complete Form T1146**) | 508 | + | 510 + |
| Subtotal (add lines 492 to 508, and add lines 496 to 510) | 511 | = | 512 = |
| Deduct (see note 4) | | | |
| • provincial government assistance | 513 | - | 514 - |
| • other government assistance | 515 | - | 516 - |
| • non-government assistance and contract payments | 517 | - | 518 - |
| • current expenditures (other than salary or wages) not paid within 180 days of the tax year end | 520 | - | |
| • amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier | 528 | - | |
| • 20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012 | 529 | - | |
| • prescribed expenditures not allowed by regulations (see guide) | 530 | - | 532 - |
| • other deductions (see guide) | 533 | - | 535 - |
| • non-arm's length transactions | | | |
| – assistance allocated to you (complete Form T1145*) | 538 | - | 540 - |
| – expenditures for non-arm's length SR&ED contracts (from line 345) | 541 | - | |
| – adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide) | 542 | - | 543 - |
| – qualified expenditures you transferred (complete Form T1146**) | 544 | - | 546 - |
| Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546) | 557 | = | 558 = |
| Qualified SR&ED expenditures (add lines 557 and 558) | | | 559 = |
| Add | | | |
| • repayments of assistance and contract payments made in the year | | | 560 + |
| Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560) | | | 570 = |

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Part 5 – Calculation of prescribed proxy amount (PPA)

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A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162). You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307) **810** +

Deduct

Bonuses, remuneration based on profits, and taxable benefits that were included on line 810 **812** -

Subtotal (line 810 minus 812) **814** =

Salary or wages of specified employees

| 850 Column 1 | 852 Column 2 | 854 Column 3 | 856 Column 4 | 858 Column 5 | 860 Column 6 |
|---------------------------------------|---|--|---|---|---|
| Name of specified employee | Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar) | % of time spent on SR&ED (maximum 75%) | Amount in column 2 multiplied by percentage in column 3 | 2.5 × A × B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year | Amount in column 4 or 5, whichever amount is less |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| (Enter total of column 6 on line 816) | | | | | |

816 +

Salary base (total of lines 814 and 816) **818** =

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) **820** =

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for all SR&ED projects claimed in the year. Expenditures should be recorded and allocated on a project basis.

| 750 | 752 | 754 | 756 |
|--------------------------------------|--|---|--|
| Project title or identification code | Salary or wages in the tax year (Total of lines 306 to 309) | Cost of materials in the tax year (Total of lines 320 and 325) | Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345) |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| Total | | | |

Part 7 – Additional information

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Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605**

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

| | | Canadian (%) | | Foreign (%) |
|--|------------|----------------------|------------|----------------------|
| Internal | 600 | <input type="text"/> | | |
| Parent companies, subsidiaries, and affiliated companies | 602 | <input type="text"/> | 604 | <input type="text"/> |
| Federal grants (do not include funds or tax credits from SR&ED tax incentives) | 606 | <input type="text"/> | | |
| Federal contracts | 608 | <input type="text"/> | | |
| Provincial funding | 610 | <input type="text"/> | | |
| SR&ED contract work performed for other companies on their behalf | 612 | <input type="text"/> | 614 | <input type="text"/> |
| Other funding (e.g., universities, foreign governments) | 616 | <input type="text"/> | 618 | <input type="text"/> |

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 Basic or Applied research **622** Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

| | | | |
|--|--|------------|----------------------|
| Scientists and engineers | | 632 | <input type="text"/> |
| Technologists and technicians | | 634 | <input type="text"/> |
| Managers and administrators | | 636 | <input type="text"/> |
| Other technical supporting staff | | 638 | <input type="text"/> |

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3
3. completed Part 2 for each project
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return*
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*
 ** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*
 *** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*
 **** Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

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Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A \$1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?

- 1. Yes (complete the claim preparer information table and lines 970 and 975 below)
- 2. No (complete lines 970 and 975)

Claim preparer information table

| 940 | 945 | 950 | 955 | 960 | 965 |
|--|-----------------|---------------------------------------|--|---|--|
| Name of claim preparer (company or individual) | Business number | Billing arrangement code (see codes*) | Billing rate (percentage, hourly/daily rate or flat fee) | Other billing arrangement(s) (Maximum 10 words) | Total fee paid, payable or expected to pay |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |
| 8. | | | | | |
| 9. | | | | | |
| 10. | | | | | |
| Total | | | | | |

*** Billing arrangement codes**

| Code | Type of billing arrangement |
|------|--|
| 1 | Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned |
| 2 | Hourly rate |
| 3 | Daily rate |
| 4 | Flat fee arrangement (lump sum) |
| 5 | Other arrangements – describe the arrangement in box 960 in 10 words or less |

970 I, _____ certify that the information provided in this part is complete and accurate.
 Name of authorized signing officer of the corporation, or individual (print)

 Signature

975 _____
 Year Month Day

Part 10 – Certification

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I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 _____

Name of authorized signing officer of the corporation, or individual

Signature

170 _____

Date

175 _____

Name of person/firm who completed this form