



AGREEMENT TO TRANSFER QUALIFIED EXPENDITURES INCURRED IN RESPECT OF SR&ED CONTRACTS BETWEEN PERSONS NOT DEALING AT ARM'S LENGTH

(See instructions at the end of the form)

AGREEMENT

The transferor and the transferee identified below hereby agree to transfer the amount of SR&ED qualified expenditures (per line 106 on page 2 of this Form) to the transferee.

010 \$ _____

The breakdown of the transferred amount is:

Current expenditures

015 \$ _____

Capital expenditures

020 \$ _____

Carry the transferred amounts on lines 015 and 020 above over to Form T661, lines 508 and 510 for the transferee, and to lines 544 and 546 of Form T661 for the transferor.

025 Is this an amended agreement? 1 Yes 2 No

AUTHORIZATION TO TRANSFER

The transferor and the transferee must file with Form T1146:

- certified copies of the resolutions of the Directors authorizing the agreement; or
- a Directors' resolution delegating authority to an authorized officer of each corporation signing this form.

The Directors' resolution will be in effect for all subsequent years until it is rescinded.

If two corporations are owned exclusively by one shareholder, a T1146 signed by authorized officers of each corporation will be accepted if a signed confirmation by the shareholder is filed with the form stating that he is the only shareholder of both corporations, and that he has authorized the transfer of the SR&ED qualified expenditure from one corporation to the other. A Directors' resolution will not be required.

030 Were copies of the resolutions/confirmation authorizing the transfer submitted in a previous year? 1 Yes 2 No

035 If you answered **yes** to line 030, in what tax year was it submitted?

Year							

If you answered **no** to line 030:

- If you are filing a paper return, attach the required documents to Form T1146.
- If you are filing electronically, refer to the "Paper Documentation" section of RC4018, *Electronic Filers Manual*, for instructions on how to file paper documents in support of electronically filed forms.

040 Name of transferor (print)	045 Business number or social insurance number																				
Address (head office if corporation)	050 Tax year-end <table border="1" style="width: 100%; text-align: center; margin-top: 5px;"> <tr> <td style="width: 20px;"> </td> </tr> <tr> <td colspan="3">Year</td> <td colspan="3">Month</td> <td colspan="4">Day</td> </tr> </table>											Year			Month			Day			
Year			Month			Day															
055 Name of individual or authorized signing officer of the corporation	060 Title																				
Signature of individual or authorized signing officer of the corporation	065 Date																				

070 Name of transferee (print)	075 Business number or social insurance number																				
Address (head office if corporation)	080 Tax year-end <table border="1" style="width: 100%; text-align: center; margin-top: 5px;"> <tr> <td style="width: 20px;"> </td> </tr> <tr> <td colspan="3">Year</td> <td colspan="3">Month</td> <td colspan="4">Date</td> </tr> </table>											Year			Month			Date			
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085 Name of individual or authorized signing officer of the corporation	090 Title																				
Signature of individual or authorized signing officer of the corporation	095 Date																				

Calculation of qualified SR&ED expenditures to be transferred for the tax year of the transferor

Transferor's SR&ED qualified expenditure pool at the end of the tax year, before subtracting the transferred amount **100** \$ _____

Notional contract payments (NCP) – the total of all amounts that would be contract payments to the transferor for SR&ED performed for, or on behalf of, the transferee, if the two parties were dealing at arm's length (For a definition of contract payment see the Glossary in T4088, *Guide to Form T661*) **110** \$ _____

Notional contract payments on line 110 that are not paid by the transferee within 180 days of the tax year-end of the transferor **112** \$ _____

Maximum notional contract payments (line 110 minus line 112) **114** \$ = _____

Qualified expenditures (related to the NCP) **incurred and paid in the year** by the transferor for the portion of SR&ED performed at non-arm's length. (The expenditures must be paid by the performer on or before the day that is 180 days after the end of the tax year in which they are incurred. Do not include qualified expenditures that are not paid within that time.) \$ _____

Amounts transferred to the transferor for qualified expenditures attributable to the SR&ED performed for the transferee (This would be the case where the transferor has subcontracted all or a portion of the SR&ED performed for the transferee to another non-arm's length subcontractor, and the subcontractor transferred its qualified expenditures attributable to that SR&ED to the transferor.) + \$ _____

Total = \$ _____ (A)

Qualified expenditures (related to the NCP) **incurred** in the year by the transferor for the portion of SR&ED performed at non-arm's length, before subtracting unpaid amounts. (unpaid amounts per subsections 127(26) and 78(4) of the *ITA*) \$ _____

Amounts transferred to the transferor for qualified expenditures attributable to the SR&ED performed for the transferee + \$ _____

Total = \$ _____ (B)

Divide amount (A) by amount (B) = \$ _____ (C)

Multiply amount on line 114 by amount (C) = \$ _____ (D)

Enter amount calculated in (D) above **102** \$ _____

Maximum amount that may be transferred: enter the amount from line 100 or 102, whichever is less **104** \$ _____

Amount specified for the transfer:

You may transfer an amount up to the amount on line 104. **106** \$ _____

Carry this amount over to line 010 on page 1 of this form.

Instructions:

This form is to be used:

- by a taxpayer who performed the SR&ED work (the "transferor");
- to transfer qualified SR&ED expenditures incurred (of the transferor) in a particular tax year, for SR&ED contract work performed for or on behalf of another taxpayer (the "transferee") at a time when the two parties were not dealing at arm's length.

The amount transferred can only be added to the transferee's qualified expenditures **in the first tax year** that ends at or after the end of the particular tax year of the transferor.

The transferor and the transferee each have to file a copy of the agreement at the Tax Centre where they would normally file their return of income.

An agreement should be filed for each transfer of qualified expenditures.

The agreement must be filed:

- on or before the transferor's filing-due date for the particular tax year the SR&ED work was performed, or
- in the period within which the transferor may serve a notice of objection to an assessment for the particular tax year, or
- in the period within which the transferee may serve a notice of objection to an assessment for its first tax year that ends at or after the end of the transferor's particular tax year.

Reference: *Income Tax Act* subsections 127(13); 127(15)