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# BC SR&ED Tax Credit Update

For businesses planning to claim the Scientific Research and Experimental Development (SR&ED) investment tax credit, a new federal tax measure needs to be considered to maximize this tax credit.

## Let's Discuss

**David Tung**, CPA, CMA  
Practice Leader, SR&ED and Business Tax Incentives

(250) 870 4970  
David.Tung@crowemackay.ca

**Tony Asseiro**, MEng, BEng  
Senior Manager, SR&ED Technical

(604) 697 5270  
Tony.Asseiro@crowemackay.ca

**Chien-Tsai Lai**, PhD  
Senior Manager, SR&ED Technical

(587) 760 3127  
Chien-Tsai.Lai@crowemackay.ca

## Canada Emergency Wage Subsidy (CEWS)

In response to the COVID-19 pandemic, the Canada Emergency Wage Subsidy (CEWS) is one of the federal government's financial support programs to Canadian businesses. The purpose of CEWS is to help eligible employers keep or rehire employees. However, the question remains on how the CEWS affects SR&ED claims.

In CRA's Guidance issued on February 19, 2021, the Department of Finance Canada has indicated that assistance received under the CEWS reduces the amount of remuneration expenses eligible for other federal tax credits calculated on the same remuneration.

## Connect with Crowe MacKay's SR&ED Tax Incentive Team

Scientific Research and Experimental Development (SR&ED) is a tax incentive program in Canada. This program is administered by the Canada Revenue Agency (CRA) and is designed to encourage Canadian businesses of all sizes and in all sectors to conduct Research and Development (R&D) in Canada. Crowe MacKay's SR&ED team is made up of Technical Specialists, Financial Specialists, and Tax Specialists, who have significant experience in the Engineering, Life Sciences, and Information Technology sectors.

## Examples of eligible R&D

- Assembly line improvements
- New or improved production techniques to increase production speed
- Development of physical or virtual prototypes
- Research into chemical compatibility and formulation changes
- Improved building materials, devices, instruments, tools, or products
- Attempts to overcome limitations on technology or unexpected technological problems
- Technology combinations that are unique to your company or your industry
- Design conceptualization, energy efficient construction, or improving building performance
- Improved manufacturing processes to enhance shelf life or product stability, reducing the risk of spoilage, waste, and contamination
- Clinical trials, experiments, or analysis to solve problems or advance scientific knowledge

## What expenditures qualify for SR&ED tax credits

- Salaries or wages
- Materials
- Canadian Subcontractors
- Overhead
- Third-party payments

These types of expenditures can be claimed, if they are directly related to your SR&ED work.

## How do I apply

You must file the prescribed forms within 18 months from the end of the tax year in which the expenditures were incurred. Crowe MacKay encourages you to file these forms along with your corporate income tax return within its normal filing deadline, typically six months after fiscal year end.

## Preparing your SR&ED claim

Crowe MacKay's specialists understand the SR&ED claim process and what qualifies. Our professionals have the expertise to assist you in:

- preparing your claim or assisting you to satisfy CRA's strict guidelines and standards;
- providing training to your team on how to identify eligible activities and projects;
- understanding and complying with your CRA reviews.

With our team's high quality work and prompt responses, we are committed to making smart decisions for your business that will result in lasting value.

