



Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)

- Use this form if you are part of a group of associated corporations allocating an amount in respect of salary or wages of a specified employee incurred for SR&ED purposes under subsection 37(9.2) of the Income Tax Act. In certain cases, subsection 37(9.5) of the Act may deem an individual or partnership to be an associated corporation.
- Under subsection 37(9.3) of the Act, the amount which may be claimed as SR&ED expenditures in respect of salary or wages incurred for a specified employee is the amount allocated among the associated corporations. The total of the allocated amounts may not exceed five times the year's maximum pensionable earnings (YMPE) for the calendar year in which the tax year ends. The YMPE is set annually under the Canada Pension Plan and is available at: canada.ca/registered-plans-limits
- If an individual is a specified employee of two or more associated corporations for less than 365 days in a tax year, the maximum amount is to be prorated to reflect the number of days in the tax year that the individual was a specified employee.
- Complete this form for each tax year in which you allocate salary or wages incurred for a specified employee and claim these amounts as SR&ED expenditures. Each associated corporation should file with its tax return, a completed copy of this form, and a certified copy of the resolution of its directors authorizing the agreement, or a certified copy of the document by which the person legally entitled to administer the corporation's affairs authorized the allocation. The Directors' resolution will be in effect for all subsequent years until it is rescinded.
- Where two corporations are owned exclusively by one shareholder, such an allocation signed by authorized officers of each corporation will be accepted provided that a signed confirmation by the shareholder is filed with form T1174 that confirms that the shareholder is the sole shareholder of both corporations, and that the shareholder authorizes the allocation of the salary or wages from one corporation to the other corporation. A Directors' resolution will not be required.
- Attach additional schedules as needed if more than four associated corporations are involved in the allocation. Complete separate forms if there are more than two specified employees for whom you are making an allocation.
- A specified employee, in a particular year, includes an employee who does not deal at arm's length with the employer or who owns directly or indirectly, at any time during the year, 10% or more of the issued shares of any class of the capital stock of the employer or of any corporation related to the employer.

Were copies of the resolutions of the directors submitted in a prior year? Yes No If no, see 4th bullet above.

It is hereby agreed that salaries or wages for specified employees be allocated as follows for SR&ED expenditures for tax year _____

Specified employee's name			Social insurance number (SIN)	
Associated corporation's name	Business number	Signature of authorized signing officer	SR&ED salary or wages incurred for specified employee	Allocation of the SR&ED salary or wages limit (5 × YMPE) for specified employee
			\$	\$
			\$	\$
			\$	\$
			\$	\$
Total salary or wages of specified employee for all associated corporations			\$	\$

Specified employee's name			Social insurance number (SIN)	
Associated corporation's name	Business number	Signature of authorized signing officer	SR&ED salary or wages incurred for specified employee	Allocation of the SR&ED salary or wages limit (5 × YMPE) for specified employee
			\$	\$
			\$	\$
			\$	\$
			\$	\$
Total salary or wages of specified employee for all associated corporations			\$	\$

Personal information is collected pursuant to the Income Tax Act and the Income Tax Regulations and is used for verification of compliance, administration and enforcement of the Scientific Research and Experimental Development (SR&ED) program requirements.

Information may also be used for the administration and enforcement of other provisions of the Act, including assessment, audit, enforcement, collections, and appeals, and may be disclosed under information-sharing agreements in accordance with the Act. Incomplete or inaccurate information may result in delays in processing SR&ED claims.

The social insurance number is collected pursuant to section 237 of the Act and is used for identification purposes.

Refer to Personal Information Bank CRA PPU 441 in the Canada Revenue Agency (CRA) [Information about Programs and Information Holdings – Personal Information Banks – Canada.ca](#). Under the Privacy Act, individuals have a right of access to, protection, and correction of their personal information and to file a complaint with the Privacy Commissioner of Canada regarding our handling of their personal information.