

Scientific Research and Experimental Development (SR&ED) Expenditures Claim

Use this form:

- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

- Schedule T2SCH31, Investment Tax Credit – Corporations; or
- Form T2038(IND), Investment Tax Credit (Individuals).

The information requested in this form and documents supporting your expenditures and project information (Part 2) are prescribed information.

In Part 6, a new box is added: Box 758 that must be filled if traditional method is used. The information is required for tax year ends after 2020 and optional for tax year ends before 2021.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, Guide to Form T661, which is available on our website: canada.ca/taxes-sred.

Part 1 – General information

<p>010 Name of claimant</p> <p>Tax year</p> <p style="text-align: center;">Year Month Day</p> <p>From <input style="width: 100px;" type="text"/> to <input style="width: 100px;" type="text"/></p>	<p>Enter one of the following:</p> <div style="text-align: center;"> <input style="width: 300px; height: 20px;" type="text"/> Business number (BN) </div> <div style="text-align: center;"> <input style="width: 200px; height: 20px;" type="text"/> Social insurance number (SIN) </div>
<p>050 Total number of projects you are claiming this tax year:</p> 	<p>100 Contact person for the financial information</p>
<p>105 Telephone number/extension</p> 	<p>110 Fax number</p>
<p>115 Contact person for the technical information</p> 	<p>120 Telephone number/extension</p>
<p>125 Fax number</p> 	

151 If this claim is filed for a partnership, was Form T5013 Partnership Information Return filed? Yes No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	156 %	157 BN or SIN
1		
2		
3		
4		
5		

Part 2 – Project information

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

202 Project start date

Year	Month
------	-------

204 Completion or expected completion date

Year	Month
------	-------

206 Field of science or technology code
(See guide for list of codes)

Project claim history

208 1 Continuation of a previously claimed project

210 1 First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? Yes No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses

221 BN

1

2

3

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome? (Maximum 350 words)

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in line 242?
(Summarize the systematic investigation or search) (Maximum 700 words)

246 What scientific or technological advancements did you achieve or attempt to achieve as a result of the work described in line 244? (Maximum 350 words)

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?		<input type="checkbox"/> Yes <input type="checkbox"/> No
266	Are you claiming expenditures for SR&ED carried out on behalf of another party?		<input type="checkbox"/> Yes <input type="checkbox"/> No
267	Are you claiming expenditures for SR&ED performed by people other than your employees?		<input type="checkbox"/> Yes <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 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 1 I elect to use the proxy method
(Enter "0" on line 360 and complete Part 5.)

162 1 I choose to use the traditional method
(Enter "0" on line 502. Complete line 360.)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	_____
b) Specified employees for work performed in Canada	305	+	_____
	306	=	_____
	Subtotal (add lines 300 and 305)		
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	_____
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	_____
	310	+	_____
• Salary or wages identified on line 315 in prior years that were paid in this tax year			_____
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		_____
• Cost of materials consumed in performing SR&ED	320	+	_____
• Cost of materials transformed in performing SR&ED	325	+	_____
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts	340	+	_____
b) Non-arm's length contracts	345	+	_____
• Overhead and other expenditures (enter "0" if you elected to use the proxy method at line 160)	360	+	_____
• Third-party payments (complete Form T1263*)	370	+	_____
Total allowable SR&ED expenditures (add lines 306 to 370; do not add line 315)	380	=	_____

If the above expenditures have been included in your income statement, enter this amount on line 118 of Schedule T2SCH1 or, if you are an individual, include this amount in your self-employment income (lines 135 to 143) reported on your individual income tax and benefit return.

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 380	420		_____
Deduct			
• provincial government assistance for expenditures included on line 380	429	-	_____
• other government assistance for expenditures included on line 380	431	-	_____
• non-government assistance for expenditures included on line 380	432	-	_____
• SR&ED ITCs applied and/or refunded in the prior year (do not include ITCs allocated from a partnership)	435	-	_____
• sale of SR&ED capital assets and other deductions	440	-	_____
Subtotal (line 420 minus lines 429 to 440)	442	=	_____
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	_____
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	_____
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	_____
• amount of SR&ED ITC recaptured in the prior year	453	+	_____
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	_____
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	-	_____
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	_____

* Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED)

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

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

Total allowable SR&ED expenditures (from line 380)	492	
Add		
• payment of prior years' unpaid amounts (other than salary or wages) (see note 1)	500	+
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502	+
• qualified expenditures transferred to you (complete Form T1146**)	508	+
Subtotal (add lines 492 to 508)	511	=
Deduct		
• provincial government assistance	513	-
• other government assistance	515	-
• non-government assistance and contract payments	517	-
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end (see note 1)	520	-
• 80% of the amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528	-
• 20% of the amount on lines 340 and 370	529	-
• prescribed expenditures not allowed by regulations (see guide)	530	-
• other deductions (see guide)	533	-
• non-arm's length transactions		
– assistance allocated to you (complete Form T1145*)	538	-
– 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	-
– qualified expenditures you transferred (complete Form T1146**)	544	-
Qualified SR&ED expenditures (line 511 minus lines 513 to 544)	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 1 – For arm's length contracts, only include 80% of the contract amount.

Part 5 – Calculation of prescribed proxy amount (PPA)

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	852	854	856	858	860
Column 1	Column 2	Column 3	Column 4	Column 5	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 55% of the salary base (line 818) **820** = _____

Enter the amount from line 820 on to 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	758
Project title or identification code	Salary or wages in the tax year	Cost of materials in the tax year	Contract expenditures for SR&ED performed on your behalf in the tax year	Overhead and other expenditures in the tax year*
	(Total of lines 306 to 309)	(Total of lines 320 and 325)	(Total of lines 340 and 345)	(total of line 360, if applicable)
1				
2				
3				
4				
5				
Total				

* For Box 758, the information is required for tax year ends after 2020 and optional for tax year ends before 2021.

Part 9 – Claim preparer information

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 \$1,000 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 below*)	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

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

Privacy Notice

Personal information is collected pursuant to subsections 37(1), 37(11), and 162(5.1) of the Income Tax Act (the Act) 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 assessment of monetary penalties and 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.

Information is described in personal information bank CRA PPU 441 "Scientific Research and Experimental Development" in the Canada Revenue Agency (CRA) chapter of Info Source. Personal information is protected under the Privacy Act, and individuals have a right of access to, correction, and protection of their personal information. Further details regarding requests for personal information at the CRA and our Info Source chapter can be found at canada.ca/cra-info-source.