

SR&ED Checklist

Does my R&D project qualify?

- Is the work being done in Canada?
- Are you a Canadian-Controlled Private Corporation (CCPC), other corporation, proprietorship, partnership or trust?
- Is the work focused on any of the following growth activities: basic research, applied research, or experimental development?
- Does your R&D work meet the three criteria for eligibility?
 - **Technological advancement** - new knowledge gained from the development of new or improved products or processes. Small, incremental knowledge gains or improvements are eligible.
 - **Technological uncertainty** - there were challenges that could not be overcome by applying available technology to your problem, so you had to develop your own solution.
 - **Technical content** - the work follows a documented systematic process of testing a hypothesis, with clearly stated goals and methodology.

Work that does not qualify:

- Market research, testing & development, sales promotion, routine testing & analysis
- Updating style elements
- Social science, arts or humanities research
- Prospecting, exploring or drilling for minerals or petroleum
- Routine data collection and processing
- Incremental improvement of an existing commercial product, service or process

What are eligible expenditures against which you can claim SR&ED credit

- Salaries or wages of employees and owners while conducting the R&D.
- Cost of Canadian subcontractors involved in the R&D.
- Materials used in R&D.
- Overhead costs attributed to the R&D Project.

What method should I use to calculate overhead costs?

Traditional method

This method allows you to claim all overhead and R&D expenditures, with no proxy cap. However, this is more labour intensive as every expense must be recorded and justified with a date-stamped record-keeping system.

Proxy method

This is a simpler calculation method that requires far less detailed record-keeping and no direct tracking of expenditures. Using a proxy method, you estimate a capped calculation of overhead expenses based on eligible salaries.

What documents do I need to apply for the credit?

You will need to complete two mandatory forms, along with filing your corporate tax return and supporting documentation. Here's the [CRA's guide to completing Form T661](#).

Individuals

- [Form T661](#) and [Form T2038, Investment Tax Credit](#) - should be filed no later than 12 months after the corporate income tax return
- Tax return** - file together with forms, if possible

Corporations

- [Form T661](#) and [Schedule T2SCH31, Investment Tax Credit](#) - should be filed no later than 12 months after the corporate income tax return
- Tax return** - file together with forms, if possible

How do I support my application?

Your SR&ED application is evaluated solely on your submitted documentation. The CRA offers many details on what [documents to include](#) in your application and a full run-down on [how to make an SR&ED claim](#) here. It's important to make sure your documents are dated and were created while the work was being done. The CRA recommends that you keep documents that support the following areas:

- Outline complete project schedule.
- Provide an overview of technical challenges, including a description of experiments and results.
- Details of prototypes developed.
- Tell your technical narrative; an explanation of how your work meets the three SR&ED requirements outlined in the first section.
- Calculations of qualifying costs and explanations.

Stack your tax credits

- Check if your business is eligible for additional, [complementary regional R&D tax credits](#)

Questions? Access free resources for first-time claimants

- Request a **pre-claim consultation** with your local CRA SR&ED reviewer
- Request a **1:1 consultation with a Zeifmans tax expert**

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