

# Understanding

# SR&ED Tax

# Incentives

# Understanding SR&ED Tax Incentives

## What is SR&ED?

**Scientific Research and Experimental Development (SR&ED)** is a Canadian tax incentive program designed to encourage businesses to conduct research and development in Canada.

### Key Eligibility Requirements

- Work must be conducted in Canada.
- Work must aim for scientific or technological advancement.
- Work must involve systematic investigation or search.

### Types of Eligible Work

- Basic Research
- Applied Research
- Experimental Development
- Support Work (in specific categories)

### The "WHY" Requirement

Work must be conducted to advance scientific knowledge or achieve technological advancement by generating new knowledge.

→ **Key Indicator:** **Presence of scientific or technological uncertainty at the project's start.**

### The "HOW" Requirement

Work must follow a systematic investigation or search, including:

- Defining a problem
- Formulating a hypothesis
- Testing through experiment or analysis
- Developing logical conclusions

# Examples of Eligible Work

- **Basic Research:** Studying a newly discovered virus to understand its characteristics.
- **Applied Research:** Developing a vaccine by exploiting characteristics of a new virus.
- **Experimental Development:** Scaling up and optimizing processes for large-scale vaccine production.

## What's Not Eligible

- Market research or sales promotion.
- Quality control or routine testing.
- Research in social sciences or humanities.
- Commercial production or use of new/improved products/processes.
- Style changes.
- Routine data collection.

## Key Points to Remember

- Success is not required for eligibility.
- Work must generate new scientific or technological knowledge.
- Overcoming uncertainty is the core of SR&ED work

# How to Assess Your Eligibility?

## Ask Yourself

- 1 Are you facing scientific or technological uncertainties?
- 2 Are you attempting to overcome these uncertainties through systematic investigation?
- 3 Is your work generating new scientific or technological knowledge?

If you answered **"yes"** to these questions, **your work might qualify for SR&ED tax incentives.**

**Note:** This is a simplified overview. Consult with FundSpoke experts for a detailed assessment of your specific situation.