



### 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)*.

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 Web site: [www.cra.gc.ca/sred](http://www.cra.gc.ca/sred).

#### Part 1 – General information

Complete this part for the business making the claim.

<b>010</b> Name of claimant		Enter one of the following:	
Tax year		Incorporated business:	_____ Business Number (BN)
From:	_____ Year _____ Month _____ Day	Individual:	_____ Social Insurance Number (SIN)
To:	_____ Year _____ Month _____ Day	Partnership:	_____ Partnership Identification Number (PIN)
<b>050</b> Total number of projects you are claiming this tax year:		<b>105</b> Telephone number/extension	<b>110</b> Fax number
<b>100</b> Contact person for the financial information		<b>120</b> Telephone number/extension	<b>125</b> Fax number
<b>115</b> Contact person for the technical information			

**151** If this claim is filed for a partnership, was Form T5013 filed? ..... 1  Yes 2  No

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

<b>153</b>	Name of Partners	<b>156</b> %	<b>157</b> 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)

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**202** Project start date **204** Completion or expected completion date **206** Field of science or technology code  
(See guide for list of codes)

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Project 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? ..... 1  Yes 2  No

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

<b>220</b> Names of the businesses	<b>221</b> BN
1	
2	
3	

The work was carried out (check any that apply)

**222** 1  By analysis only **226** 1  In a commercial plant or facility

**223** 1  In a laboratory **228** 1  Others, specify **229** \_\_\_\_\_

**224** 1  In a dedicated research facility

Purpose of the work

**230** 1  To achieve technological advancement for the purpose of creating new or improving existing materials, devices, products or processes. (Go to Section B – Experimental development) **232** 1  For the advancement of scientific knowledge. (Go to Section C – Basic or applied research)

**Section B – Experimental development**

The technological advancement you are trying to achieve with this work will result in:

	Materials, devices, or products	Processes
The development of new	<b>235</b> 1 <input type="checkbox"/>	<b>236</b> 1 <input type="checkbox"/>
The improvement of existing	<b>237</b> 1 <input type="checkbox"/>	<b>238</b> 1 <input type="checkbox"/>

**240** What **technological** advancements were you trying to achieve? (Maximum 350 words)

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**242** What **technological** obstacles did you have to overcome to achieve those advancements? (Maximum 350 words)

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**244** What work did you perform **in the tax year** to overcome those technological obstacles? (Summarize the systematic investigation) (Maximum 700 words)

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(Go to Section D)

**Section C – Basic or applied research**

**250** Describe the scientific knowledge that you were trying to advance. (Maximum 350 words)

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**252** Summarize the work performed in the tax year, and explain how that work contributed to the advancement of scientific knowledge. (Summarize the systematic investigation) (Maximum 700 words)

.....

.....

.....

.....

**Section D – Additional project information**

Who prepared the responses for Section B or Section C?

<b>253</b> 1 <input type="checkbox"/> Employee directly involved in the project	<b>254</b> Name
<b>255</b> 1 <input type="checkbox"/> Other employee of the company	<b>256</b> Name
<b>257</b> 1 <input type="checkbox"/> External consultant	<b>258</b> Name <b>259</b> Firm

List three key employees directly involved in the project and indicate their qualifications.

<b>260</b> Names	<b>261</b> Qualifications/experience and position title
1	
2	
3	

**265** Are you claiming any salary or wages for SR&ED performed outside Canada? ..... 1  Yes 2  No

**266** Are you claiming expenditures for SR&ED carried out on behalf of another party? ..... 1  Yes 2  No

**267** Are you claiming expenditures for SR&ED performed by people other than your employees? ..... 1  Yes 2  No

If you answered **yes** to line 267, complete lines 268 and 269.

<b>268</b> Names of individuals or companies	<b>269</b> Social Insurance Number or Business Number
1	
2	

What evidence do you have to support your claim? (Check any that apply)  
You do not need to submit the evidence with the claim. However, you are required to retain them in the event of a review.

<b>270</b> 1 <input type="checkbox"/> Project planning documents	<b>276</b> 1 <input type="checkbox"/> Progress reports, minutes of project meetings
<b>271</b> 1 <input type="checkbox"/> Records of resources allocated to the project, time sheets	<b>277</b> 1 <input type="checkbox"/> Test protocols, test data, analysis of test results, conclusions
<b>272</b> 1 <input type="checkbox"/> Design of experiments	<b>278</b> 1 <input type="checkbox"/> Photographs and videos
<b>273</b> 1 <input type="checkbox"/> Project records, laboratory notebooks	<b>279</b> 1 <input type="checkbox"/> Samples, prototypes, scrap or other artefacts
<b>274</b> 1 <input type="checkbox"/> Design, system architecture and source code	<b>280</b> 1 <input type="checkbox"/> Contracts
<b>275</b> 1 <input type="checkbox"/> Records of trial runs	<b>281</b> 1 <input type="checkbox"/> Others, specify <b>282</b> _____

**Section E – Project cost**

Project expenditures claimed in the year:

<b>285</b> Salary or wages .....	\$	
<b>286</b> Materials consumed and transformed .....	\$	
<b>287</b> SR&ED contracts .....	\$	
<b>289</b> Overhead and other expenditures (if you use the traditional method in Part 3) .....	\$	

## 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 (ITCs) for this tax year.  
I understand that my election is irrevocable (cannot be changed) for this tax year.

**160**  I elect to use the proxy method  
(Tip: Enter "0" on line 360. Complete Part 5 and no need to track any expenditure incurred for overhead)

**162**  I choose to use the traditional method  
(Tip: Enter "0" on line 355. Complete line 360, and track any expenditure incurred for overhead)

#### 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	+	
<b>Subtotal</b> (add lines 300 and 305)	306	=	
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	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	<b>315</b>		
• 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	+	
• Lease costs of equipment used:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	
• Third-party payments (complete Form T1263*)	370	+	
<b>Total current SR&amp;ED expenditures</b> (add lines 306 to 370; do not add line 315) (Tip: Corporations may need to adjust line 118 of schedule T2SCH1)	380	=	
• <b>Capital Expenditures</b> (see guide for what qualifies for SR&ED) (Tip: These capital expenditures should not be included on schedule T2SCH8)	390	+	
<b>Total allowable SR&amp;ED expenditures</b> (add lines 380 and 390)	400	=	

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

Amount from line 400	420		
<b>Less</b>			
• provincial government assistance for expenditures included on line 400	429	-	
• other government assistance for expenditures included on line 400	431	-	
• non-government assistance for expenditures included on line 400	432	-	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	435	-	
• sale of SR&ED capital assets and other deductions	440	-	
<b>Subtotal</b> (line 420 minus lines 429 to 440)	442	=	
<b>Add</b>			
• 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 ITC recaptured in the prior year	453	+	
<b>Amount available for deduction</b> (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	
• Deduction claimed in the year (Tip: Corporations should enter this amount on line 411 of schedule T2SCH1)	460	-	
<b>Pool balance of deductible SR&amp;ED expenditures to be carried forward to future years</b> (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

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

Enter the breakdown between current and capital expenditures		Current Expenditures	Capital Expenditures
<b>Total expenditures for SR&amp;ED</b> (from lines 380 and 390)	492		496
<b>Add</b>			
• payment of prior years' unpaid amounts (other than salary or wages)	500	+	
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502	+	
• expenditures on shared-use equipment (see guide)			504 +
• qualified expenditures transferred to you (complete Form T1146**)	508	+	510 +
<b>Subtotal</b> (add lines 492 to 508, and add lines 496 to 510)	511	=	512 =
<b>Less</b>			
• provincial government assistance	513	-	514 -
• other government assistance	515	-	516 -
• non-government assistance and contract payments	517	-	518 -
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	520	-	
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528	-	
• prescribed expenditures not allowed by regulations (see guide)	530	-	532 -
• other deductions (see guide)	533	-	535 -
• non-arm's length transactions			
– assistance allocated to you (complete Form T1145*)	538	-	540 -
– expenditures for non-arm's length SR&ED contracts (from line 345)	541	-	
– purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542	-	543 -
– qualified expenditures you transferred (complete Form T1146**)	544	-	546 -
<b>Subtotal</b> (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557	=	558 =
<b>Qualified SR&amp;ED expenditures</b> (add lines 557 and 558)			559 =
<b>Add</b>			
• repayments of assistance and contract payments made in the year			560 +
<b>Total qualified SR&amp;ED expenditures for ITC purposes</b> (add lines 559 and 560)			570 =

\* Form T1145, *Agreement to Allocate Assistance Between Persons Not Dealing at Arm's Length for Scientific Research and Experimental Development (SR&ED)*

\*\* Form T1146, *Agreement to Transfer Between Persons Not Dealing at Arm's Length Qualified Expenditures Incurred in Respect of Scientific Research and Experimental Development (SR&ED) Contracts*

**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** +

**Less:**

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	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2.5 x A x 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					
6					
7					
8					
9					
10					
(Enter total of column 6 on line 816)					<b>816</b> + <input type="text"/>
<b>Salary base</b> (total of lines 814 and 816) .....					<b>818</b> = <input type="text"/>

**Section B – Prescribed proxy amount (PPA)**

Enter 65% of the salary base (line 818 X 65%) ..... **820** =

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

**Overall cap on PPA**

The amount you can claim on line 502 in Part 4 is limited to the expenses of your business minus certain specific deductions such as rent for a building, capital cost allowance, and interest expense. (See the guide for an explanation)

## Part 6 – Additional information

<b>Expenditures for SR&amp;ED performed by you</b> (line 400 minus lines 340, 345, and 370) .....		<b>605</b>	<input type="text"/>
From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.			
		<b>Canadian (%)</b>	<b>Foreign (%)</b>
Internal .....	<b>600</b>	<input type="text"/>	
Parent companies, subsidiaries, and affiliated companies .....	<b>602</b>	<input type="text"/>	<b>604</b> <input type="text"/>
Federal grants (do not include funds or tax credits from SR&ED tax incentives) .....	<b>606</b>	<input type="text"/>	
Federal contracts .....	<b>608</b>	<input type="text"/>	
Provincial funding .....	<b>610</b>	<input type="text"/>	
SR&ED contract work performed for other companies on their behalf .....	<b>612</b>	<input type="text"/>	<b>614</b> <input type="text"/>
Other funding (e.g., universities, foreign governments) .....	<b>616</b>	<input type="text"/>	<b>618</b> <input type="text"/>
Enter the number of SR&ED personnel :			
Scientists and engineers .....			<b>632</b> <input type="text"/>
Technologists and technicians .....			<b>634</b> <input type="text"/>
Managers and administrators .....			<b>636</b> <input type="text"/>
Other technical supporting staff .....			<b>638</b> <input type="text"/>

## Part 7– Claim checklist

Documents required for a complete claim. Make sure you have:

1. used the current version of this form .....
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 .....
3. completed Part 2 for each project .....
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures .....
5. filed a completed Form T1145, T1146, T1174\* and/or T1263 including any required attachments, if applicable .....

To expedite processing your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* .....
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable .....
3. retained documents to support the SR&ED expenditures you claimed .....
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 .....

\* Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

## Part 8 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

<b>165</b> _____	Signature	<b>170</b> _____
Name of authorized signing officer of the corporation, or individual		Date
<b>175</b> _____		
Name of person/firm who completed this form		