# 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 are prescribed information.

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.

### Part 1 – General information

010 Name of claimant	Enter one of the following:
Tax year  From: Year Month Day  To: Year Month Day	Business number (BN)
Total number of projects you are claiming this tax year:	Social insurance number (SIN)
100 Contact person for the financial information	105 Telephone number/extension 110 Fax number
115 Contact person for the technical information	120 Telephone number/extension 125 Fax number
151 If this claim is filed for a partnership, was Form T5013 filed?	
If you answered <b>no</b> to line 151, complete lines 153, 156 and 157.	
Names of the partners	156 % BN or SIN
1	



3

# Part 2 - Project information

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

CRA internal form identifier 060 Code 1301

Section A – Project identification					
200 Project title (and identification code if applicable)					
202 Project start date 204 Completion or expected completion date 206 Field of science or techno	loav code				
(See guide for list of code	s)				
Year Month Year Month					
Project claim history					
208 1 Continuation of a previously claimed project 210 1 First claim for the project					
Was any of the work done jointly or in collaboration with other businesses?	1 Yes 2 No				
If you answered <b>yes</b> to line 218, complete lines 220 and 221.					
Names of the businesses	<b>221</b> BN				
1					
2					
3					
Section B – Project descriptions					
What scientific or technological uncertainties did you attempt to overcome – uncertainties that could not be removed using standard practic	e? (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)					
What scientific or technological advancements did you achieve as a result of the work described in Line 244? (Maximum 350 words)					

# Part 2 – Project information (continued)

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Section C – Additional project information						
Who prepared the responses for Section B?						
253 1 Employee directly involved in the project	<b>254</b> Name					
255 1 Other employee of the company	256 Name					
1 External consultant	258 Name	259 Firm				
List the key individuals directly involved in the project and inc						
260 Names	2	Qualifications/experience and posit	tion title			
1						
2						
3						
266 Are you claiming expenditures for SR&ED carried out of 267 Are you claiming expenditures for SR&ED performed by	Are you claiming expenditures for SR&ED carried out on behalf of another party?					
If you answered <b>yes</b> to line 267, complete lines 268 and 269						
268 Name:	s 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 Project planning documents	<b>276</b> 1 Pi	rogress reports, minutes of project meetings				
271 1 Records of resources allocated to the project, time sheets 277 1 Test protocols, test data, analysis of test results, conclusions						
272 1 Design of experiments	<b>278</b> 1 PI	hotographs and videos				
273 1 Project records, laboratory notebooks	<b>279</b> 1 Sa	amples, prototypes, scrap or other artefacts				
274 1 Design, system architecture and source code	<b>280</b> 1 C	ontracts				
275 1 Records of trial runs	<b>281</b> 1 0	thers, 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.		
I elect to use the proxy method (Enter "0" on line 360. Complete Part 5 and you do not need to track any expenditure incurred for overhead)		
I choose to use the traditional method (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	+
Subtotal (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	+
, , , , , , , , , , , , , , , , , , ,	20	
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		
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 (see note 1)	340	+
b) Non-arm's length contracts (see note 1)	345	+
Lease costs of equipment used before 2014:		
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 (see note 2) (complete Form T1263*)	370	+
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315)	380	=
Capital expenditures for depreciable property available for use before 2014	390	+
	400	=
Total allowable SR&ED expenditures (add lines 380 and 390)		
Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)	400	
Amount from line 400	420	
Deduct		
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	
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	+
	455	=
Amount available for deduction (add lines 442 to 453)	460	_
Deduction claimed in the year		
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=

<sup>\*</sup> 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 ITC.

Add  payment of prior years' unpaid amounts (other than salary or wages)  prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)  expenditures on shared-use equipment for property acquired before 2014  qualified expenditures transferred to you (see note 3) (complete Form T1146**)  Subtotal (add lines 492 to 508, and add lines 496 to 510)  Deduct (see note 4)  provincial government assistance  other government assistance  non-government assistance and contract payments.  current expenditures (other than salary or wages) not paid within 180 days of the tax year end.  amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier  528  20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012	+ = -	504 + 510 + 512 =
payment of prior years' unpaid amounts (other than salary or wages)  prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)  expenditures on shared-use equipment for property acquired before 2014  qualified expenditures transferred to you (see note 3) (complete Form T1146**)  Subtotal (add lines 492 to 508, and add lines 496 to 510)  Deduct (see note 4)  provincial government assistance  other government assistance  other government assistance and contract payments.  current expenditures (other than salary or wages) not paid within 180 days of the tax year end.  amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	+ = -	510 +
prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method).  expenditures on shared-use equipment for property acquired before 2014  qualified expenditures transferred to you (see note 3) (complete Form T1146**).  508  Subtotal (add lines 492 to 508, and add lines 496 to 510).  511  Deduct (see note 4)  provincial government assistance.  other government assistance.  non-government assistance and contract payments.  current expenditures (other than salary or wages) not paid within 180 days of the tax year end.  amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier.  528	+ = -	510 +
expenditures on shared-use equipment for property acquired before 2014  qualified expenditures transferred to you (see note 3) (complete Form T1146**)  bubtotal (add lines 492 to 508, and add lines 496 to 510)  beduct (see note 4)  provincial government assistance  other government assistance  non-government assistance and contract payments.  current expenditures (other than salary or wages) not paid within 180 days of the tax year end.  amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier  528	+ =	510 +
qualified expenditures transferred to you (see note 3) (complete Form T1146**)      Subtotal (add lines 492 to 508, and add lines 496 to 510)      Peduct (see note 4)	=	510 +
Subtotal (add lines 492 to 508, and add lines 496 to 510)  Deduct (see note 4)  • provincial government assistance  • other government assistance  • non-government assistance and contract payments.  • current expenditures (other than salary or wages) not paid within 180 days of the tax year end.  • amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier  528	=	
Peduct (see note 4)  • provincial government assistance  • other government assistance  • non-government assistance and contract payments.  • current expenditures (other than salary or wages) not paid within 180 days of the tax year end.  • amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier  528		512 =
provincial government assistance     other government assistance     non-government assistance and contract payments.     current expenditures (other than salary or wages) not paid within 180 days of the tax year end.     amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier  528		
other government assistance.     non-government assistance and contract payments.     current expenditures (other than salary or wages) not paid within 180 days of the tax year end.     amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier.  515  520		514
non-government assistance and contract payments.      current expenditures (other than salary or wages) not paid within 180 days of the tax year end.      amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier.      528		514 -
current expenditures (other than salary or wages) not paid within 180 days of the tax year end.      amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier.      528		516
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier		518
amounts paid in respect of all of tales contract to a person of partnership that is not a taxable supplier		
• 20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012		
prescribed expenditures not allowed by regulations (see guide)		532 –
• other deductions (see guide)		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)		
<ul> <li>adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide).</li> </ul>		543 —
- qualified expenditures you transferred (complete Form T1146**)		546
ubtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	=	558 =
Qualified SR&ED expenditures (add lines 557 and 558)		559 =
Add		
repayments of assistance and contract payments made in the year		560 +
Fotal qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)		570 =

<sup>\*</sup> Form T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146. Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

<sup>\*\*</sup> Form T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length

820 =

## 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)								
Deduct Control of the								
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810								
Subtotal (line 810 minus 812)						014 _		
Salary or wages of speci	fied employees							
850	852	854	856	858	860	1		
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)							
Salary base (total of lines 814	and 816)					818 =		

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

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) . . . .

Enter the amount from line 820 on 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.

759	754	756
732	734	790
Salary or wages in the tax year	Cost of materials in the tax year	Contract expenditures for SR&ED performed on you behalf in the tax year
(Total of lines 306 to 309)	(Total of lines 320 and 325)	(Total of lines 340 and 345)
i		
	in the tax year	Salary or wages in the tax year  (Total of lines 306 to 309)  Cost of materials in the tax year  (Total of lines 320 and 325)

Part 7 – Additional information Protected B when completed

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370)	605
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.	
	Canadian (%) Foreign (%)
Internal	
Parent companies, subsidiaries, and affiliated companies	604
Federal grants (do not include funds or tax credits from SR&ED tax incentives).	
Federal contracts	
Provincial funding	
SR&ED contract work performed for other companies on their behalf	614
Other funding (e.g., universities, foreign governments)	618
For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance (to achieve a technological advancement):	e scientific knowledge) or Experimental development
620 Basic or Applied research 622 Experimental	development
Enter the number of SR&ED personnel in full-time equivalents (FTE):	
Scientists and engineers	632
Technologists and technicians	634
Managers and administrators	636
Other technical supporting staff	638

#### Part 8 – Claim checklist

Part 8 – Claim Checklist
To ensure your claim is complete, 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 the processing of 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 work performed and 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 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
- \*\*\* Form T1174, Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)
- \*\*\*\* Form T1263, Third-Party Payments for Scientific Research and Experimental Development (SR&ED)

# 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 \$1000 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*)	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.						
3.						
9.						
10.					Total	
	g arrangement codes  Type of billing arrangement				Total	
* <b>Billin</b> Code	Type of billing arrangement	nt – where the fee is based o	on a percentage of	the investment tax		
Billin	Type of billing arrangement		on a percentage of	the investment tax		
Billin	Type of billing arrangement  Contingency fee arrangeme		on a percentage of	the investment tax		
* <b>Billin</b> Code	Type of billing arrangement  Contingency fee arrangeme  Hourly rate	nt – where the fee is based o	on a percentage of	the investment tax		

Part 10 – Certification Protected B when completed

I certify t	I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.						
165			170				
N	lame of authorized signing officer of the corporation, or individual	Signature	Date				
175							
	Name of person/firm who completed this form						