

3050 Harvester Rd.
Suite 206
Burlington, ON
L7N 3K7



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter - Edition 2000-1

Welcome to the first of what we expect to be a semi annual newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims. This newsletter provides an overview of significant SR&ED developments issued by the CCRA¹ and the tax courts for the year to date as well as related tax planning opportunities. The newsletter also provides a brief overview of our “R&D Base” project tracking software and links for interested parties to download a free demonstration version.

The major topics of this newsletter are outlined below.

Recent SR&ED tax cases & related issue(s)	2
Quantetics Corporation - Definition of “All or substantially All”	2
C.W. Agencies - whether development of application software SR&ED	4
Knowledge Systems Incorporated - whether electronic diary entries SR&ED.....	8
Tax planning - corporate structures to optimise credits.....	10
Issue: Associated corporations must share SR&ED expenditure limits.....	10
“dejure” or “voting” control	10
“defacto” or “non-voting” sources of control.....	10
Potential structures to optimise SR&ED tax credits	11
Overview of the R&D Base model	12
History of the Yantra - the three basic shapes of geometry	12
Square – triangle- circle - The basis of the R&D Base interface	13
The “R&D Base” database	13
Summary of the R&D Base input and output.....	14
Technical description compilation	14
The Square - definition of existing knowledge	14
The triangle – documenting technical uncertainty	14
The Circle – Ongoing experimental activities & conclusions.....	14
Correlation of activities to costs.....	15
Output.....	16

¹ Canada Customs and Revenue Agency

3050 Harvester Rd.
 Suite 206
 Burlington, ON
 L7N 3K7



Phone: (905) 631-5600
 Fax: (905) 631- 0698
 meuk@meuk.net
 www.meuk.net

SR&ED Newsletter Edition 2001-1

Welcome to the first 2001 installment of our semi annual newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims. This newsletter provides an overview of the following significant SR&ED developments.

Recent SR&ED tax cases & related issue(s)	2
CDD-REM - Payments to “specified employees”	2
Facts: no invoice for payment(s).....	2
Issue(s): Documentation required to support SR&ED?	2
Ruling & rationale: eligible based on “evidence”.....	2
Rainbow Pipeline - Development of a predictive model	3
Facts: subcontract repairs claimed as SR&ED related.....	3
Issue: Whether inquiries into repairs SR&ED?	3
Ruling & rationale: eligible “systematic investigation”.....	4
Aurora Marine- Eligible Yacht expenses.....	5
Facts: Yacht used 100% in SR&ED activities	5
Issue: Whether certain overheads eligible?.....	5
Ruling & rationale: all relevant overheads eligible.....	5
Corporate structuring corner	6
Organizing corporate ownership and structures to optimise credits.....	6
1) “Associated” corporations	6
2) “Related” corporations	7
3) “Connected” corporations.....	7
Stock Option Strategies	8
Option overview – can be taxed at rates of “capital gains”	8
Federal incentives for employee stock options	8
Ontario’s new [ORES0] credit.....	9
Ontario issues a “credit challenge”	9
Eligibility for Ontario exemptions:	9
SR&ED strategies – eligible wages	11
SR&ED wages – decision tree.....	12

3050 Harvester Rd.
Suite 206
Burlington, ON
L7N 3K7



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2001-2**

Welcome to the second 2001 edition of our semi annual newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims. This newsletter includes significant SR&ED developments issued by the CCRA and the tax courts during the past six months. The major topics of this newsletter are outlined as follows:

Recent SR&ED tax cases & related issue(s)	2
Nashen – eligible software development.....	2
Ainsworth Lumber – ordering of ITC use.....	3
Larter – Tax effects of work outside Canada	4
R.J. Miller – lack of technical documentation.....	5
Wojik – incomplete information.....	6
Taxability of Super-allowances	7
Quebec drops superdeductions.....	7
Ontario replaces Super Allowance.....	7
Corporate structuring corner	8
Association through trusts.....	8
Tracking innovation assets	9
Tools for analyzing patents	9
Implications to SR&ED claimants	9
SR&ED tax planning corner	10
Payments to non-residents.....	10
1) Withholding taxes	10
2) SR&ED eligibility	11
Implications & related planning	11

3017 St. Clair Avenue.
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2002-1**

Welcome to the first 2002 edition of our semi annual newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims. This newsletter includes significant SR&ED developments issued by the CCRA and the tax courts during the past six months. The major topics of this newsletter are outlined as follows:

Recent SR&ED tax cases & related issue(s)	2
Datatcalc Research Corporation v. The Queen.....	2
Issue(s): extension of 18 month filing deadline	2
Mimetex Pharmaceuticals Inc. v. The Queen	2
Issue(s): “defacto” control	2
Recent CCRA Directives	3
Extended ITC Access for Farm Producers.....	3
Food and Consumer Packaged Goods Sector SR&ED Guidance Document.....	3
Formula Ingredient, Manufacturing Specifications (F.I.M.S.)	3
Consumer Research	4
Scale-up and Commercialization	5
Treatment of “administrative” salaries or wages.....	5
Water and Energy Sources as Materials	6
SR&ED strategies – “subcontractor” vs. “royalty” agreements - ensuring SR&ED eligibility	7
Ontario Business Research Institute (OBRI) Credit – 20% & refundable	8

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2003-1**

Welcome to the first 2003 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims. This newsletter includes significant SR&ED developments issued by the CCRA and the tax courts during the past six months. The major topics of this newsletter are outlined as follows:

Background to the Federal SR&ED Tax Credits	2
Qualified CCPC's - defined	2
Phase-out on Taxable Income expanded	2
Phase-out on Taxable Capital unchanged	2
2003 Budget: Taxable income vs. capital phase-outs.....	3
Recent CCRA Directives	4
Time lines for submitting & processing claims	4
What happens after I send in my claim?	4
SR&ED Strategies - SR&ED Capital Issues	5
SR&ED assets decision tree	5
ASA vs. SUE SR&ED equipment rules	6
Three classes of SR&ED capital assets	6
Strategies in documenting long-term SR&ED intent	6
Subsequent dispositions/commercial use.....	6
Example - (change to commercial use).....	6
Author's commentary and related tax planning	7
Example - revisited & optimized	7

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Special Edition 2004-1**

Welcome to the first 2004 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	2
Maritime-Ontario Freight Lines v. R.....	2
Issue(s): adequacy of technical documentation	2
Synchrosat Limited v. R.	3
Issue: allocating salary to only SR&ED activities.....	3
Blue wave Seafoods vs. R.	4
Issue(s): challenging science officer's analysis	4
Unpaid amounts.....	5
Accruing reasonable R&D wages when "cash strapped"	5
Sample Facts – Synchrosat revisited	5
Reporting of "Unpaid" amounts	6
Degree of disclosure required.....	6
T661 - Reporting unpaid wages vs. other expenses	6
Other factors to consider with respect to year-end SR&ED accruals:	6
Limits for "Specified Employees"	6
Risks of being deemed a Salary Deferral Arrangement (SDA).....	7
The OITC – How is it Taxed?.....	7
Issue: timing of tax on proxy amount	7
Tax mechanics of issue: received vs. receivable	7
Legislative support for deferral	7
Results & filing implications / planning.....	8
New Schedule 31 – ITC claim form.....	9
Income phase out revised.....	9
New T661 form & project format	9
Previous requirements: T661E (99&01).....	9
New form T661E(03) – post June 30, 2003	9
Effect on project descriptions	9
SR&ED PROJECT TEMPLATE – 2003+	10
Simplify project documentation via rdbase.net	10
R&D Base project examples.....	10
BN # required for all subcontractors	11
Future developments & unresolved SR&ED issues	11

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2004-2**

Welcome to the second 2004 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	2
Chartwell v. Queen - unpaid amounts	2
Administration of the SR&ED Program —Survey Results Update	3
The 2004 Budget – association through Venture Capitalists.....	4
Corporate control & effects on the SR&ED expenditure limit	4
Summary of current “association” problems	4
Proposed “exceptions” to the association rules	4
Requirements	4
Planning for investment by “public companies” or “foreign” investors.....	6
Recent CRA Directives - financial	7
Prototypes, Pilot Plants/Commercial Plants, Custom Products and Commercial Assets....	7
Filing Requirements for SR&ED.....	7
Reporting deadlines: corporations, partnerships & proprietorships	7
Recourse for missed deadlines.....	8
Filing early enough to catch deficiencies	8
Authors note: efficient filing procedures.....	8
Allocation of Labour Expenditures for SR&ED	9
Retiring Allowances	9
Recent CRA Directives - technical	10
Plastics, materials processing, equipment & tool making guidance document.....	10
Case studies – 16 sample projects	10
Pulp and paper sector guidance document	10
New definition of “prescribed” Stock Exchanges in Canada	11

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2005-1**

Welcome to the first 2005 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	2
Alcatel – SR&ED eligibility of stock options	2
Ruling & rationale: qualified SR&ED expense	2
New CRA pronouncements.....	3
New T661 form – required >September 30, 2005	3
Now need “statements of work” for subcontractors	3
CRA Note on stock option benefits claimed for SR&ED	3
Timing and quantification of amount claimed.....	4
APP 2002-02R2: Experimental vs. Commercial Production	4
Author’s commentary: “sale” does NOT disqualify work.....	4
Budget 2005 – “Canada” includes EEZ.....	5
Upcoming 2005 SR&ED Client Survey	5
How to sign up.....	5
SR&ED planning – keeping income <\$300,000	6
Reasonableness of Shareholder/Manager Remuneration	6
Author’s commentary – tax advisors beware!	6
SR&ED filing deadlines – do’s & don’ts	7
Canada Post filing procedures	7
Relevant legislation	7
Effects of weekends and holidays.....	7
Related “Xpresspost” planning.....	7
Issue – proving “prescribed information” filed within 18 months!.....	7
CRA – position – file within 15 months	7

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2006-1**

Welcome to the first 2006 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s)	2
Papiers Cascades – ITC’s from statute barred years	2
Ruling & rationale: adjustment to ITC carry-forward allowed	2
VR interactive - late filing (>18 months)	2
Ruling & rationale: CRA account executive not responsible for deadlines	3
Alcatel – SR&ED eligibility of stock options	3
Legislative proposal to disallow > Nov. 17, 2005	3
March 2006 Federal budget	4
Small Business Limit and related SR&ED phase-out \$400-600K	4
Non-Capital Losses and Investment Tax Credits (20 yr. c/f)	4
SR&ED program funding status	5
Recent CRA pronouncements	6
New T661 form – required >September 30, 2005	6
New APP SR&ED 2005-01 on Shared-Use-Equipment	6
Intended use vs. Actual use	6
New APP SR&ED 2005-02 on Assistance.....	6
Assistance versus contract payment	6
Provincial and territorial R&D tax credits – taxation of the OITC.....	6
Summary of provincial + federal incentives	7

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2006-2**

Welcome to the second 2006 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	2
Terra Remote Sensing – meaning of “arm’s length”	2
Sedona Networks – CCPC Status	2
Maegle - if SR&ED partnership a “tax shelter”	3
Recent CRA pronouncements	5
Textile Industry Guidance Document - Examples.....	5
Example 1: (TechStyle Fabrics) outlines nature of SR&ED information required	5
Example 2: (Full Speed Fabrics Inc.) new process development with technological issues after commercialization	5
SR&ED planning – patent searches to benchmark standard practices	7
Basic patent reporting structure	7
Patent search portals	7
How searches support SR&ED claims	7

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2007-1**

Welcome to the first 2007 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	2
Perfect Fry – subsidiary of public Co. still CCPC for SR&ED.....	2
Zeuter – meaning of “technological uncertainty”.....	3
Daniel Harvey - minimum technical documentation.....	4
SR&ED Future trends.....	6
Major changes being discussed by Parliament.....	6
1) Refundable credits - for all taxpayers.....	6
2) Increase ITC rates & thresholds.....	6
3) Eligibility of work outside Canada.....	6
4) Credits to passive SR&ED investors.....	7
Recent Ontario pronouncements	8
History of the “super-allowance” and “super-deduction”	8
“Super-Allowance” replaced by “Super-Deduction” in 2000	8
“Super-Deduction” to be replaced by “4.5% ITC” in 2008.....	8
Proposed mechanics of the new credit.....	8
SR&ED planning - Determining an Appropriate Sample Size	9
When does the SR&ED testing end?.....	9
Rules of thumb / industry standards	9

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2007-2**

Welcome to the second 2007 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	3
Armada - eligibility of SR&ED preparation fees	3
Nuytten - personal (T1) SR&ED claim disallowed since work in Co.....	4
Hopmeyer - Whether SR&ED eligible while insolvent	5
Systemhac - Director fined \$75,000 for SR&ED tax fraud in B.C. court	6
Recent CRA & Ontario pronouncements.....	8
2007 SR&ED limits for specified employees.....	8
CRA & Ontario harmonization 2008.....	9
Timeline for implementation - What's next?.....	9
Transitional Mechanism for SR&ED	9
Unresolved issues – still under discussion.....	10

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2008-1**

Welcome to the first 2008 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	3
White star - representation by officer vs. legal counsel	3
Ruling & rationale: denied - self-representation not warranted.....	3
Chichkov – non arm’s length payments & carrying on business	3
Ruling & rationale: no SR&ED & NAL payment (ineligible)	4
Foster - LPs eligibility & frivolous appeal	4
Ruling & rationale: clearly limited partner –fined \$3,000 in costs.....	5
Lilly v. Novopharm – Patent defence – requirement to define Standard Practice	5
Ruling & rationale: quantified comparison to “standard practice” required	6
Recent CRA pronouncements	7
2008 budget – enhanced incentives	7
i) Expenditure Limit – now \$3 million	7
ii) Taxable Income Phase-Out Limit – to \$700,000	7
iii) Taxable Capital Phase-Out Limit to \$50 million	7
Graphs & Mechanics of the new phase-out formulas.....	7
iv) SR&ED wages outside Canada – eligible up to 10% - if no foreign taxes paid	8
Carry-back of non-refundable ITC – restriction on refunds.....	8
Ontario SRED credits - recent changes	9
Ontario Business Research Institute (OBRI) Tax Credit – pre-approval requirement waived.....	9
Ontario harmonization - The Transitional Debit/Credit	10
Harmonization – scheduled for April 3, 2008	10
Example of the (5+7=) 12 year deferral for SR&ED.....	10
Harmonization of phase out based – Ontario and federal definitions.....	10

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter Edition 2008-2

Welcome to the second 2008 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent CRA pronouncements	2
New T661 form in Fall 2008	2
SR&ED program usage & spending statistics	2
Federal & provincial SR&ED funding	2
Expenditures by Province	2
Number of companies claiming SR&ED credits	3
Credits earned by “rate of ITC’s”	3
Credits earned by “size of corporation”	3
Credits earned by “industry sector”	4
International comparisons of R&D incentives.....	5
Marginal effective tax rates on investments in R&D assets	5
SR&ED – dispute resolution - appeals and objections.....	6

3017 St. Clair Avenue
 Suite 500
 Burlington, ON
 L7N 3P5



Phone: (905) 631-5600
 Fax: (905) 631- 0698
 meuk@meuk.net
 www.meuk.net

SR&ED Newsletter –2008-3 – New T661 form

On November 10, 2008 the Canada Revenue Agency released a new form and related guide for claiming SR&ED tax credits. In the author’s opinion, the most significant changes are outlined below:

Part 1 – General information	2
Contact information for technical & financial people in charge	2
Partnership information	2
Part 2 - Project information	2
Section A – project identification	2
Fields of science – new table to classify	2
Identify new vs. continuing projects.....	2
Identify SR&ED collaborators and partners	2
Clarify - development environment & methodology	2
Sections B & C - Project descriptions - can NOW elect from 2 formats	2
i) Section B - Experimental Development format – 3 sections (350-700 words ea.)	2
Clarify if: A) Products vs. Processes & B) New vs. Improved.....	2
ii) Section C - Basic or applied research format – 2 sections (350-700 words ea.)	3
Section D – Additional project information	3
SR&ED project descriptions - preparer information	3
Technical documentation retained – sort into 11 categories.....	3
Section E – Project cost	3
Part 3 - Calculation of SR&ED expenditures	3
Section A: Choice of overhead method (unchanged)	3
Section B: Calculation of allowable SR&ED expenditures	3
Identify wages for work outside Canada	3
Traditional overhead costs – new table.....	3
New form for Third Party Payments (Universities).....	4
Part 4 – Calculation of qualified SR&ED expenditures for ITC purposes (unchanged).....	4
Part 5 – Calculation of prescribed proxy amount (PPA) (unchanged)	4
Part 6 – Additional information (unchanged)	4
Part 7– Claim checklist (unchanged).....	4
Part 8 – Certification.....	4
Identification of T661 “form preparer” moved to the certification section.....	4
Summary – Author’s commentary on overall effects of new form	4
Timing - required for year ends in 2009 or later	4

500 - 3017 St. Clair Ave.
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter – 2009-1 **New T661 form – problems & opportunities**

On November 10, 2008 the Canada Revenue Agency released a new SR&ED form including a sample project description which has been analyzed to address problems and opportunities specific to the major tax preparation software packages (Taxprep and Profile) as outlined below:

CRA software project COMMENTARY (2 pages).....	2
Comments on the current CRA description (Pros & Cons)	4
Box 240: The square - define “standard practice”	4
Box 242: The triangle - define “technological uncertainty” (obstacles).....	6
Box 244: The circle - identify “experimentation performed”	8
Template to identify and quantify the required elements:	12
Sample CRA software project – key SR&ED components via template	13
Sample CRA software project – rewritten to remove existing documentation shortfalls (3 pages).....	14
WORD COUNT VS. RELATED MAXIMUMS: CRA, TAXPREP & PROFILE	17
TAXPREP - CRA software project – rewritten to remove documentation shortfalls (3 pages)	18
TAXPREP - specific problems to preparing descriptions	21
Column width (too small @ 78 characters?).....	21
PROFILE CRA software project – rewritten to remove documentation shortfalls (3 pages)	22
PROFILE - specific problems to preparing descriptions	25
1) Form allows <60% of characters vs. Taxprep	25
2) Contents of form do not fully print.....	25
3) Column width (too wide @ 141 characters?)	26
4) Each box printing on a separate page – each description now 7 pages	26
CRA feedback & potential filing strategies related to new forms	27
1) CRA response to problems cited – corrections coming	27
2) Providing technical documents via website	27
Appendix A: Best practices for isolating SR&ED “key criteria”	28

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2009-2**

Welcome to the second 2009 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	3
Advanced Agricultural – Eligibility of clinical trials	3
Ruling & rationale: LOSS - NOT SR&ED since lacked “hypotheses”	3
Advanced Agricultural – revoking “proxy” election once filed	4
Ruling & rationale: LOSS - NO ability to revoke election.....	4
Spasic – “hobby” vs. “carrying on business”	5
Ruling & rationale: LOSS - carrying on business requires “documentation”	5
New T661 form – problems & opportunities (update).....	6
Unresolved issues:	6
Each box printing on a separate page – each description now 7 pages	6
Potentially resolved issues:.....	6
Providing documentation via website.....	6
Resolved issues:.....	6
Profile (corporate tax software) word limits too low.....	6
Recent CRA pronouncements	7
2009 budget – enhanced incentives	7
i) Expenditure Limit – now \$3 million (Feb. 25/08 – prorated)	7
ii) Taxable Income Phase-Out Limit – to \$500- 800K (2010 prorated)	8
iii) Taxable Capital Phase-Out Limit to \$50 million (Feb. 25/08 prorated)	8
Graphs & Mechanics of the new phase-out formulas.....	8
Summary of credits by Province:	9
Qualified corporations (enhanced ITC’s)	9
Other claimants.....	9
Recent Provincial pronouncements	10
Ontario 2009 budget – enhanced incentives.....	10
New phase out limit (\$500-800K) – effective Dec.31/09.....	10
Non-refundable 4.5% credit - effective Dec.31/08.....	10
Alberta – 2009 new 10% refundable SR&ED ITC	10
Effective after Dec 31, 2008.....	10

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter Edition 2009-3

Welcome to the third 2009 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Factoring SR&ED credits	2
Selected SR&ED funding / factoring agents in the Golden Horseshoe area.....	2
6 W's of factoring SR&ED credits	3
What is factoring?.....	3
When to consider it?	3
Who to use?	3
Where does the money go?.....	3
Why (or why not) to factor?	3
How to start the process?.....	3
Considerations for SR&ED claim preparers	3
Level of involvement.....	3
Quicker payment.....	3
Referral fees.....	3

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2009-4**

Welcome to the fourth 2009 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent CRA Directives on filing new T661 SR&ED forms	2
Questions and Answers - New SR&ED Claim Form and Guide (Addendum) [released 2009-06-04]	2
Q.2 If neglect to tick a certain box or I tick the wrong box on Form T661, will claim be denied? ..	2
A.2 No, with one exception.....	2
Q.5 Can I submit (IRAP) project summaries instead of completing Part 2 of Form T661?	2
A.5 No.....	2
Q.6 Will the CRA disallow a project based on the technical content or quality of the narratives provided on lines 240 to 252?	2
A.6 No.....	2
APP 2004-02r2-eng Filing Requirements for Claiming SR&ED (June 11, 2009).....	3
CRA accepts 20 largest SR&ED projects (for taxation years ending before 2010)	3
Transitional Measures for Filing Form T661	4
Q.1 How can claimants using commercial tax software file a previous version of Form T661? ...	4
A.1 - 3 main options	4
Calculation of Ontario's new ORDTC	5
ORDTC IS reduced by the OITC	5
OITC is NOT reduced by the ORDTC	6
Manual entry required for Taxprep and Profile.....	6
Issue: timing of tax on proxy amount	7
Tax mechanics of issue: received vs. receivable	7
CRA – APP 2000-3	7
Legislative support for deferral	7
Income Tax Act.....	7
Results & filing implications / planning.....	7

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2010-1**

Welcome to the first 2010 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Basic principles for determining the value of a business	2
Definition of "Fair Market Value"	2
Methods to estimate value	2
1) Value of net assets.....	2
2) Present value of future income or cash flows.....	2
3) Percentage of revenues (sales)	2
Factors to maximize perceived value of a company?	2
Company size	2
Growth potential	2
Industry sector	2
Proprietary advantage(s).....	2
Current economic environment	2
Special purchasers	2
Operating margins	2
Market Value Comparative Summaries.....	3
Hi vs. low technology stock values	3
Author's commentary: Implications of "technology" on perceived shareholder value.....	3
Identifying and valuing development costs	4
Development vs. research expenses	4
Implications to financial statement readers:	4
Example of Development cost disclosure in Financial statements (F/S's)	4
Step 1: Determining if technology capitalization criteria met	5
Step 2: F/S disclosure of technology "development costs"	5
Results & implications to F/S users:.....	5
CRA's SR&ED watchdog	6
SR&ED Ombudsmen request for feedback.....	6

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **2010-2: (Technological Advancement Edition)**

Welcome to the second 2010 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

I) Facts: Recent increase in CRA challenges to “Technological Advancement” (TA).....	2
II) Issue(s): TA has 3-5 major components – need to be specific	2
III) Relevant legislation and CRA directives:.....	2
III a) Legislative definition of SR&ED	2
III b) Tax court definition of “TA” (5 components).....	3
III c) CRA definition of a “project”.....	3
III d) CRA Definition of “TA”	4
Step 1 a): Benchmark “standard practice”.....	4
Step 1 b): Quantified Objectives outside of “standard practice”	4
Step 2): Identify “technological uncertainty”	5
Step 3 a): Ensure “experimentation” done “systematically”.....	5
Step 3b): Clarifying the “technological conclusions / advancements”	6
IV) Analysis – how to meet the CRA project & TA requirements	7
COMPILING THE DATA: Template to identify and quantify the required elements:	7
Goal 1a): Ensure proper definition of existing knowledge at the outset:	8
Goal 1 b): Quantification of objectives vs. standard practice.....	8
Goal 2): Correlation of the research steps to specific, technical uncertainties:.....	8
Goal 3a): Ensuring work was done “systematically” & costs correctly identified.....	9
Goal 3b): Clarifying the “technological conclusions / advancements”	9
V) REVIEWING THE FINAL DATA - “key criteria summary”	10
The SR&ED “Key Criteria summary” – 5 components of TA	10
“SR&ED key criteria” examples – plant breeding, machinery & chemistry projects:.....	11

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **2010-3**

Welcome to the third 2010 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

I) Recent CRA pronouncements.....	2
A) Technical review guides – versions for CRA staff & for claimants	2
i) Claim Review Manual for CRA R&T Advisors	2
ii) SR&ED Technical Review: A Guide for Claimants	2
B) New Guide to form T661	3
Evidence types from page 40 of new form t4088-10e (next page).....	3
II) Federal SR&ED Legislation.....	5
A) New proposals: Aggressive tax planning - reporting of “contingent fees”	5
Potential implications to SR&ED claim preparers	6
B) Prior proposals status at June 30, 2010.....	6

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2011-1**

Welcome to the first 2011 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	2
SPECTROL INC. – time extension for objection or appeal - win	2
SUNATORI – accruing wages payable – win + lose?	3
Recent CRA Pronouncements	4
SR&ED Filing Requirements Policy – DRAFT	4
Third-Party Payments Policy - DRAFT	6
SR&ED claim average CRA Processing Times	8
Potential for penalties to be levied on “frivolous” claims	9
T661 – Part B: More space for project descriptions (50/100 lines)	10

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631-0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter **Edition 2011-2**

Welcome to the second 2011 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s)	2
Jentel – Illustrating “Technological Advancement” - lose	2
Table 1 - Jentel – “What if?” = eligibility.....	4
Responsible SR&ED preparers & Journalists	5
Globe & Mail issue #1 - % of cost paid to consultants	5
Issue #2 – net “benefits” for every \$ of taxes.....	8
Issue #3 – that certain industries don’t advance technology & others automatically do	9
Issue #4 – that CRA risk controls aren’t working	10
Issue #5 – alternatives to refundable credits	10
Recent CRA pronouncements	11
SR&ED Lease Expenditures Policy – draft	11

3017 St. Clair Avenue
Suite 500
Burlington, ON
L7N 3P5



Phone: (905) 631-5600
Fax: (905) 631- 0698
meuk@meuk.net
www.meuk.net

SR&ED Newsletter Edition 2011-

Welcome to the third 2011 edition of our newsletter regarding recent developments to Scientific Research and Experimental Development (SR&ED) project management and tax credit claims.

Recent SR&ED tax cases & related issue(s).....	2
Soneil – evidence of hypotheses and experiments – lose.....	2
Global Enviro Inc. – criminal charges for false claim - lose.....	3
2 new SR&ED articles in the issue & mail.....	4
Canada slips further in innovation rankings (June 28, 2011).....	4
Time for action on Innovation, not more study (July 3, 2011).....	4
Recent CRA pronouncements	5
DRAFT Policy on the Eligibility of Work for SR&ED (June 20, 2011)	5
Reviews and reports to watch for.....	5
Review of Federal Support to R&D [Jenkins panel] – Oct 2011	5
Taxpayers' Ombudsman – fall 2011	5



SR&ED Newsletter

Edition 2011-4 Future of the SR&ED Program

Welcome to the 4th quarter 2011 edition of our newsletter regarding recent developments to Scientific Research & Experimental Development (SR&ED) project management & tax credit claims.

These newsletters, formerly published by the **ERDC Corporation**, are now being published under the **RD&ASE.NE consortium of SR&ED Practitioners** to represent contributions of these parties.

Reports on S&T (Business Innovation) Funding.....	2
Executive Summary of Reports	3
I) SR&ED tax credits	4
II) S&T (Non-SR&ED)	5
III) Related Issues - not “directly” addressed.....	6
“Jenkins” report - Federal Commission.....	7
“Mowat (UofT)” – Academic POV	10
“Matthews” reports – VC + CATA industry association POV’s.....	12
“CD Howe / PWC” report – Private Commission POV	14
Canada’s (Current) Federal S&T Policy.....	15
“Mobilizing Science & Technology to Canada's Advantage — 2007”	16
“Mobilizing Science & Technology to Canada's Advantage: Progress Report 2009”	18
Sectors likely to receive “new” funding?	18
““Innovation & Business Strategy: Why Canada Falls Short (CCA 2009)”	19
Auto sector?: innovation paradox	20
Implications & authors’ opinion	21
Report consistency	23
Objectivity	23
Understanding BEST practices of SR&ED before shifting funding.....	23
Understand that Venture Capital is “picking the winners”	24