

SR&ED Guidance Document : Controlled Environment Crop Production (draft)

Questions & Answers:

1. What is the purpose of the new SR&ED Guidance document on Controlled Environment Crop Production?

This Guidance Document provides guidance on how the requirements of the SR&ED program apply to work performed in this sector. It will assist the claimant to: (a) identify SR&ED work and distinguish it from non-SR&ED work, and; (b) ensure that only expenditures incurred for SR&ED are claimed.

2. What are the benefits of this Guidance document?

The benefits of the Controlled Environment Crop Production SR&ED Guidance Document are three-fold.

First, it provides the basic information that all Controlled Environment Crop Production sector claimants need to know about the SR&ED program and its requirements. This will enhance the understanding of the program requirements, facilitate identification of SR&ED work and non-SR&ED work and increase compliance of SR&ED expenditures claimed.

Second, it addresses some of the most common misunderstandings about the SR&ED program for this industry sector. With a better understanding of the SR&ED program, claimants will be better equipped to prepare compliant claims which can facilitate the CRA review process and result in timelier assessments and refunds.

Third, by providing clear guidelines on eligibility and expenditure issues that are relevant to this industry sector, claimants can be confident that all claims in the sector are being treated in a consistent manner across the country.

3. Does this Guidance Document contain any new policy?

No, the Guidance Document does not present any new policy. It provides useful sector-specific suggestions on how to describe the SR&ED project and avoid common problems reflected in claims in this sector. Much of the material in the Guidance Document is based on earlier outreach

presentations and as well as advice given to claimants in this sector by CRA staff.

4. The last page of the Guidance Document on Controlled Environment Crop Production mentions that stakeholders contributed to the preparation of the document. Who was involved?

Representatives from accounting and tax practitioner firms, academia and greenhouse industry from various locations across Canada were extensively consulted and contributed to the development and preparation of the guidance document.

5. Why is the CRA publishing the document as a draft if there was already consultation with accounting and tax practitioner firms as well as industry representatives?

The CRA is very confident that the current content of the draft Guidance Document will address the needs of this industry sector. However, the CRA would like to ensure that the broadest possible consultation takes place prior to finalizing the document.

6. My claim was submitted before the draft Guidance Document was published. Will I need to resubmit my claim?

Claims submitted prior to the publication of the draft guidance document will be processed by applying the same rules. As stated before, the Controlled Environment Crop Production SR&ED Guidance Document does not contain any new policy. As such, the CRA will determine if the claimed work meets the requirements of the SR&ED program as per the definition of scientific research and experimental development in ss. 248(1) of the Income Tax Act and as explained in the various documents available on the SR&ED website. Similarly, the qualifying expenditures for the eligible work will be determined using current relevant CRA documents and policies. Therefore, claims submitted prior to the publication of this guidance document do not need to be resubmitted.

7. Is the CRA planning on publishing other sector guidance documents?

No new sector guidance documents are planned in the immediate future. As announced in the 2008 Federal Budget, the CRA is currently reviewing existing SR&ED policies and sector-specific guidance documents. Until

that review is completed, no further guidance documents will be issued. As always, the CRA will work with all industry sectors to ensure that sector-specific issues are identified and resolved as and when needed.