

Application Policy

NUMBER: SR&ED 2004-02R4

DATE: February 4, 2010

SUBJECT: Filing Requirements for Claiming SR&ED

REVISION

The purpose of this revision is to update the filing requirements for claimants with more than 20 SR&ED projects.

Canada Revenue Agency (CRA) will continue to accept claims with Part 2s of Form T661 for only the 20 largest SR&ED projects, in dollar value, until further notice.

However, claimants must ensure that they maintain, at their place of business, complete Part 2s of Form T661 for all projects claimed and not only for the 20 largest projects. The CRA may request some, or all, of the remaining Part 2s at a later time. Failure to provide this information will result in the disallowance of the expenditures claimed for the project as SR&ED expenditures.

This revision replaces Application Policy SR&ED 2004-02R3 dated October 30, 2009.

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Purpose

This application policy clarifies the position of the Canada Revenue Agency (CRA) regarding the filing requirements when administering the scientific research and experimental development (SR&ED) legislation under the *Income Tax Act* (Act) and the *Income Tax Regulations* (Regulations).

Background

The SR&ED Program is intended to encourage research and development in Canada. The SR&ED legislation provides claimants with the following tax incentives for SR&ED carried out in Canada:

- Allowable current and capital SR&ED expenditures may be deducted in the calculation of income for the year. Any unused SR&ED expenditures may be carried forward indefinitely to reduce income in future years.
- An investment tax credit (ITC) may be earned on qualified SR&ED expenditures. The ITC may be used as a reduction to taxes otherwise payable or, in some cases, received as a cash refund. Unused ITCs may be carried back three years or carried forward 20 years if they were earned in tax years ending after 1997 (carried forward ten years if they were earned in tax years ending before 1998).

Legislation and interpretation

Filing requirements were introduced in 1994 to place limitations on the time that a claimant had to file a claim for SR&ED carried out in Canada.

The original filing requirements came into effect for tax years ending after February 21, 1994. Since that time, a number of amendments have been made to the legislation, resulting in the current filing requirements which are as follows:

Filing requirements for deducting an allowable SR&ED expenditure

For tax years beginning after 1995, in order to deduct any amount under subsection 37(1) of the Act, subsection 37(11) of the Act provides that a claimant must file a **prescribed form** containing **prescribed information** in respect of the expenditure on or before the day that is 12 months after the claimant's income tax return **filing due date** for the year in which the expenditure was incurred.

Filing requirements for earning an ITC

For tax years with filing due dates after May 1996, in order to earn an ITC, paragraph (m) of the definition of an ITC in subsection 127(9) of the Act states that a claimant must file a **prescribed form** containing **prescribed information** in respect of an ITC on or before the day that is 12 months after the claimant's income tax return **filing due date** for the year in which the expenditure was incurred.

The terms *prescribed form*, *prescribed information*, and *filing due date* will be discussed in the following section.

Prescribed forms

[Form T661](#), *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, is the prescribed form for the purpose of subsection 37(11) of the Act.

For the purpose of paragraph (m) of the definition of an ITC in subsection 127(9) of the Act,

- [Schedule T2SCH31](#), *Investment Tax Credit - Corporations*, is the prescribed form for corporations and
- [Form T2038\(IND\)](#), *Investment Tax Credit (Individuals)*, is the prescribed form for individuals and trusts.

To earn an ITC, the claimant must meet the filing requirements for both Form T661 and Schedule T2SCH31 or Form T2038(IND), as applicable. In other words, if the claimant does not meet the filing requirements for Form T661, the claimant will not be eligible to earn an ITC, even if the claimant has filed Schedule T2SCH31 or Form T2038(IND) on time.

Note for partnerships

In calculating a partner's share of income or loss of a partnership for a tax year, paragraph 96(1)(e.1) of the Act requires that the partnership income for the year be calculated as if the amounts available under subsection 37(1) of the Act were deducted by the partnership. Since the SR&ED expenditures are deducted at the partnership level, a partner will not be able to make any deductions under subsection 37(1) of the Act.

Subsection 127(8) of the Act provides for an allocation of an ITC earned by a partnership to its members. As a result, schedules showing the calculation and allocation of the partnership ITC will need to be filed.

Where a [Form T5013 Summary](#), *Partnership Information Return*, is not required to be filed, each partner should file

- a Form T661 for the partnership,
- financial statements for the partnership, and
- schedules showing the calculation and allocation of the ITC of the partnership.

These should be filed with the partner's Schedule T2SCH31 or Form T2038(IND) on or before the applicable reporting deadline.

Where a *Partnership Information Return* is required to be filed and it is filed on time with

- a Form T661 for the partnership,
- financial statements for the partnership,
- schedules showing the calculation and allocation of the ITC of the partnership, and
- [T5013](#) slips, *Statement of Partnership Income*, for all the partners,

each partner should file a T5013 slip with a T2SCH31 or a T2038(IND) on or before the applicable reporting deadline.

Where a *Partnership Information Return* is required, but it is not filed with a partnership T661 by the partnership's filing due date, each partner should file

- a Form T661 for the partnership,
- financial statements for the partnership, and
- schedules showing the calculation and allocation of the ITC of the partnership.

These should be filed with the partner's Schedule T2SCH31 or Form T2038(IND) on or before the applicable reporting deadline.

For more information on when a *Partnership Information Return* is required to be filed, refer to the [T4068](#), *Guide for the Partnership Information Return*.

Note for use of tax preparation software

A claimant preparing a return using tax preparation software must use CRA certified software.

Starting in October 2009, the Corporation Internet Filing service is expanded to corporations claiming SR&ED. A corporation can file an SR&ED claim with its T2 return using CRA's Corporation Internet Filing service or My Business Account or by printing the *T2 Return* and mailing or delivering it to the CRA.

For Form T661 Version (08) and later versions

Commercial software released after November 2008 includes Version (08) or later versions of Form T661. These versions include fields for all prescribed information, including the technical narratives in *Part 2 - Project Information*. As a result, a claimant who uses these versions of the software should no longer submit paper copies of Form T661 or project information.

For Form T661 Version (07) and prior versions

Commercial software released prior to November 2008 includes Version (07) or prior versions of Form T661, and include all the prescribed information except for the project descriptions requested in Part 2. The claimant is required to file the project descriptions and any additional information not provided by the software, as attachments.

For Schedule T2SCH31

Commercial software contains all the prescribed information requested on Schedule T2SCH31. Claimants should not file a facsimile copy of Schedule T2SCH31.

Note, a claimant preparing the *T1 Income Tax and Benefit Return* using tax preparation software is required to file a facsimile (i.e. printed) copy of the return, including Form T661, Form T2038(IND) and all the attachments or schedules required to provide the prescribed information requested.

Prescribed information

Under paragraph (a) of the definition of prescribed in subsection 248(1) of the Act, prescribed information is the information to be given on a form or the manner of filing a form, authorized by the Minister of National Revenue.

For Form T661, Schedule T2SCH31, or Form T2038(IND), prescribed information means all the relevant information requested on the prescribed form.

Form T661

A claimant is required to provide all the relevant information requested in the following parts of Form T661:

Form T661 Version (08) and later versions	Form T661 Version (07) and prior versions
Part 1 – General information	Part 1 - General Information and Certification and Election
<p>Part 2 – Project information: Section A, Section B or C, and Sections D and E</p> <p>Part 2 of Form T661 requests the technical and financial summary information about the work claimed through a series of fields, check boxes, and questions. Sections B and C distinguish between experimental development and scientific research.</p> <p>If the claimant conducted more than 20 SR&ED projects during the tax year, the claimant may choose to submit to the CRA complete Part 2s of Form T661 for only the 20 largest SR&ED projects, in dollar value, at the time of filing.</p> <p>However, the claimant must ensure that they maintain, at their place of business, complete Part 2s of Form T661 for all projects claimed, and not only for the 20 largest projects. The CRA may request some, or all, of the remaining Part 2s at a later time. Failure to provide this information will result in the disallowance of the expenditures claimed for the project as SR&ED expenditures.</p>	<p>Part 2 - Scientific or Technological Project Information</p> <p>Steps 1 and 2 of Part 2 of Form T661 request the technical and financial summary information about the work claimed.</p> <p>Step 1 - Detailed project description</p> <p>The questions listed in Step 1 of Part 2 are intended to help the claimant prepare the project information necessary to process the SR&ED claim. The answers should concentrate on the relevant technical facts that illustrate the experimental or analytical nature of the work.</p> <p>The questions have been structured to help the claimant to present sufficient information about the work performed to enable the CRA to conduct an initial review of the work being claimed.</p> <p>It is not necessary for the claimant to use a question and answer format to provide the detailed project descriptions. However, the project descriptions must provide the information sought in these questions in order to indicate that the work being claimed meets the requirements of the SR&ED Program.</p> <p>If the claimant conducted more than 20 projects during the tax year, the claimant may choose to provide descriptions for only the 20 largest projects (in dollar value). However, during a more in-depth review,</p>

	<p>descriptions for any of the remaining projects may be requested. Furthermore, additional information may still be requested for clarification and confirmation purposes, even though the submission has met the filing requirements.</p> <p>For both scientific research work and experimental development work, the project description should provide sufficient information to show a systematic investigation or search in a field of science or technology by means of experiment or analysis.</p> <p>In addition, for experimental development work, it is necessary to show that the purpose of the work was to achieve a technological advancement for the purpose of creating new, or improving existing, materials, devices, products, or processes. For scientific research work, it is necessary to show what advancement in scientific knowledge is being sought or was made.</p> <p>Step 2 - Project Summary Information</p> <p>Claimants should indicate the number of SR&ED projects claimed and report the amounts received under the Industrial Research Assistance Program (IRAP) for SR&ED.</p> <p>The project code, project name, start date, finish date, total labour expenditures, total cost of materials, and total contract expenditures should be provided for each project included in the SR&ED claim.</p>
<p>Part 3 – Calculation of SR&ED expenditures: Sections A to C</p> <p>Expenditures should be claimed on the appropriate lines of Form T661.</p> <p>During the review of the claim, the CRA may request additional information for clarification and confirmation purposes, even though the submission has met the filing requirements.</p>	<p>Part 3 - Summary of SR&ED Expenditures</p> <p>Expenditures should be claimed on the appropriate lines of Form T661.</p>
<p>Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes</p> <p>During the review of the claim, the CRA</p>	<p>Part 4 - Background Information</p>

may request additional information for clarification and confirmation purposes, even though the submission has met the filing requirements.	
Part 5 – Calculation of prescribed proxy amount (PPA): Sections A and B During the review of the claim, the CRA may request additional information for clarification and confirmation purposes, even though the submission has met the filing requirements.	
Part 6 – Additional information	
Part 7 – Claim checklist	
Part 8 – Certification	
	Schedule A - Third-Party Payments
	Schedule B - Special Situations
	Schedule C - Non-Arm's Length Transactions
	Schedule D - Calculation of the Salary Base and the Prescribed Proxy Amount
	Schedule E – List of all SR&ED projects claimed in the year
	Schedule F – Arm's Length and Non-Arm's Length SR&ED Contracts
Prescribed information will also include any attachments or schedules necessary to provide the information requested on Form T661, including, if applicable, Forms T1145, T1146, T1174, and T1263.	Prescribed information will also include any attachments or schedules necessary to provide the information requested in steps 1 and 2 of Part 2, on lines 340 and 345 (for SR&ED contracts), and on schedules A and D of Form T661.

Schedule T2SCH31

The claimant's name, business number, tax year-end, and all the relevant information requested in parts 2, 3, 8-17, 29, and 30 of Schedule T2SCH31 must be provided by the claimant when making a claim for an SR&ED ITC.

Form T2038(IND)

All the relevant information requested in parts A and B of Form T2038(IND) should be provided by the claimant.

Filing due date

A claimant's income tax return filing due date for a tax year is defined in subsection 248(1) of the Act to mean the day on or before which the claimant's income tax return

under Part I for the year is required to be filed or would be required to be filed if tax under that Part were payable by the claimant for the year.

Determining the reporting deadline

Reporting deadline

A claimant's reporting deadline refers to the day on or before which a prescribed form containing prescribed information is required to be filed. For the purpose of subsection 37(11) of the Act, the reporting deadline to file Form T661 is 12 months after the claimant's filing due date for the year in which the expenditure was incurred. For the purpose of paragraph (m) of the definition of an ITC in subsection 127(9) of the Act, the reporting deadline to file Schedule T2SCH31 or Form T2038 (IND) is also 12 months after the claimant's filing due date for the year in which the expenditure was incurred.

Corporations

Under paragraph 150(1)(a) of the Act, a corporation is required to file an income tax return within six months after the end of the tax year. The corporation's reporting deadline is 12 months after the corporation's filing due date. Therefore, a corporation will have 18 months after the end of the tax year in which an SR&ED expenditure was incurred to file prescribed forms containing prescribed information.

Example 1

A corporation's tax year ended on March 31, 2006. The income tax return filing due date would be September 30, 2006. The corporation would be required to file Form T661 and Schedule T2SCH31 on or before September 30, 2007.

Individuals

Paragraph 249(1)(b) of the Act defines the tax year of an individual to be a calendar year. Under subparagraph 150(1)(d)(ii) of the Act, in most cases, an individual who carried on business in the year is required to file an income tax return on or before June 15 of the following year. An individual's reporting deadline is 12 months after the filing due date. Therefore, an individual will have 17 ½ months after the end of the tax year in which the SR&ED expenditure was incurred to file prescribed forms containing prescribed information.

Example 2

An individual's tax year ends on December 31, 2006. The income tax return filing due date would be June 15, 2007. The individual would be required to file Forms T661 and T2038(IND) on or before June 15, 2008.

Partnerships

For claimants who are members of a partnership, each partner's reporting deadline is determined based on the partner's tax year in relation to the partnership's fiscal year in which the expenditure in question was incurred. A prescribed form (Schedule T2SCH31 or

Form T2038(IND)) must be filed by each partner on or before each partner's respective reporting deadline in order to claim a share of the ITC of the partnership.

Example 3

A corporation and an individual are the only members of a partnership. The partnership's fiscal year-end was December 31, 2006. The partnership is not required to file a *Partnership Information Return*. The corporation's tax year ends on March 31. The individual's tax year ends on December 31.

Each partner should file a Form T661 for the partnership, financial statements for the partnership, and schedules showing the calculation and allocation of the ITC of the partnership. These should be filed with the partner's Schedule T2SCH31 or Form T2038(IND) by each partner's reporting deadline.

The partnership's fiscal year falls into the corporation's March 31, 2007 tax year. The corporation's filing due date would be September 30, 2007. The corporation would be required to file Schedule T2SCH31 by September 30, 2008.

The partnership's fiscal year falls into the individual's December 31, 2006 tax year. The individual's filing due date would be June 15, 2007. The individual would be required to file Form T2038(IND) by June 15, 2008.

Example 4

Two corporations are the only members of a partnership. The partnership's fiscal year end was September 30, 2006. The partnership is not required to file a *Partnership Information Return*. Corporation A's tax year ends on June 30. Corporation B's tax year ends on October 31.

Each partner should file a Form T661 for the partnership, financial statements for the partnership, and schedules showing the calculation and allocation of the ITC of the partnership. These should be filed with the partner's Schedule T2SCH31 by each partner's reporting deadline.

The partnership's fiscal year-end falls within Corporation A's June 30, 2007 tax year. Corporation A's filing due date would be December 31, 2007. The corporation would be required to file Schedule T2SCH31 by December 31, 2008.

The partnership's fiscal year-end falls into Corporation B's October 31, 2006 tax year. Corporation B's filing due date would be April 30, 2007. The corporation would be required to file Schedule T2SCH31 by April 30, 2008.

Applying the rules

The filing requirements discussed below apply to any original or amended prescribed form.

If prescribed forms containing all the relevant prescribed information are filed on or before the reporting deadline, the claimant is considered to have met the filing requirements.

If prescribed forms are filed on or before the reporting deadline, but they do not contain all the relevant prescribed information, the claimant will not be considered to have met the filing requirements. If the forms are reviewed by the CRA before the reporting deadline, the CRA will advise the claimant of any deficiencies and **the claimant will be allowed additional time, up to the reporting deadline**, to provide any missing information. However, the onus is on the claimant to file the prescribed forms containing all the relevant prescribed information on or before the reporting deadline.

If prescribed forms are not filed by the reporting deadline, the CRA will not allow any additional time after the reporting deadline to provide the prescribed information. The claimant will also not be able to file another SR&ED claim for the year. Where the claimant has filed prescribed forms after the reporting deadline, the claimant will be advised in writing that the SR&ED claim was not accepted because prescribed forms containing all the relevant prescribed information were not filed on or before the reporting deadline.

It should be noted that a claim filed using estimated amounts, a partially completed claim, or a letter expressing an "intent to file" is not considered to meet the filing requirements.

For 1997 and subsequent tax years, if the claimant has not met the filing requirements in accordance with subsection 37(11) of the Act, subsection 37(12) of the Act deems that expenditure not to be an expenditure on or in respect of SR&ED. The claimant will be precluded from deducting the expenditure under subsection 37(1) of the Act and the expenditure will not qualify to earn an ITC under subsection 127(9) of the Act even if the deficiencies are redressed after the reporting deadline.

The expenditure that was claimed will be classified in accordance with the Act, but without reference to the provisions relating to SR&ED. For example, an expenditure on equipment, which would have been an SR&ED capital expenditure if the prescribed form had been filed on time, would generally be treated as a depreciable property and included in the proper class on the capital cost allowance schedule. Similarly, an expenditure, which would have been an SR&ED current expenditure, would generally be deductible as a current expense under section 9 of the Act.

Date received

Claims that are hand-delivered will be considered filed on that day. First-class mail or daily service will be considered filed on the date of the postmark. If the reporting deadline happens to fall on a Saturday, Sunday or a statutory holiday, the filing deadline is extended to the next business day.

For claims received through CRA's Corporation Internet Filing service, a filing date is established when the electronic signature is successfully validated. It will remain in effect as long as any errors in transmission are corrected and the filer retransmits the return within five business days. If it takes longer than five business days to get a successful validation, the filing date is the date that the confirmation number is issued.

Claims under review

During the course of a review, if a claimant wishes to amend an SR&ED claim, the CRA will only consider the information related to additional project(s) or expenditure(s) **if it is**

provided by the reporting deadline. Once the reporting deadline has passed, no additional project(s) or expenditure(s) will be considered or allowed.

Appendix: Questions and Answers

Question 1

What is the difference between an SR&ED claim that meets the SR&ED filing requirements and the requirements for processing an SR&ED claim?

SR&ED Filing Requirements

In order to meet the filing requirements, a claimant must file prescribed forms containing all the relevant prescribed information in respect of the expenditure and the investment tax credit (ITC) on or before the day that is 12 months after the claimant's filing due date for filing an income tax return for the year.

Form T661 is the prescribed form for the purpose of subsection 37(11) of the Act. For the purpose of paragraph (m) of the definition of an ITC in subsection 127(9) of the Act,

- Schedule T2SCH31, *Investment Tax Credit - Corporations*, is the prescribed form for corporations and
- Form T2038(IND), *Investment Tax Credit (Individuals)*, is the prescribed form for individuals and trusts.

To earn an ITC, a claimant must meet the filing requirements for both Form T661 and Schedule T2SCH31 or Form T2038 (IND), as applicable.

Where a claimant meets the filing requirement for Form T661, but does not file Schedule T2SCH31 or Form T2038 (IND) containing prescribed information by the reporting deadline, the claimant would

- only be able to deduct the allowable SR&ED expenditures from income under subsection 37(1) of the Act, and
- not be entitled to earn any ITC on the SR&ED expenditures.

Where a claimant meets the filing requirement for Schedule T2SCH31 or Form T2038 (IND), but does not file Form T661 containing prescribed information by the reporting deadline, the claimant would

- not be able to deduct any SR&ED expenditures from income under subsection 37(1) of the Act, and
- not be entitled to earn any ITC on the SR&ED expenditures.

It should be noted that the filing requirements discussed above must be met whether a claimant files an original SR&ED claim or an amended SR&ED claim.

Processing an SR&ED Claim

In order for the CRA to process an SR&ED claim, a claimant must file with the CRA:

- prescribed forms (Form T661 and Schedule T2SCH31 or Form T2038 (IND), as applicable) containing all the relevant prescribed information within the reporting deadline, and
- a *T2 Corporation Income Tax Return* or a *T1 Income Tax and Benefit Return*.

If an SR&ED claim is filed and does not consist of prescribed forms containing all the relevant prescribed information or is filed without an income tax return, the CRA will not be able to process the income tax return with the SR&ED tax incentives. Consequently, the processing of the claim will be delayed until the prescribed forms containing the prescribed information are provided or the income tax return is filed.

Example 1

A claimant files an SR&ED claim, consisting of Form T661 and Schedule T2SCH31 (or Form T2038 (IND)) with all the relevant prescribed information, within the reporting deadline without an income tax return. The claimant will meet the filing requirements, but the processing of the claim will be delayed until an income tax return is filed.

Example 2

A claimant only files Form T661 with an income tax return within the reporting deadline. The claimant will meet the filing requirement for Form T661, but since Schedule T2SCH31 was not filed, the claimant will not meet the filing requirement for Schedule T2SCH31.

If the claimant subsequently files Schedule T2SCH31 containing all the relevant prescribed information by the reporting deadline, the claimant will meet the filing requirements for both prescribed forms. The claim can then be processed and the claimant may be entitled to the SR&ED incentives.

If Schedule T2SCH31 is filed after the reporting deadline, the claimant will not meet the filing requirements for both prescribed forms. Since Form T661 was filed, the claimant would be able to deduct the allowable SR&ED expenditures from income under subsection 37(1) of the Act, but the claimant would not be entitled to earn any ITC on the SR&ED expenditures.

Example 3

A claimant only files Schedule T2SCH31 with an income tax return within the reporting deadline. As stated above, in order to earn an ITC, the claimant must meet the filings for both Form T661 and Schedule T2SCH31.

If the claimant subsequently files Form T661 containing all the relevant prescribed information by the reporting deadline, the claimant will meet the filing requirements for both prescribed forms. The claim can then be processed and the claimant may be entitled to the SR&ED incentives.

If Form T661 is filed after the reporting deadline, the claimant will not meet the filing requirements for both prescribed forms. The CRA will not accept the SR&ED claim, and the income tax return will be processed without the benefit of the SR&ED incentives.

Example 4

An income tax return has been filed without an SR&ED claim. The income tax return has been assessed without the SR&ED incentives. Subsequently, the claimant files an SR&ED claim, consisting of Form T661 and Schedule T2SCH31 (or Form T2038 (IND)) containing all the relevant prescribed information and other relevant schedules, within the reporting deadline. The claimant will meet the filing requirements.

Question 2

In the case of a corporation, when determining the reporting deadline, is the 18 months based on the number of days or the number of months after the end of the tax year?

The filing due date for a *T2 Corporation Income Tax Return* is 6 months after the end of the tax year. As explained in section 3 (Before You Start) of [T4012 T2 Corporation Income Tax Guide](#),

- When the corporation's tax year ends on the last day of a month, file the return by the **last** day of the sixth month after the end of the tax year.
- When the last day of the tax year is not the last day of a month, file the return by the **same** day of the sixth month after the end of the tax year.

This policy is the same for the purpose of determining a claimant's reporting deadline for filing Form T661 and Schedule T2SCH31.

Example 5

A corporation has a tax year ending on February 28. The corporation's *T2 Corporation Income Tax Return* filing due date would be August 31 of the same year. As a result, the corporation's reporting deadline would be August 31 of the following year.

Example 6

A corporation has a tax year ending on January 6. The corporation's *T2 Corporation Income Tax Return* filing due date would be July 6 of the same year. As a result, the corporation's reporting deadline would be July 6 of the following year.

Question 3

If an SR&ED claim is denied for not meeting the filing requirements, what is a claimant's next option or recourse?

Prior to November 17, 2005, a claimant or their authorized representative could write a letter to the Assistant Director of SR&ED at the coordinating tax services office requesting the Assistant Director to consider waiving the filing requirements pursuant to subsection 220(2.1) of the Act.

Under proposed new subsection 220(2.2) of the Act, which applies on and after November 17, 2005, subsection 220(2.1) cannot be applied for the purposes of the SR&ED tax incentives in respect of a prescribed form or prescribed information that is filed on or after the day specified.

The proposed amendment clarifies that there will be no exception to the 12-month filing deadline for claims for SR&ED expenditures or SR&ED investment tax credits. The CRA encourages claimants to file their SR&ED claims on or before their reporting deadline.

Question 4

When does an SR&ED claim need to be filed in order for the CRA to review and advise the claimant of any deficiencies in the SR&ED claim?

If an SR&ED claim is filed at least 90 days before the reporting deadline, the CRA should have sufficient time to conduct a review to determine whether or not the claim meets the filing requirements and to advise the claimant of any deficiencies in the claim.

If the SR&ED claim is not filed with sufficient time to allow the CRA a reasonable amount of time to review the claim, the CRA will not be able to advise the claimant of any deficiencies in the claim before the reporting deadline.

It should be noted that the onus is on the claimant to file prescribed forms containing all the relevant prescribed information on or before the reporting deadline. If the CRA is unable to review the SR&ED claim and to advise the claimant of any deficiencies in the claim before the reporting deadline, the CRA will not allow any additional time for the claimant to redress the deficiencies.

Question 5

A claimant has filed Form T661 and Schedule T2SCH31 (or Form T2038(IND)) within the reporting deadline. Fifteen projects were claimed, but only ten Form T661 Part 2s were included with the claim. The Part 2s for 5 projects were not filed by the reporting deadline. All other relevant prescribed information was provided. Will the CRA disallow the entire claim for not meeting the filing requirements?

The CRA will not disallow the entire claim. The CRA will not accept any information with respect to the 5 missing projects after the reporting deadline, and all the associated costs will not be allowed.

Because all the relevant prescribed information for the other ten projects were provided within the reporting deadline, the CRA will accept this portion of the claim as meeting the filing requirements.