SR&ED Stakeholder Webcast — Slides & Handouts

Thursday, November 26, 2026 • 1:00–4:00 p.m. EST • Chair: Earl Viner • SREDStakeholder.ca

AGENDA ITEM	HANDOUT	PAGE
1. Welcome 1:00–1:05 • Earl Viner	—	
2. 2026 SR&ED tax cases 1:05–1:45 • David Sabina	SR&ED at the Tax Court: Tempora, Tuna Temple & Willowglen 2026 tax case analysis in project description format	2 35
3. Legislation, CRA, and stakeholder action 1:45–2:45 • Elizabeth Lance	New SR&ED initiatives SR&ED on capital, commercialization and IP	42 78
4. Break, Q&A 2:45–2:50	—	
5. Use of AI in SR&ED claims 2:50–3:20 • David Sabina and Justin Frape	Using AI in SR&ED claims: issues for preparers (Justin Frape) AI in SR&ED: current tools and strategies (David Sabina)	105 116
6. Medical practitioners (MPCs / DPCs) 3:20–3:30 • David Sabina	SR&ED issues for medical professional corporations	130
7. IP protection for SR&ED work: AI IP ownership 3:30–3:45 • Ben Mak (Smart & Biggar)	AI IP ownership: patents and IP issues for SR&ED	137
8. Grants and assistance 3:45–3:55 • Lioba Reeve (Fundica)	Beyond SR&ED: new funding opportunities for Canadian innovators	149
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Individual files are also available at sredstakeholder.ca/webcasts.html. Questions: registration@sredstakeholder.ca

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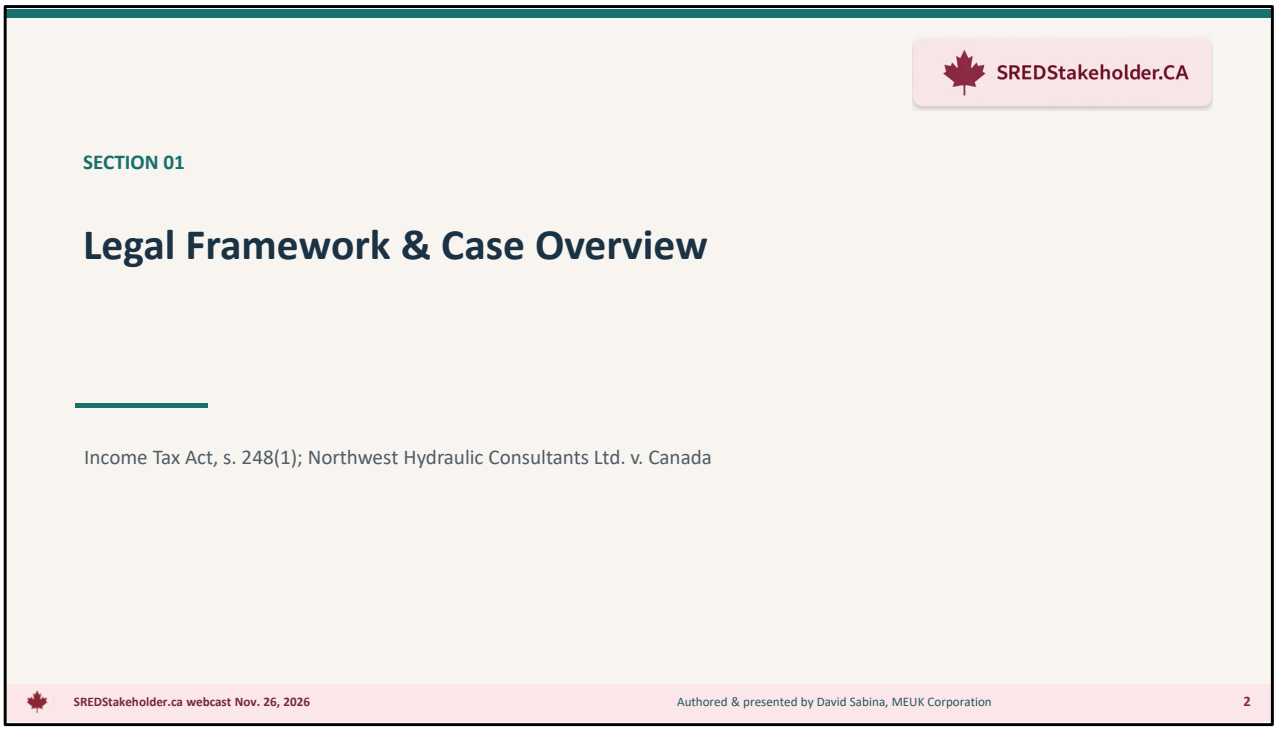
TAX COURT OF CANADA · SR&ED CASE STUDIES

SR&ED at the Tax Court: Tempora, Tuna Temple & Willowglen

Les Éléments Chauffants Tempora Inc., 2025 TCC 173 · Tuna Temple Inc., 2025 TCC 183 · Willowglen Systems Inc., 2026 TCC 7

Three recent Tax Court of Canada SR&ED decisions: Tempora (2025 TCC 173, split result with reassessment, penalty and s. 160 issues), Tuna Temple (2025 TCC 183, full loss) and Willowglen (2026 TCC 7, MTCLM allowed, SCADACOM-5 disallowed). Each case is assessed against Income Tax Act s. 248(1) and the Northwest Hydraulic criteria, with RDBASE key-criteria summaries and recommended fields of science.



Income Tax Act, s. 248(1); Northwest Hydraulic Consultants Ltd. v. Canada

Income Tax Act, RSC 1985, c. 1 (5th Supp.), s. 248(1); Northwest Hydraulic Consultants Ltd. v. Canada, 1998 CanLII 553 (TCC).

1. LEGAL FRAMEWORK & CASE OVERVIEW

1.01 Case summary and presentation contents

Cases and outcomes

Case	Issues	Outcome
Tempora · 2025 TCC 173	Eligibility; limitation; penalties; s. 160	Split
Tuna Temple · 2025 TCC 183	Eligibility; records; expenditures	Loss
Willowglen · 2026 TCC 7	Eligibility; proxy wages	Split

Numbered sections

Section	Case / subject	Slides
1	Legal framework and overview	2–4
2	Tempora — technical evidence and outcomes	5–16
3	Tuna Temple — unsuccessful claims	17–23
4	Willowglen — SCADACOM-5 and MTCLM	24–33

Income Tax Act, s. 248(1); Northwest Hydraulic Consultants Ltd. v. Canada

Case summary: Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173 (split: 2007 and 2008 ITCs allowed; 2006 and 2009 dismissed; reassessment of statute-barred years, gross negligence penalties and s. 160 shareholder assessments upheld); Tuna Temple Inc. v. The King, 2025 TCC 183 (loss on all projects before the Court); Willowglen Systems Inc. v. The King, 2026 TCC 7 (MTCLM allowed with a proxy-wage timekeeping adjustment; SCADACOM-5 disallowed). Legal framework: Income Tax Act, s. 248(1), and Northwest Hydraulic Consultants Ltd. v. Canada.

1. LEGAL FRAMEWORK & CASE OVERVIEW

1.02 Eligible Fields of Science & Technology

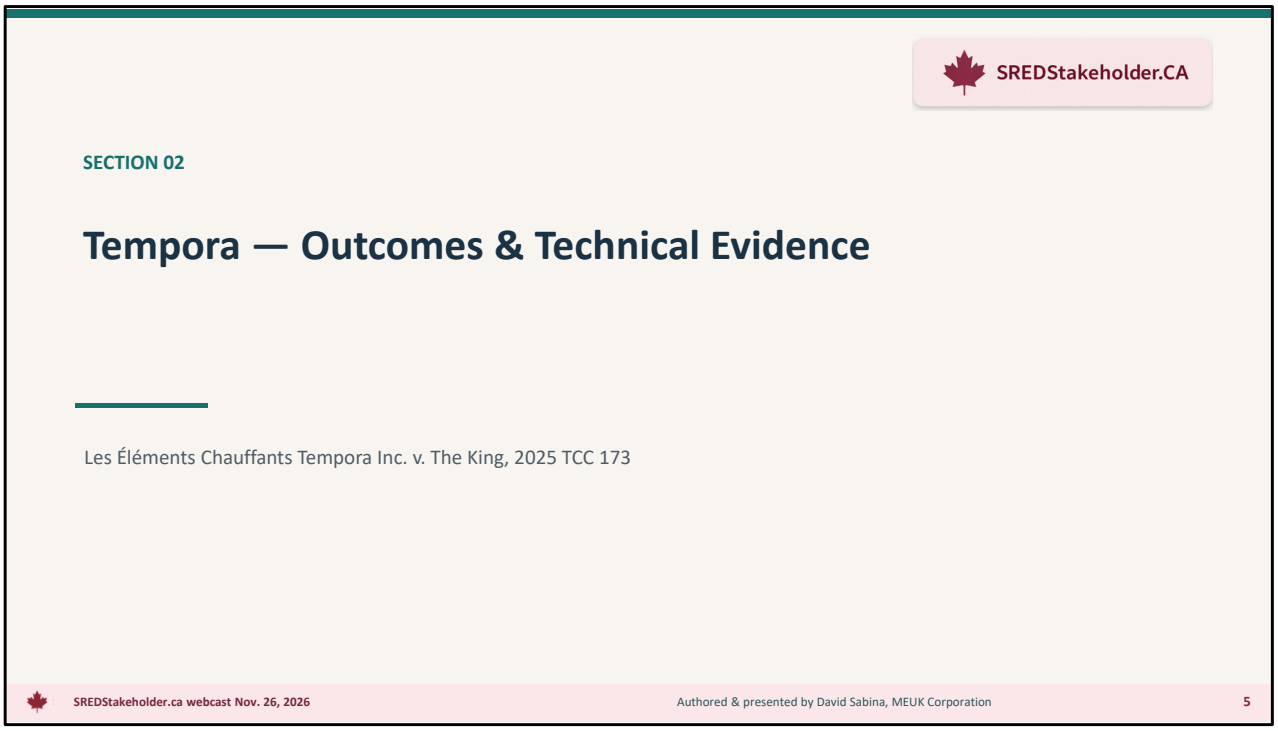
Field codes identify the scientific discipline; a code alone never establishes that a project qualifies.

Field group	Disciplines
1 — Natural and formal sciences	Mathematics, computing, physics, chemistry, biology
2 — Engineering and technology	Electrical, mechanical, materials, software and industrial engineering
3 — Medical and health sciences	Clinical medicine, health sciences, medical biotechnology
4 — Agricultural sciences	Agriculture, forestry, fisheries, veterinary sciences
Classification test	Define field → existing knowledge → technological gap → test hypotheses → document advancement
Excluded	Social sciences and humanities

Field classifications are analytical recommendations, not codes confirmed in the judgments.

Source: SR&ED Field of Science and Technology Codes (2026 list), Eligible Field Codes and Excluded Fields. The list contains 147 individual eligible field codes. The field is selected based on the actual scientific or technological problem, not the employer's industry alone. This slide summarizes the four major groupings in the 2026 list; it does not enumerate every code. Social sciences and humanities are excluded under the SR&ED definition, as stated in the 2026 list.

Classification test: define the scientific field, establish its existing knowledge base, identify the specific technological gap, test hypotheses, and document the advancement. A field code alone never establishes eligibility.



Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173

Income Tax Act, RSC 1985, c. 1 (5th Supp.), s. 248(1); Northwest Hydraulic Consultants Ltd. v. Canada, 1998 CanLII 553 (TCC).

2. TEMPORA — OUTCOMES & TECHNICAL EVIDENCE

2.01 Case overview

Item	Details	Ref.
Appellants	Tempora Inc. and shareholders Shady and Maged Elhami (files 2021-1701, -1703, -1704(IT)G)	Judgment
Judge and hearing	Lafleur J.; Montreal, Feb–Mar 2025; judgment 20 Nov 2025	—
Taxation years	Years ending 31 July 2006–2009	[5]
ITCs denied	$170,649 / $173,540 / $242,328 / $151,954 for 2006–2009	[5]
Deductibility	Not otherwise challenged as ordinary business expenses	[6]
Claim size (2007)	Tubular line: $924,915 claimed; $498,760 allowed at audit	[19]

Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173

Tempora is a Quebec manufacturer of industrial heating components; the corporate appeal was heard with the s. 160 appeals of shareholders Shady and Maged Elhami (Lafleur J.). The Minister reassessed 2006–2009 to deny previously refunded ITCs [5] but did not otherwise challenge deductibility of the expenses as ordinary business expenses [6]. The 2007 Tubular Element Manufacturing Line claim illustrates claim size: $924,915 claimed, $498,760 allowed at audit [19].

Legal and case reference: Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173.

2. TEMPORA — OUTCOMES & TECHNICAL EVIDENCE

2.02 Tempora — Results

Year / issue	Court outcome	ITCs allowed
2007 — Tubular Element Manufacturing Line	WIN	$173,540
2008 — Flexible Silicone/Kapton; Annealed Tubular/Finned	WIN — two projects	$242,328
2006 and 2009 — SR&ED appeals	Dismissed	$0
Shareholder appeals — s. 160	Dismissed	—
Total — qualifying projects	**Partial success**	**$415,868**

$415,868
ITCs allowed for 2007 and 2008

2006 & 2009
SR&ED appeals dismissed

Tempora, 2025 TCC 173, [196]–[200], [223]–[242], [316]

Judgment: Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173. 2007 ITCs $173,540; 2008 ITCs $242,328; 2006 and 2009 appeals dismissed. Shareholder s. 160 appeals dismissed. Key lesson: protect filing integrity while retaining contemporaneous technical evidence. See reasons [196]–[200], [223]–[242], [316].

2. TEMPORA — OUTCOMES & TECHNICAL EVIDENCE

2.03 Elhami Brothers — Backgrounds & Credibility

Topic	Evidence	Ref.
Background	In the heating-element business since childhood; full-time after Dec 2006	[13]–[14]
Qualifications	Practical experience; not formally qualified engineers	[75]
Records	Excel test/parameter roadmaps and iterative prototypes	[53]–[56], [65], [218]–[219]
Equipment	Modified Oakley equipment; designed an annealing oven	[204]–[205], [232]
Outside expertise	Professor assisted with concrete composition	[215]
Credibility	Generally honest and open, with one specific exception	[57]
Weight of evidence	Helped establish systematic testing and uncertainty	[206]–[208], [223]–[229]

Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173

Maged and Shady Elhami — claimant technical backgrounds and credibility. The brothers grew up in the heating-element business and took over full-time responsibilities after their father's death (paras. 13–14). The judgment notes that they were not engineers (para. 75). The Excel programs and trial exhibits supported their account (paras. 53–56, 65). For tubular work, the Court discussed Oakley-machine changes and systematic testing (paras. 199–208). For flexible heaters, see paras. 213–229, especially 215, 218–219 and 223–227. The Court generally found both witnesses credible, but did not accept Maged's characterization of copied supplier materials as 'theory' (para. 57). Do not suggest that all their testimony was accepted without qualification.

Legal and case reference: Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.

2.04 Silicone/Kapton Heaters — Professor's Involvement

What the Court records	What is not established
Flexible heating elements integrated into concrete moulds [213]–[214]	Professor's name, institution or specialty
Maged testified a professor helped set concrete composition, type and size [215]	Specific formulation, test data or deliverables
Concrete mould outsourced [216]	Contract, payment, or whether the professor ran experiments

Tempora, 2025 TCC 173 — relevant paragraph references in notes

Para. 215 attributes the account to Maged. Para. 216 states the mould was outsourced. The professor's name, affiliation, experimental activities and payments are not identified in the reasons.

Source: Tempora, 2025 TCC 173, [213]–[216].

2.05 Field of Science — Tempora

The heater projects combined electrical heating elements, flexible materials and outdoor temperature control.

Classification	Field and rationale
Primary — 2.02.01	Electrical and electronic engineering: heating-element design and behaviour
Alternative — 2.05.04	Plastics, rubber and composites: silicone/Kapton bonding and flexibility
Additional — 2.02.05	Automation and control systems: remote sensing and temperature control
Other possible — 2.03.03	Thermodynamics: only where heat transfer is the actual research focus
Court vs. recommendation	The judgment does not establish these T661 codes; classification is inferred

Field classifications are analytical recommendations, not codes confirmed in the judgments.

Suggested fields are drawn from the 2026 SR&ED field code list, not the judgment's T661 entries. Tempora's project description includes flexible silicone/Kapton heaters, concrete mould integration and sensors [213]–[229]. The strongest field depends on which specific technological uncertainty is being claimed: electrical heater behavior, materials properties, thermal distribution or system controls. The historical Court result must be kept separate from this illustrative classification.

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.
Field-of-science codes are presenter recommendations, not verified T661 filings.

2. TEMPORA — RDBASE KEY CRITERIA

2.06 Silicone/Kapton Heaters — RDBASE Key Criteria

Court evidence Illustrative or presenter analysis

Key criterion	Summary	Source
Objectives	Outdoor flexible heating; ~20-minute warm-up; uniformity, durability, concrete integration	*Project analysis*
Uncertainties	Moisture, freeze–thaw, stress and heater–concrete heat transfer acting together	[215]
Experiments / results	Prototypes, sensors, professor-supported concrete studies, Excel roadmaps	[53]–[56], [65], [215]
Conclusions / outcome	New flexible-heater/concrete thermal knowledge; 2008 joint ITCs $242,328	[215], judgment

Les Éléments Chauffants Tempora Inc. v. The King, 2025 TCC 173 — condensed teaching summary

This is the condensed RDBASE teaching summary for the Tempora Flexible Silicone Rubber and Kapton Heating Elements project, 2025 TCC 173. The recommended field-of-science code is 2.02.01 Electrical and electronic engineering, with 2.05.04 Plastics, Rubber, and Composites as the materials-focused alternative (see 2.05); neither is verified as filed. The 2008 ITC allowance of $242,328 combines this project and the Annealed Tubular/Finned project. Descriptions labelled 'project analysis' are not precise judgment citations. In prior teaching assessments, the underlying project evidence was rated 4/10 for the specificity of hypotheses and technological conclusions, distinct from the Court's successful eligibility outcome.

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.

2. TEMPORA — RDBASE KEY CRITERIA

2.07 Silicone/Kapton Heaters — Background & Objectives

Court evidence Illustrative or presenter analysis

Key criterion	Summary	Source
Historical project	Flexible silicone/Kapton heaters for outdoor railway use, integrated with concrete moulds	[213]–[215]
Reported performance	Target temperature in about 20 minutes; sensor monitoring	[215]
Illustrative goals (Project 2603)	−70°C operation; ≤±10% resistance drift; 500+ flex cycles; CSA compliance	*Illustrative*
Scope distinction	2026 targets are teaching examples, not Court findings for 2008	*Presenter*

Tempora, 2025 TCC 173 — Court evidence vs. illustrative 2026 RDBASE analysis (Project 2603)

Court case Tempora, 2025 TCC 173, Flexible Silicone Rubber and Kapton Heating Elements, successful 2008 year. Discuss outdoor railway heating, integration into concrete and approximately 20-minute reported heating response. The 2026 RDBASE Project 2603 values (a hypothetical re-run of the project used for teaching) are illustrative planning targets only: −70 degrees Celsius, plus/minus 10 percent resistance drift, 500 flex cycles. Do not attribute those numbers to the Court. References [213]–[215].

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.

2. TEMPORA — RDBASE KEY CRITERIA

2.08 Silicone/Kapton Heaters — Technological Uncertainties

Court evidence Illustrative or presenter analysis

Key criterion	Summary	Source
Historical uncertainty	Would the heater–concrete interface work reliably outdoors, with adequate heat transfer and control?	[213]–[215]
Materials and durability	Silicone/Kapton under cold, moisture and stress; adhesion; resistance stability	*Project analysis*
Thermal / integration	Heater geometry, heat uniformity, concrete composition, sensors, installation	[215]
Illustrative 2603 variables	Adhesives; heater thickness and pattern; flexing; moisture–freeze cycles; controls	*Illustrative*

Tempora, 2025 TCC 173 — Court evidence vs. illustrative 2026 RDBASE analysis (Project 2603)

Emphasize uncertainties rather than ordinary engineering requirements. The judgment describes heater/concrete integration and the professor's involvement [213]–[215]. The detailed 2026 uncertainty list is a proposed RDBASE teaching framework, not a set of explicitly established Court findings. Differentiate project knowledge gaps from unverified numerical targets.

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.

2. TEMPORA — RDBASE KEY CRITERIA

2.09 Silicone/Kapton Heaters — Experimental Methods

Court evidence Illustrative or presenter analysis

Key criterion	Summary	Source
Historical evidence	Prototypes, iterative design, Excel roadmaps, professor input on concrete	[53]–[56], [65], [215]
Historical integration	Concrete moulds and temperature-monitoring sensors	[213]–[216]
Illustrative 2603 method	Benchmark suppliers; vary materials, adhesives, geometry; measure resistance, adhesion, flex	*Illustrative*
Illustrative validation	Thermal cycling, moisture exposure and field trials against set objectives	*Illustrative*

Tempora, 2025 TCC 173 — Court evidence vs. illustrative 2026 RDBASE analysis (Project 2603)

Separate contemporaneous evidence described in the Tempora judgment from the illustrative 2026 experiment plan. The latter is a proposed systematic investigation with material-screening matrices, environmental cycling, measurements and field testing; do not portray it as performed by Tempora in 2008. Court references: [53]–[56], [65], [213]–[216].

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.

2. TEMPORA — RDBASE KEY CRITERIA

2.10 Silicone/Kapton Heaters — Results vs. Advancement

Court evidence Illustrative or presenter analysis

Key criterion	Summary	Source
Reported historical results	Prototypes achieved controlled outdoor heating; concrete and sensors informed integration	[215], [223]–[229]
Illustrative 2603 results	−70°C operation, adhesion and uniform heating would need measured test evidence	*Illustrative*
Advancement: historical	How heater construction, concrete composition and outdoor thermal behaviour interact	[215]
Advancement: proposed	Bonding limits, pattern trade-offs, combined-stress degradation — only if tests prove them	*Illustrative*

Tempora, 2025 TCC 173 — Court evidence vs. illustrative 2026 RDBASE analysis (Project 2603)

Explicitly distinguish observations (what a prototype did) from technological advancement (new design knowledge explaining why it worked and where limits lie). The 2026 extreme-cold and durability results were illustrative scenarios, not Court-measured facts. Do not overstate the precision of reported results. The historical project was accepted by the Court, but no detailed quantitative dataset is available. References [215], [223]–[229].

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.

2. TEMPORA — RDBASE KEY CRITERIA

2.11 Silicone/Kapton Heaters — Records & Outcome

Court evidence Illustrative or presenter analysis

Key criterion	Summary	Source
Key criteria	Outdoor heating objective; integration uncertainty; prototypes and tests; new integration knowledge	[213]–[229]
Records and testimony	Excel roadmaps; Elhami testimony; professor consultation on concrete	[53]–[57], [65], [215]
Court outcome	2008 WIN: $242,328 allowed jointly with Annealed Tubular/Finned	Judgment
Teaching assessment	4/10 for specificity of hypotheses and conclusions — presenter rating, not a Court finding	*Presenter*

Tempora, 2025 TCC 173 — Court evidence vs. illustrative 2026 RDBASE analysis (Project 2603)

Conclude with the RDBASE framework: objective, uncertainty, experimental methods, observed results and advancement. Court evidence includes Excel parameter roadmaps, testimony and reported professor consultation. The professor's name, exact formula and deliverables are not established in the reasons. The 2008 amount of $242,328 is shared with the Annealed Tubular/Finned project. The teaching score 4/10 is the presenter's evaluation of project-description detail, not a judgment of Court eligibility. Recommended field of science 2.02.01 Electrical and electronic engineering (alternative 2.05.04 Plastics, Rubber, and Composites) is not verified as a filed T661 code.

Source: Tempora, 2025 TCC 173. Relevant passages include [53]–[57], [65], [215], [223]; verify individual propositions against the judgment.

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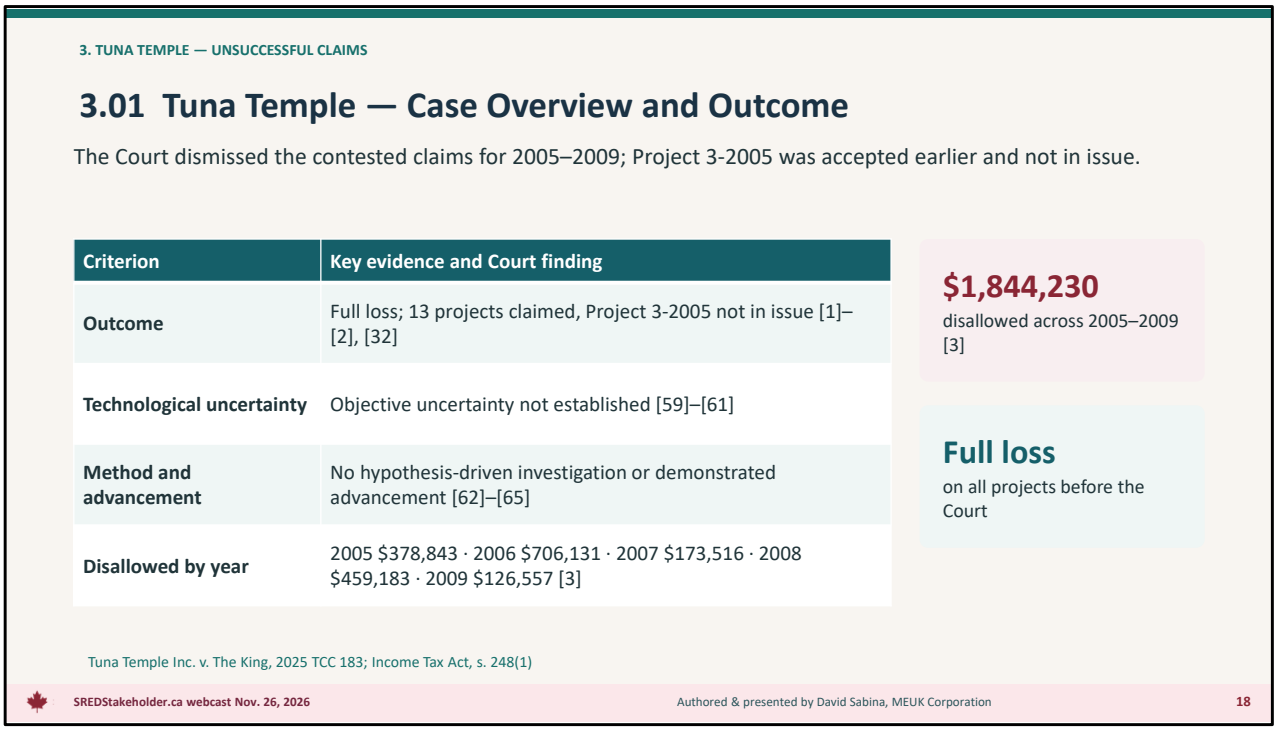
SECTION 03

Tuna Temple — Unsuccessful Claims

Tuna Temple Inc. v. The King, 2025 TCC 183

Tuna Temple Inc. v. The King, 2025 TCC 183 (Clark J.).

Income Tax Act, RSC 1985, c. 1 (5th Supp.), s. 248(1); Northwest Hydraulic Consultants Ltd. v. Canada, 1998 CanLII 553 (TCC).



Tuna Temple Inc. v. The King, 2025 TCC 183 (Clark J.). The judgment addressed the contested projects; Project 3-2005 was accepted by the Minister and was not in issue [32]. The disputed expenditure amounts by year are given at [3].

Source: Tuna Temple, 2025 TCC 183. Relevant passages include [16]–[17], [24]–[28], [59]–[65]; verify individual propositions against the judgment.

3. TUNA TEMPLE — UNSUCCESSFUL CLAIMS

3.02 Tuna Temple — Business Background and Issues

Higher-yield processing of super-frozen tuna: a commercial improvement, not an advance in technology.

Criterion	Key evidence and Court finding
Business context	Processing and cutting super-frozen tuna for restaurant customers
Principal investigator	Stavros Tripis — president, CEO, 45% shareholder and sole witness [4]
Academic background	Bachelor's degree in history; no formal food-processing education [5]
Industry experience	Tuna processing since 1999; grading and selling fresh tuna [5]
Core issue	Credible on his own experience [4], but no objective industry-wide uncertainty [15]–[17], [59]–[65]

Tuna Temple Inc. v. The King, 2025 TCC 183; Income Tax Act, s. 248(1)

Tuna Temple Inc. v. The King, 2025 TCC 183, paras. [1]–[2], [16]–[17], [32], [59]–[65].

Source: Tuna Temple, 2025 TCC 183. Relevant passages include [16]–[17], [24]–[28], [59]–[65]; verify individual propositions against the judgment.

Investigator background: Tuna Temple, 2025 TCC 183, [4]–[6]. Tripis held a bachelor's degree in history and had no formal food-processing education. His family was involved in the food industry; he had worked in tuna processing since 1999. The Court found him credible in his immediate experience. Credentials are context, not a standalone eligibility criterion.

3.03 Tuna Temple — Evidence, Documentation and Wages

Production records and trials existed, but did not establish qualifying experimental development.

Criterion	Key evidence and Court finding
Technical records	Handwritten logs and diagrams for Project 1-2005; other batch records gave little explanation
Testing approach	Repeated attempts without stated hypotheses or reasons for changing parameters
Technological advancement	No knowledge shown to be new to the relevant field
Expenditures	Disputed activities and related wages not accepted as SR&ED

Tuna Temple Inc. v. The King, 2025 TCC 183; Income Tax Act, s. 248(1)

Court references [24]–[28], [59]–[65]. Distinguish ordinary business expenses from SR&ED expenditures.

Source: Tuna Temple, 2025 TCC 183. Relevant passages include [16]–[17], [24]–[28], [59]–[65]; verify individual propositions against the judgment.

3.04 Tuna Temple Project 1-2005 — Strongest Evidence

The best-documented project — but documented iteration alone did not demonstrate SR&ED.

Criterion	Key evidence and Court finding
Objective	More usable portions and less cutting waste for high-end restaurants
Experimental evidence	32 documented attempts with handwritten logs and diagrams [24]–[25]
Observed result	About 32% yield after iterative cutting techniques
Prior art	Specialized equipment and techniques already known in Japan [25]–[27]
Court finding	No objective uncertainty or advancement beyond industry knowledge [27]–[28]

Tuna Temple Inc. v. The King, 2025 TCC 183; Income Tax Act, s. 248(1)

Project 1-2005: Exhibit A-1, tab 8; [24]–[25]. The Court considered the equipment already used in Japan [25]–[27], and likened the process to maximizing cookie yield [27]–[28].

Source: Tuna Temple, 2025 TCC 183. Relevant passages include [16]–[17], [24]–[28], [59]–[65]; verify individual propositions against the judgment.

3.05 Tuna Temple — Systemic Weaknesses Across Projects

Knowledge that is new to the claimant is not technological uncertainty in the field.

Criterion	Key evidence and Court finding
Uncertainty	Subjective learning curve, not objective uncertainty [16]–[17], [59]–[61]
Scientific method	Trial-and-error without clear hypotheses or controlled reasoning [62]–[63]
Advancement	No evidence the knowledge was unavailable to specialists [64]
Records	Logs lacked rationale and conclusions; some said only “try again” [62]–[63]
Outcome	Ordinary business activity, not SR&ED [65]

Tuna Temple Inc. v. The King, 2025 TCC 183; Income Tax Act, s. 248(1)

Court references: [16]–[17], [59]–[65]. The existence of records and repeated trials was insufficient to meet the technological uncertainty, scientific method and advancement requirements.

3.06 Field of Science — Tuna Temple

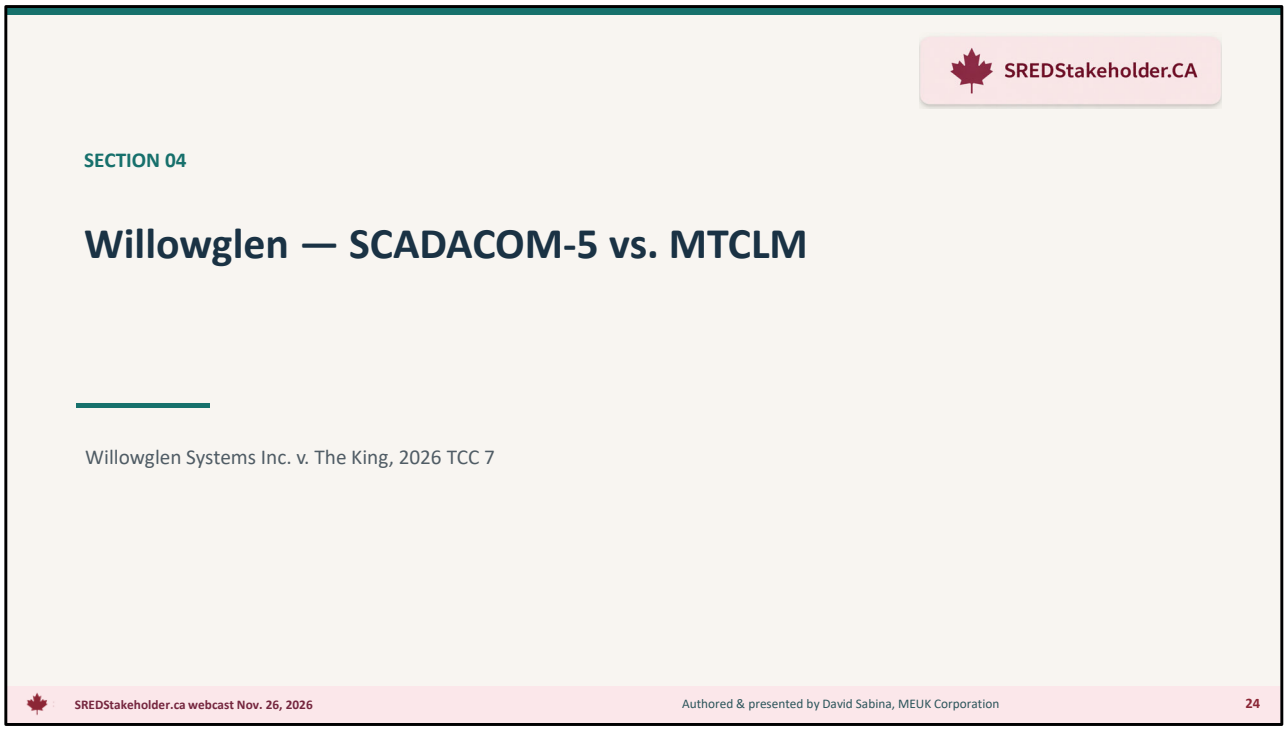
The field of science sets the knowledge base for judging uncertainty and advancement.

Field / criterion	Classification and SR&ED relevance
T661 code in judgment	Not identified; no code can be attributed to the claimant
Primary	2.11.01 Food and beverages — processing, cutting, preservation
Secondary	4.01.03 Fisheries and aquaculture — only if that science is the focus
Conditional	1.06.02 Biochemistry — only if biochemical mechanisms are central
Key distinction	A field code does not establish eligibility; evidence is still required

Tuna Temple Inc. v. The King, 2025 TCC 183; Income Tax Act, s. 248(1)

The judgment does not state the T661 field-of-science code used by Tuna Temple. The suggested codes are analytical recommendations, not findings of the Court. The 2026 SR&ED field code list confirms 2.11.01 Food and beverages, 4.01.03 Fisheries and Aquaculture, and the fuller official label 1.06.02 Biochemistry, molecular biology, and Biochemical research. Food and beverages is the strongest primary fit for the cutting, shelf-life and product formulation activities described. Fisheries and Aquaculture is a possible secondary field only where the actual technological investigation concerns that science rather than routine food processing. Biochemistry is conditional on a genuine biochemical research focus. The case illustrates why the field's existing knowledge matters: the Court distinguished subjective lack of knowledge from objective technological uncertainty [16]–[17], [59]–[64]. A code alone does not establish eligibility.

Source: Tuna Temple, 2025 TCC 183. Relevant passages include [16]–[17], [24]–[28], [59]–[65]; verify individual propositions against the judgment.
Field-of-science codes are presenter recommendations, not verified T661 filings.



Willowglen Systems Inc. v. The King, 2026 TCC 7

Income Tax Act, RSC 1985, c. 1 (5th Supp.), s. 248(1); Northwest Hydraulic Consultants Ltd. v. Canada, 1998 CanLII 553 (TCC).

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].

4. WILLOWGLEN — SCADACOM-5 VS. MTCLM

4.01 Case overview

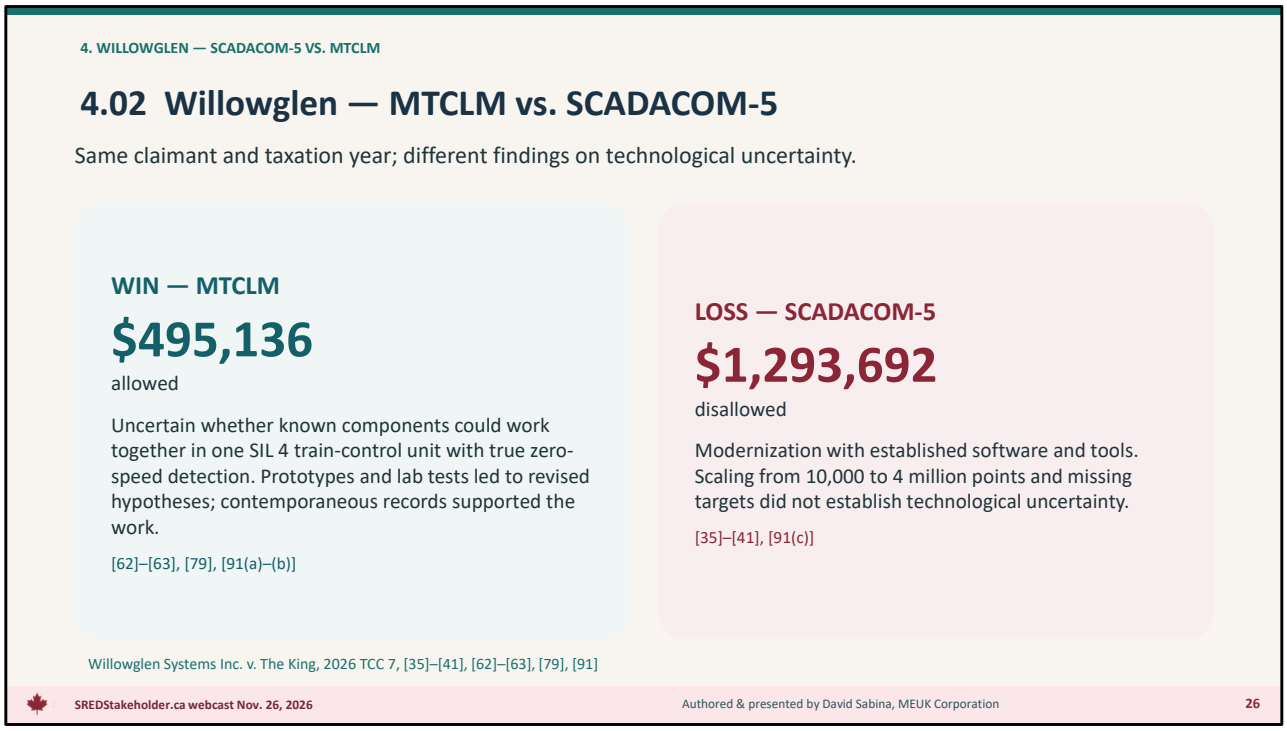
Item	Details	Ref.
Judge and hearing	Wong J.; Edmonton Dec 2023 and virtual May 2024; judgment 9 Jan 2026	—
Taxation year	Year ending 31 July 2014	[2]–[3]
Company	Edmonton industrial-automation / software company; founded 1971 as Datek	[1], [9]–[13]
Workforce	~100 staff at hearing; 86% bachelor's or higher, 16% graduate degrees	[10]–[11]
2014 work	Mostly oil and gas	[1], [10]
Witnesses	Karpoff (CEO), Kruger (engineering), Kahler (VP Engineering)	[9]–[15], [44]–[45]
Issues	Were SCADACOM-5 and MTCLM experimental development? Qualified amount under s. 37(8)?	[3]

Willowglen Systems Inc. v. The King, 2026 TCC 7

Willowglen is an Edmonton industrial-automation and software company (originally Datek, 1971) with a highly qualified workforce. The single 2014 taxation year put two projects before the Court: SCADACOM-5 (modernizing its SCADA platform) and MTCLM (a SIL 4 manual train-control logic module for Bombardier). Issues: whether each was experimental development, and the qualified amount under s. 37(8) [3]. Witnesses: Wayne Karpoff (CEO), Douglas Kruger (engineering), Glen Kahler (VP Engineering).

Legal and case reference: Willowglen Systems Inc. v. The King, 2026 TCC 7

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].



Willowglen, 2026 TCC 7. MTCLM: Court recognized system uncertainty from integrating known technologies into one SIL 4 central train-control box with train-line functions and reliable zero-speed detection. See [62]–[63], [79], [91(a)–(b)]. The allowed amount was $495,136. Contemporaneous technical and time records supported the claim. SCADACOM-5: Modernization of the existing SCADA product through available tools and techniques did not establish objective technological uncertainty; failure to meet a scaling target was insufficient. See [35]–[41], [91(c)]. Disallowed amount $1,293,692.

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].

4.03 Willowglen SCADACOM-5 — Field of Science

SCADACOM-5 modernized a legacy supervisory control and data acquisition (SCADA) platform.

Classification	Field and rationale
Primary — 2.02.09	Software engineering: architecture, data management, modernization
Alternative — 2.02.05	Automation and control systems: supervisory monitoring and control
Supporting — 2.02.06	Communication engineering: only if communications was the central uncertainty
Court finding	Known techniques and third-party tools; scaling and missed targets did not establish uncertainty
Teaching point	An eligible field does not make routine software modernization SR&ED

Field classifications are analytical recommendations, not codes confirmed in the judgments.

Suggested codes are analytical, based on the 2026 SR&ED field code list. In Willowglen, 2026 TCC 7 [35]–[41], the Court rejected SCADACOM-5 despite its engineering context. The Court characterized modernization and scaling as insufficient to establish the required objective technological uncertainty. Do not claim that the company actually used these codes on its T661 forms.

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].
Field-of-science codes are presenter recommendations, not verified T661 filings.

4.04 Willowglen SCADACOM-5 (LOSS) — RDBASE Key Criteria

Criterion	Court evidence and assessment	Court ¶
Background / prior art	Replace obsolete SCADACOM-3; browser access, non-proprietary hardware, third-party tools	[14]–[30], [37]–[38]
Objectives	Modernize; scale from ~10,000 to 4 million points; improve deployment	[35]–[40]
Uncertainties	Scalability and integration claimed; nothing beyond routine engineering shown	[36]–[40]
Experiments	Development, integration and scaling using generally available techniques	[37]–[40]
Results	Modernized system deployed; difficulty reaching 4 million points not proof of uncertainty	[39]–[40]
Conclusions	No technological advancement shown; rejected as SR&ED	[36]–[41]

Willowglen Systems Inc. v. The King, 2026 TCC 7, [14]–[41]; Income Tax Act, s. 248(1)

SCADACOM-5 — unsuccessful project. The Court characterized the modernization of the legacy SCADACOM-3 platform, use of established third-party tools, and scalability work as product development and routine engineering. Difficulty reaching 4 million points was not itself proof of technological uncertainty. See Willowglen, 2026 TCC 7, paras. 14–41, particularly 36–40. Do not confuse these findings with the successful MTCLM project, which is analyzed in the following slides.

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].

4.05 Willowglen MTCLM — Field of Science

MTCLM tested whether established components could work together in one SIL 4 train-control system.

Classification	Field and rationale
Primary — 2.02.05	Automation and control systems: integrated safety, zero-speed and train-line control
Alternative — 2.02.01	Electrical and electronic engineering: safety circuitry, interference mitigation
Supporting — 2.02.09	Software engineering: state-machine logic, diagnostics, control software
Court finding	Unpredictable interactions and revised hypotheses showed system-level uncertainty
Teaching point	The field sets the prior-art baseline; unresolved integration problems made it qualify

Field classifications are analytical recommendations, not codes confirmed in the judgments.

Suggested codes are drawn from the 2026 SR&ED field code list, not identified as actual T661 classifications. Willowglen, 2026 TCC 7 [62]–[63], [79], [91(a)–(b)] found that integration into a single SIL 4 safety box involved genuine system-level uncertainty; tests and design iterations were significant. Compare directly with SCADACOM-5: similar broad engineering discipline but a different technological evidentiary record.

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].
Field-of-science codes are presenter recommendations, not verified T661 filings.

4.06 Willowglen MTCLM (WIN) — RDBASE Key Criteria

Criterion	Court evidence and assessment	Court ¶
Background / prior art	Known components; no 2014 solution combined SIL 4, train-line and zero-speed	[62]–[64]
Objectives	One centralized SIL 4 manual train-control logic module	[48]–[51], [74]
Uncertainties	Unpredictable redundancy, interference and isolation interactions	[62]–[64]
Experiments	Gate arrays, relays, board redesigns; accredited EMI/EMC and vibration tests	[48]–[55], [65]–[73]
Results	Initial design failed; redesigned boards and state machine resolved zero-speed	[51]–[55]
Conclusions	Integrated SIL 4 box achieved; $495,136 qualified	[74]–[79], [90]–[91]

Willowglen Systems Inc. v. The King, 2026 TCC 7, [48]–[79], [90]–[91]

MTCLM (successful SR&ED project): one-page RDBASE key-criteria summary. Background: The known components did not provide a proven system architecture meeting SIL 4, train-line and true zero-speed functions together. Objectives: centralized Manual Train Control Logic Module with redundancy, isolation and electromagnetic compatibility. Uncertainty: unpredictable system-level interactions despite known components; no 2014 roadmap. Experimental investigation: alternative gate arrays, safety relays, multiple redesigned circuit boards, hand-wired integrated prototype, diagnostics, accredited EMI/EMC and shock/vibration testing; revised hypotheses in response to evidence. Results: the original architecture proved inadequate; revised board layout, redundancy, isolation and state-machine logic addressed false pulses in zero-speed detection. Technological advancement: the Court accepted system integration knowledge and a centralized SIL 4 unit combining control and train-line functions. Evidence: contemporaneous schematics, handwritten laboratory notes, progress reports and 15-minute timesheets. Disposition: $501,850 less $6,714.43 timekeeping adjustment equals $495,135.57, rounded to $495,136. References: Willowglen Systems Inc. v. The King, 2026 TCC 7, [48]–[79], [90]–[91].

4.07 Willowglen MTCLM — Objectives & Uncertainties

Key criterion	Summary	Court ¶
Objective beyond standard practice	One SIL 4 module for manual control of an autonomous train, with train-line functions and fail-safe diagnostics	[45]–[49]
Measurable goals	SIL 4 (vs. typical SIL 2); no single-point failures; true zero-speed; backplane isolation; manufacturable	[47]–[54]
Technological uncertainties	Could one design meet SIL 4, redundancy, zero-speed, EMI and isolation at once — and stay manufacturable?	[48]–[54]
Key variables	Gate-array/relay redundancy; speed-signal integrity; brake relay and 7–8 boards; wiring isolation; lead-free parts	[48]–[54]

Willowglen Systems Inc. v. The King, 2026 TCC 7 — condensed teaching summary

These are the objectives and uncertainties as summarized in the RDBASE analysis. The uncertainty was system-level: whether known components could be integrated into a single SIL 4 control box while also managing train-line functions. The goals were SIL 4 rather than typical SIL 2, redundancy, zero speed, isolation and manufacturability. Court references [45]–[54].

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].

4. WILLOWGLEN — SCADACOM-5 VS. MTCLM

4.08 Willowglen MTCLM — Experimental Methods & Results

Key criterion	Summary	Court ¶
Experimental activity	Subsystem boards → integrated prototype; firmware, wiring and safety circuits revised	[50]–[53], [56]
Methods	Redundancy analysis, board redesigns, diagnostics; accredited EMI/EMC, shock and vibration tests	[50]–[56]
Results	Initial design failed SIL 4; brake relay and 7–8 boards redesigned; SIL 4 achieved	[48], [50]–[54]
Technological conclusions[1]	Relay, board, diagnostic and isolation behaviour had to be solved together	[62]–[73]
Technological conclusions[1]	Zero-speed detection and interference were system-level safety problems	[54]–[56], [65]–[78]

Willowglen, 2026 TCC 7 — [1] presenter synthesis of technical evidence; see notes

The work progressed from subsystem boards to a hand-built integrated prototype. Test failures required changes to the brake relay, multiple boards, diagnostics and isolation. Accredited lab tests included EMI, EMC, shock and vibration. The zero-speed issue was conceded by the Minister as SR&ED. Distinguish observed results from conclusions about advancement. References [48], [50]–[56].

Source: Willowglen Systems Inc., 2026 TCC 7. MTCLM: [45]–[56], [62]–[78], [90]; SCADACOM-5: [14]–[41], [91(c)].

[1] Technological conclusions are presenter interpretations of the documented experiments, not verbatim judicial findings. The evidence supports knowledge about interdependencies among safety circuitry, diagnostics, isolation and zero-speed detection. The judgment does not provide exact design thresholds or full test datasets; do not infer numerical safety margins.

4. WILLOWGLEN — SCADACOM-5 VS. MTCLM

4.09 Willowglen MTCLM — Advancement & Outcome

The Court accepted the integrated SIL 4 control box as experimental development.

Key criterion	Court finding and technological knowledge
Advancement: architecture	One box integrating control and train-line functions at SIL 4 — beyond competitor designs [74]–[75]
Advancement: integration[1]	Combined safety behaviour was unpredictable; system-level testing was needed [62]–[73]
Advancement: fault handling[1]	Diagnostics, wiring and EMI state-machine revisions maintained safety under interference [65]–[73]
Evidence	Lab notes, schematics, test results, Bombardier progress reports [76]–[77]
Classification and outcome	Recommended 2.02.05. WIN: $495,136 after $6,714.43 timekeeping adjustment [90]–[91]

Willowglen, 2026 TCC 7 — [1] presenter synthesis of technical evidence; see notes

The Court accepted the integrated SIL 4 control-box development as experimental development. Advancement: a single centralized box handling both control and train-line functions, which the Court considered a significant distinction from partial competitor designs [74]–[75]. Uncertainty: known components interacted unpredictably when integrated to meet SIL 4 and zero-speed requirements; there was no roadmap [62]–[64]. The Crown's concession on zero-speed supported the larger system-level finding [4], [78]. Method: redundancies, firmware diagnostics, wiring changes and a state machine for EMI were tested through iterative prototyping, observation, lab testing and modification [65]–[73]. Records: handwritten lab notes (Ex. A-1 vol. 2 tab 79), schematics (vol. 1 tab 52) and Bombardier progress reports (tabs 53–65) satisfied the fifth Northwest Hydraulic criterion; the Court noted unusually detailed record-keeping for a small company [76]–[77]. All five criteria met [59]–[79].

Field of science 2.02.05 is a recommended classification, not a code established by the judgment.

Source: Willowglen Systems Inc. v. The King, 2026 TCC 7, [59]–[79], [90]–[91].
Proxy method under s. 37(8)(a)(ii)(B): Willowglen allocated 100% of remuneration for work that contributed directly to SR&ED and 60% for supporting work such as weekly project-management meetings that covered this project and others.

[1] Presenter synthesis of technological knowledge, distinct from the observed SIL 4 result and the legal outcome. No quantitative interference thresholds, failure probabilities or detailed implementation rules are supplied here.

Project Name:	Willowglen Systems Inc. (MTCLM) WIN	**Start Date:**	2026-01-01
Project Number:	2601	**Completion Date:**	2026-12-31

Project Details:

Scientific or Technological Objectives:

Measurement	Current Performance	Objective	Has results?
SIL rating (level)	2	4	Yes

This example is based on facts outlined in Willowglen Systems Inc. v. His Majesty the King, 2026 TCC 7 (judgment dated 14 January 2026).

Manual Train Control Logic Module (MTCLM) for Driverless Train

Technological Objective
Design and develop a centralized Manual Train Control Logic Module capable of enabling a driver to manually operate an otherwise autonomous train in emergency or maintenance situations, while meeting Safety Integrity Level 4 (SIL 4) functional safety requirements. The system had to consolidate previously distributed control and train-line functions into a single central box using redundant architectures, fail-safe diagnostics, and compliance with Bombardier's internal standards plus North American and international standards for safety, reliability, design for environment (DFE), and electromagnetic interference (EMI). [45]–[49]

Measurable / Specific Goals

- Achieve SIL 4 (highest level) rather than typical SIL 2.
- Eliminate single points of failure through multi-gate-array redundancy and diagnostic monitoring.
- Detect zero speed reliably under all operating conditions.
- Maintain required electrical isolation when combining logic and high-voltage functions on the same backplane.
- Produce a manufacturable design (moving away from hand-wired "crow's nest" prototypes). [47]–[54]

Field of Science/Technology:

Mechanical engineering (2.03.01)

Project Details:

Intended Results:	Improve existing processes
Work locations:	Commercial Facility
Key Employees:	Wayne Karpoff (Computer Science - MSc. (2000) / CEO), Douglas Kruger (Electrical - MEng. (2002) / Electrical Engineer)
Evidence types:	Test protocols, test data, analysis of test results, conclusions; Records of resources allocated to the project, time sheets; Samples, prototypes, scrap or other artefacts; Design, system architecture and source code; Design of experiments; Records of trial runs

Scientific or Technological Advancement:

Uncertainty #1: Technological uncertainty

It was not known, and could not be determined by routine engineering or standard procedures, whether a centralized control architecture could simultaneously satisfy SIL 4 reliability, redundancy, zero-speed detection, EMI rejection, and isolation requirements while remaining manufacturable. [48]–[54]

Key Uncertainties / Variables

1. Whether gate-array + relay designs could provide sufficient redundancy and fail-safe behaviour to meet SIL 4 (single-point failure was unacceptable). [48]

2. How to achieve reliable zero-speed detection in a SIL 4 environment. [54] (Minister conceded this portion was SR&ED.)

3. How to redesign the emergency brake safety relay assembly (and ultimately seven or eight boards) to increase diagnostic lines and monitoring without violating other standards. [50]–[51]

4. Whether the required point-to-multiple-point wiring and increased diagnostics could meet isolation spacing rules when logic and high-voltage functions shared a backplane. [52]–[53]

5. Compatibility of lead-free (DFE-compliant) components with the higher reliability demanded by MIL and SIL 4 standards. [49]

The most significant underlying key variables are:

gate-array + relay, safety relay assembly, components, spacing

Technology or Knowledge Base Level:

Activity #1-1: 2026 development (Fiscal Year 2026)

Methods of experimentation:

i. Systematic Investigation / Method

- Formulation of hypotheses around alternative redundancy architectures, diagnostic monitoring schemes, and board-level redesigns.

- Iterative prototyping: subsystem-level board testing followed by full prototype control-box integration.

- Multiple simultaneous engineering streams whose interactions only became visible at the full-system prototype stage.

- Testing and modification of firmware to add diagnostic functions; redesign of wiring topology; mechanical and cabling solutions. [50]–[53]

ii. Work Performed

- Initial design attempt using gate arrays and relays per Bombardier direction; determined it could not meet SIL 4.

- Proposed and implemented redesign of emergency brake safety relay (increased diagnostics); Bombardier RAMS team accepted the need for redesign.

- Redesigned seven or eight boards plus mechanical design and cabling.

- Built first full prototype control box by hand (weeks of effort); identified isolation and manufacturability problems.

- Iterative cycles of testing, diagnosis, and modification of hardware, firmware, and wiring. [50]–[53]

Results:

- SIL rating: 4 level (100% of goal)

The original gate-array and single-relay approach was confirmed not to meet SIL 4 due to unacceptable single points of failure. [48], [50]
Redesign of the emergency brake safety relay assembly (with increased diagnostic lines and monitoring) was accepted by Bombardier's RAMS team as necessary to achieve SIL 4 compliance. [50]

Seven boards required redesign, together with mechanical design and cabling solutions, after subsystem and full-prototype testing revealed interactions that were not visible at the component level. [51]–[52]

First full prototype control box (hand-built over several weeks) demonstrated that point-to-multiple-point wiring and added diagnostics created isolation spacing problems when logic and high-voltage functions shared a backplane; the design was not yet manufacturable. [52]–[53]

Iterative modifications to firmware (addition of diagnostic functions) and wiring topology produced progressive improvements in diagnostic coverage and fail-safe behaviour. [52]
Zero-speed detection capability was developed and was later conceded by the Minister to constitute SR&ED. [4], [54]

Conclusion:

Demonstrated that a centralized architecture incorporating multi-gate-array redundancy, enhanced diagnostic monitoring, and redesigned boards could satisfy SIL 4 requirements that could not be met by the original distributed or single-relay design. [48]–[52]

Established new design rules and practical implementation methods for simultaneously achieving SIL 4 fail-safe behaviour, electrical isolation, EMI compliance, and manufacturability in a rail control system. [49]–[53]

Generated new knowledge regarding the interaction between diagnostic coverage, wiring topology (point-to-multiple-point), and isolation spacing when logic and high-voltage functions share a common backplane. [52]–[53]

Confirmed that reliable zero-speed detection could be integrated into a SIL 4 centralized control module. [4], [54]

Produced a technical foundation for a manufacturable SIL 4 Manual Train Control Logic Module that met Bombardier’s safety and reliability specifications. [Judgment (a)–(b)]

Significant variables addressed: components, gate-array + relay, safety relay assembly, spacing

Documentation:

- Offline Documents: docs

2601 - Willowglen Systems Inc. (MTCLM) WIN	
BENCHMARKS	**ACTIVITIES BY YEAR**
Internet searches: 7 Articles	2026
Similar prior in-house technologies: 3 products / processes	1-1
Queries to experts: 1 responses	2026 development
OBJECTIVES	**RESULTS**
SIL rating: 4 level	4
UNCERTAINTIES & KEY VARIABLES	**CONCLUSIONS**
1 - Technological uncertainty	
components	Y
gate-array + relay	Y
safety relay assembly	Y
spacing	Y
	METHODS
Analysis	11
Trials	8
Prototypes	1
Lines of code	
	COSTS
Hours	2700.00
Materials $	25000.00
Subcontractor $	

Project Name:	Flexible Silicone Rubber WIN	**Start Date:**	2026-01-01
Project Number:	2602	**Completion Date:**	2026-12-31

Project Details:

Scientific or Technological Objectives:

This project is example is based on the facts in the tax court judgment of Les Éléments Chauffants Tempora Inc. v. His Majesty the King, 2025 TCC 173.

Technological Objective

Develop a flexible heating element system using silicone rubber and Kapton materials capable of reliable operation in adverse outdoor environments (including train tracks and stations), with the goal of replacing traditional salt-based de-icing methods and improving the lifespan of cold-weather infrastructure.

ii. Measurable / Specific Goals

- Achieve consistent heating performance in outdoor conditions where existing flexible heaters were not designed or validated for adverse environments.

- Integrate the heater with infrastructure materials (including concrete) so that the system could reach and maintain target temperatures within approximately 20 minutes.

- Extend the functional lifespan of the heated infrastructure under repeated freeze-thaw and outdoor exposure cycles.

Field of Science/Technology:

Composites (including laminates, reinforced plastics, cermets, combined natural and synthetic fibre fabrics) (2.05.04)

Project Details:

Intended Results:	Develop new processes
Work locations:	Commercial Facility
Key Employees:	Shady Elhami (machine design - Self taught (2000) / President)
Evidence types:	Test protocols, test data, analysis of test results, conclusions; Records of resources allocated to the project, time sheets; Samples, prototypes, scrap or other artefacts; Design of experiments; Records of trial runs

Scientific or Technological Advancement:

Uncertainty #1: Technological uncertainty

It was not known, and could not be resolved by routine engineering, whether a silicone rubber / Kapton flexible heater could be designed and integrated to function reliably in adverse outdoor environments (moisture, freeze-thaw, mechanical stress, and variable ambient conditions) while meeting the required heating performance and durability targets.

Key Uncertainties / Variables

- Compatibility and thermal performance of silicone rubber and Kapton constructions under outdoor exposure.

- Interaction between the heating element and the surrounding infrastructure materials (particularly concrete composition and thermal properties).

- Ability to achieve rapid, uniform temperature rise and stable control in real outdoor conditions rather than laboratory settings.

- Long-term durability and resistance to environmental degradation.

The most significant underlying key variables are:

compatibility, component interactions, environment

Technology or Knowledge Base Level:

Activity #1-1: 2026 development (Fiscal Year 2026)

Methods of experimentation:

i. Systematic Investigation / Method

Formulation of hypotheses regarding material selection, heater construction, and integration with infrastructure.

Prototyping and iterative testing of flexible heater designs.

Collaboration with a university professor on the chemistry and composition of the concrete used in the target infrastructure, to better understand and optimize heat transfer and material compatibility. [215]

Outdoor and simulated environmental testing, including integration of sensors for temperature monitoring and control.

Systematic variation of design parameters and recording of results in Excel parameter roadmaps. [53]–[56], [65]

ii. Work Performed

Design and fabrication of flexible silicone rubber and Kapton heating element prototypes.

Joint technical work with a professor focused on concrete chemistry and composition. [215]

Sensor integration and control system development for temperature management.

Iterative testing under conditions representative of train tracks and stations, with analysis of heating rate, uniformity, and stability.

Documentation of test parameters, results, and modifications in contemporaneous Excel files. [53]–[56], [65]

Results:

Prototypes demonstrated the ability to reach and maintain the desired temperature in outdoor / adverse-environment conditions within approximately 20 minutes.

Collaboration with the professor provided specific insights into concrete composition that improved understanding of thermal behaviour and material interactions at the heater–infrastructure interface. [215]

Sensor-based monitoring confirmed controllable and repeatable heating performance under the tested conditions.

The system showed potential to reduce reliance on salt-based de-icing and to extend infrastructure lifespan in cold-weather applications.

Conclusion:

New design knowledge for adverse environments: Demonstrated that a silicone rubber and Kapton flexible heating element could be engineered to deliver reliable, controlled heating in outdoor conditions (moisture, freeze-thaw cycles, and mechanical exposure) for which standard flexible heaters had not previously been validated. This established practical performance boundaries and design rules beyond those available through routine engineering.

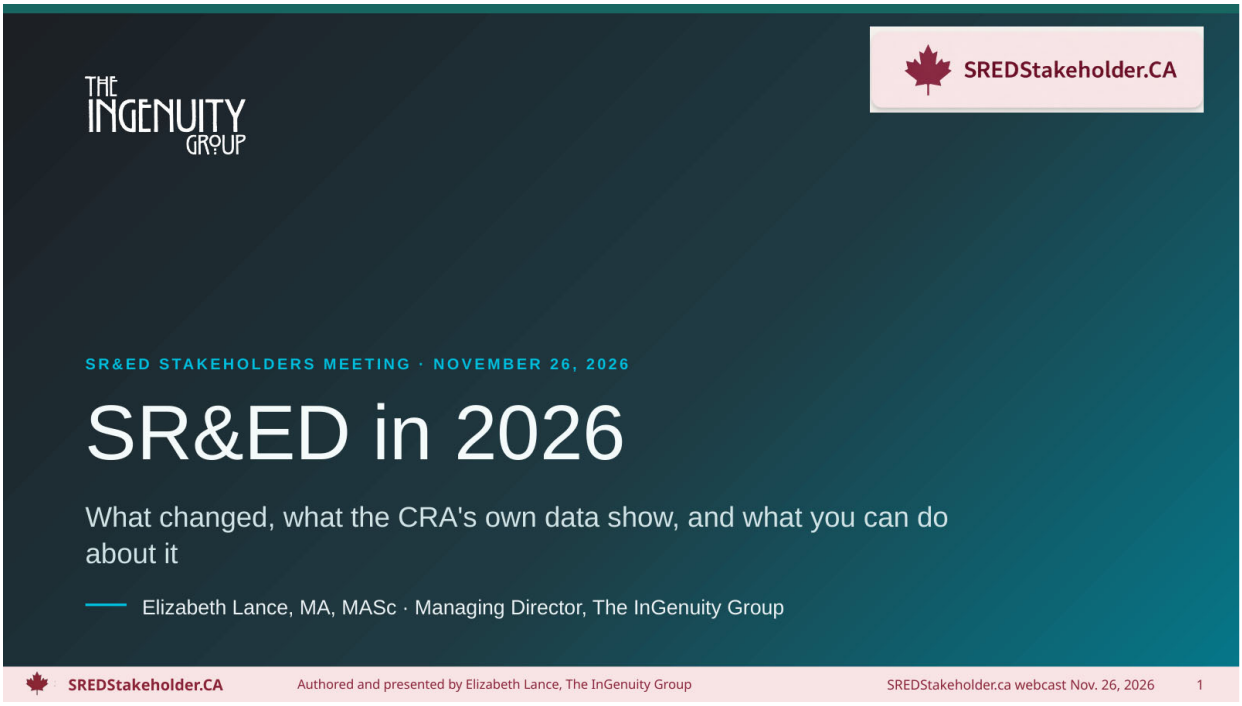
Material–infrastructure interaction knowledge: Through targeted collaboration with a university professor on concrete chemistry and composition, new understanding was generated of the thermal interface between the flexible heater and infrastructure materials. This enabled improved heat-transfer efficiency and durability at the heater–concrete boundary. [215]

Significant variables addressed: compatibility, component interactions, environment

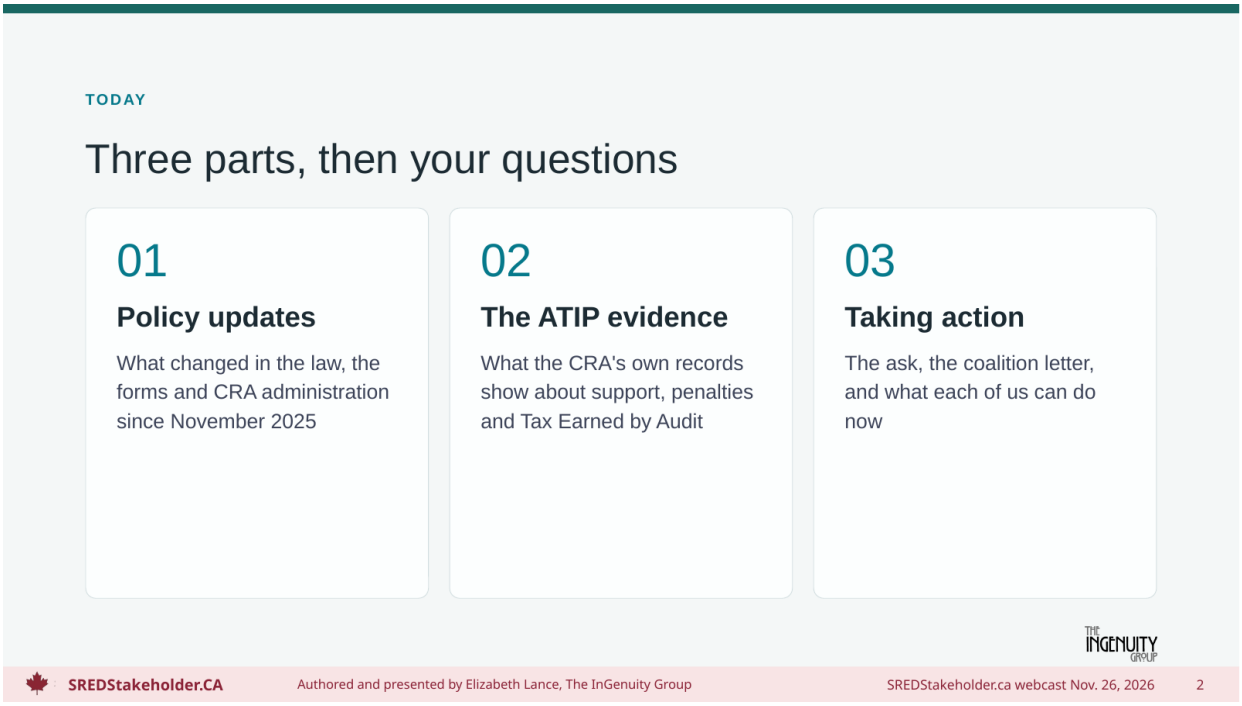
Documentation:

Offline Documents: docs

2602 - Flexible Silicone Rubber WIN	
BENCHMARKS	**ACTIVITIES BY YEAR**
Internet searches: 5 Articles Queries to experts: 1 responses	2026
	1-1
	2026 development
OBJECTIVES	**RESULTS**
Time to target temperature: : 20 min	22
Temperature uniformity: 5 Deg C	6
UNCERTAINTIES & KEY VARIABLES	**CONCLUSIONS**
1 - Technological uncertainty	
compatibility	Y
component interactions	Y
environment	Y
	METHODS
Analysis	
Trials	
Prototypes	
Lines of code	
	COSTS
Hours	
Materials $	
Subcontractor $	



Welcome and thanks. A year ago at this meeting we walked through the Budget 2025 proposals. Today has three parts: what actually changed in the program since last November, including Budget 2026 tabled on November 5; what Access to Information releases shared with us show about how the CRA administers SR&ED; and what each of you can do. The slot runs to 2:45: about 45 minutes of material, then questions. Dave covers the 2026 tax cases in his session, so this talk only points to them.



Roughly 15 minutes on policy (including Budget 2026 and the road to law), 20 on the ATIP data, 10 on action, and the rest of the hour for questions. Capital equipment is not covered in this segment beyond the policy list on slide 8.

WHERE WE LEFT OFF

Last November's proposals are now in force

Measure	November 2025	November 2026
$6M expenditure limit	Proposed	Law (Bill C-15)
$15M–$75M phase-out	Proposed	Law, with gross-revenue option
Public corporations (ECPCs)	Proposed	Law
Capital expenditures	Proposed	Law (after Dec. 15, 2024)
Pre-claim approval	Announced	Live since April 1, 2026
CRA consultation results	Expected	Published April 1, 2026
Commercialisation costs (Budget 2026)	Not announced	Proposed Nov. 5, 2026

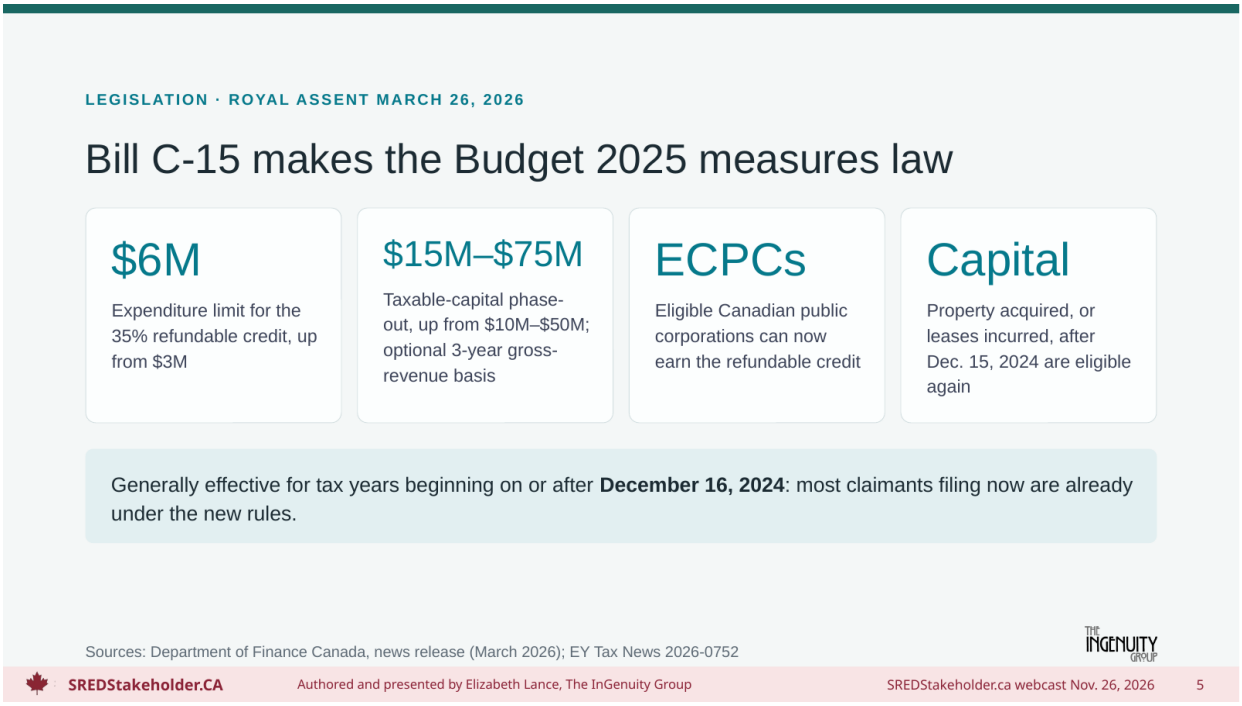
Sources: Department of Finance Canada (March 2026); Canada Revenue Agency; Budget 2026 (November 5, 2026)

At the November 27, 2025 meeting, everything on this list was either a proposal or a promise. Every item has now landed, and Budget 2026 adds a further proposal: commercialisation costs, which we come to in a moment. The generosity side of the program has improved. The rest of this talk is about the administration side, which is where claimants feel the program.

01

Policy updates

November 2025 to today



Bill C-15, the Budget Implementation Act 2025 No. 1, received Royal Assent on March 26, 2026. It enacts the Fall Economic Statement 2024 and Budget 2025 SR&ED package. For a CCPC at the full limit, the refundable credit can now reach $2.1M a year. The gross-revenue election matters for companies with large balance sheets but modest revenue. Capital eligibility returns for the first time since 2014; the CRA has since rewritten its capital, lease and shared-use equipment policies, which we will see in a moment.

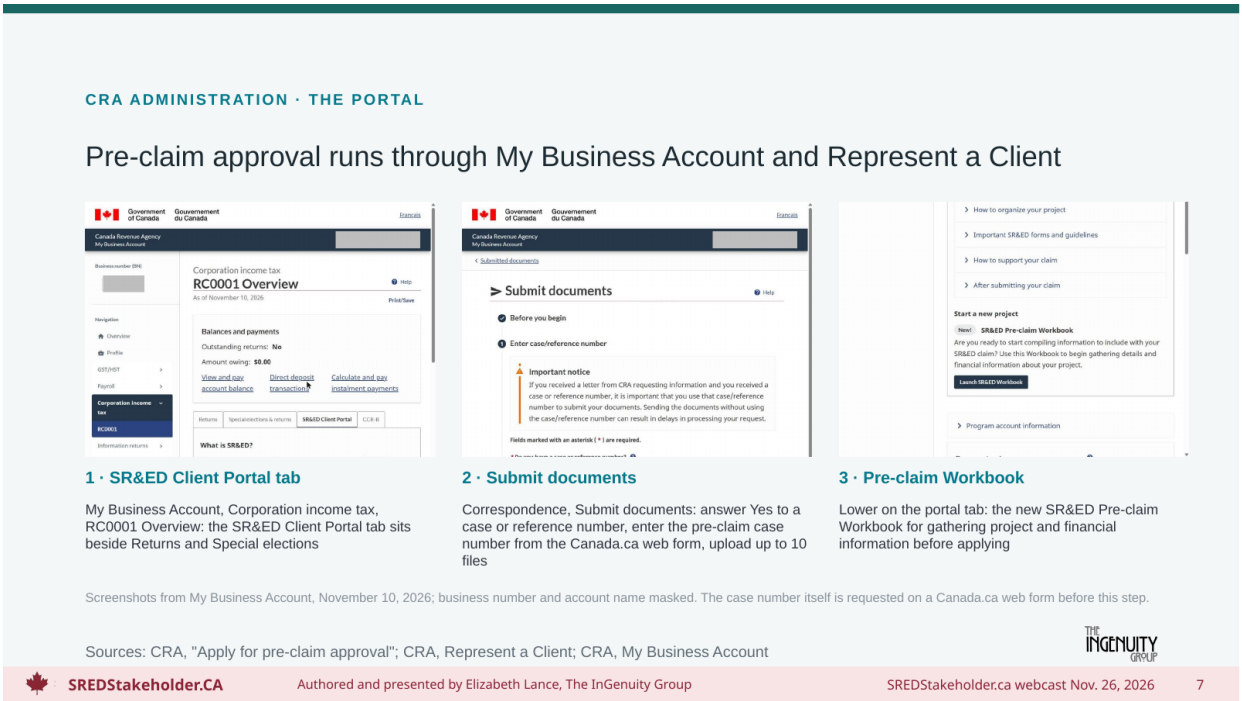
Links: Bill C-15 https://www.parl.ca/legisinfo/en/bill/45-1/c-15 ; Finance Canada release https://www.canada.ca/en/department-finance/news/2026/03.html



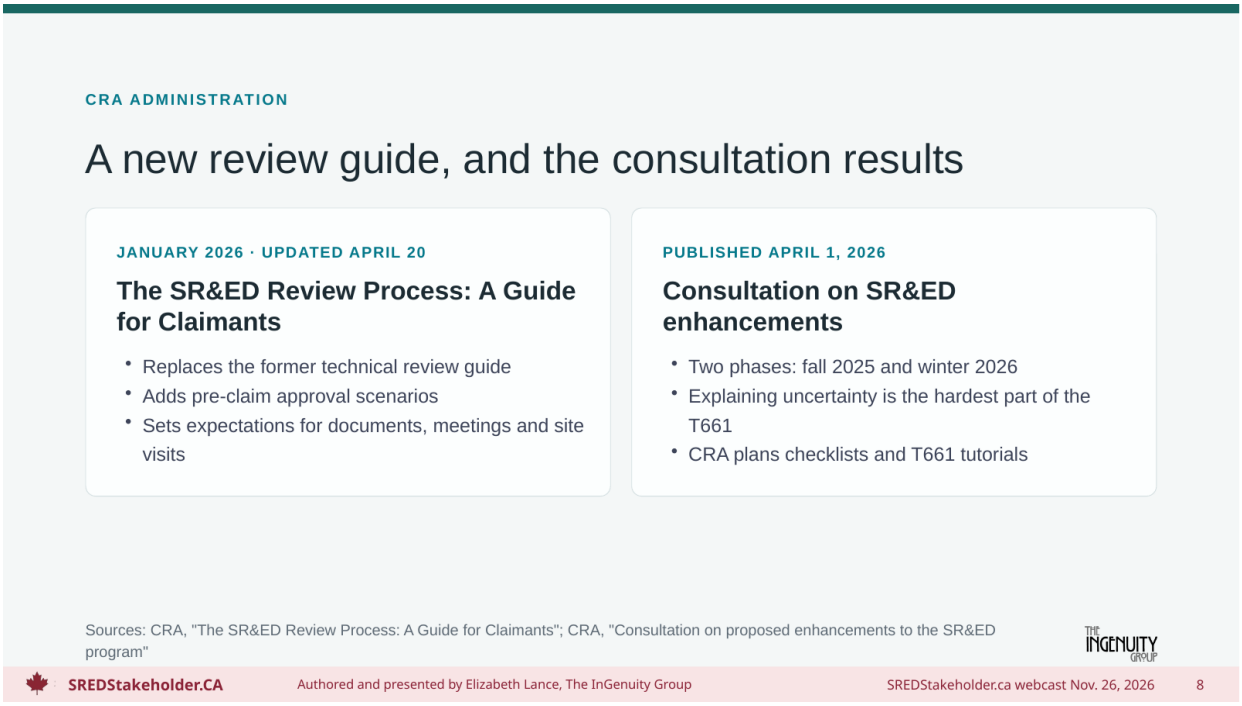
Pre-claim approval was announced in Budget 2025 and launched April 1. It is elective. The approval covers technical eligibility only; expenditures are still reviewed. The 90-day target applies only to the expenditure review of pre-approved projects; it is not a general processing standard. Practical advice: it suits claimants with a well-defined project and good contemporaneous records. Ask the room whether anyone has been through it yet.

Links: Apply for pre-claim approval https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/pre-claim-approval.html ; The SR&ED Review Process: A Guide for Claimants https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/review-process-guide-claimants.html

Accuracy note (Nov. 10): the CRA's pre-claim pages (last modified Oct. 14, 2026) state the $25M gross-income criterion, the 2 and 5 business-day case-number replies, the 2 to 5 hour RTA meeting, the 8-week written decision and that there is no formal objection to a refusal. They do not state the three-year validity or the 90-day expenditure-review target; those come from Budget 2025 and the CRA's April 8, 2026 tax tip. Say 'up to three years, per Budget 2025' if asked. The pre-claim consultation service that preceded this was discontinued January 1, 2026.



Where it lives. The case number is requested on a Canada.ca web form, not in the portal. Existing claimants in good standing get the number in My Business Account within two business days; everyone else gets a phone call within five. The application and documents go in through My Business Account: Overview page, Correspondence, Submit documents, answer Yes to having a case or reference number, enter it, upload the completed application form and up to ten documents (the session does not save part-way). An authorized representative can do the same through Represent a Client at the appropriate authorization level. The SR&ED client portal inside My Business Account also holds the pre-claim workbook and a saveable version of the Self-Assessment and Learning Tool. After submission the CRA assigns an RTA; the meeting runs two to five hours and is mandatory for new claimants; the written determination arrives within eight weeks. Replace the three placeholders with screenshots taken while signed in; mask business numbers and account names. Links: How to apply https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/apply-pre-claim-approval.html ; Submit your application https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/apply-pre-claim-approval/submit-application.html ; After you apply https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/after-apply-pre-claim.html ; Request a case number https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/apply-pre-claim-approval/request-case-number.html



The new guide is the document to give clients before any review. It now explains what happens when a claim contains a mix of pre-approved and non-approved projects. The consultation summary confirms what practitioners have said for years: describing technological uncertainty is where claims succeed or fail. The CRA has promised checklists and tutorials; we have not yet seen them published.

FORMS AND POLICIES

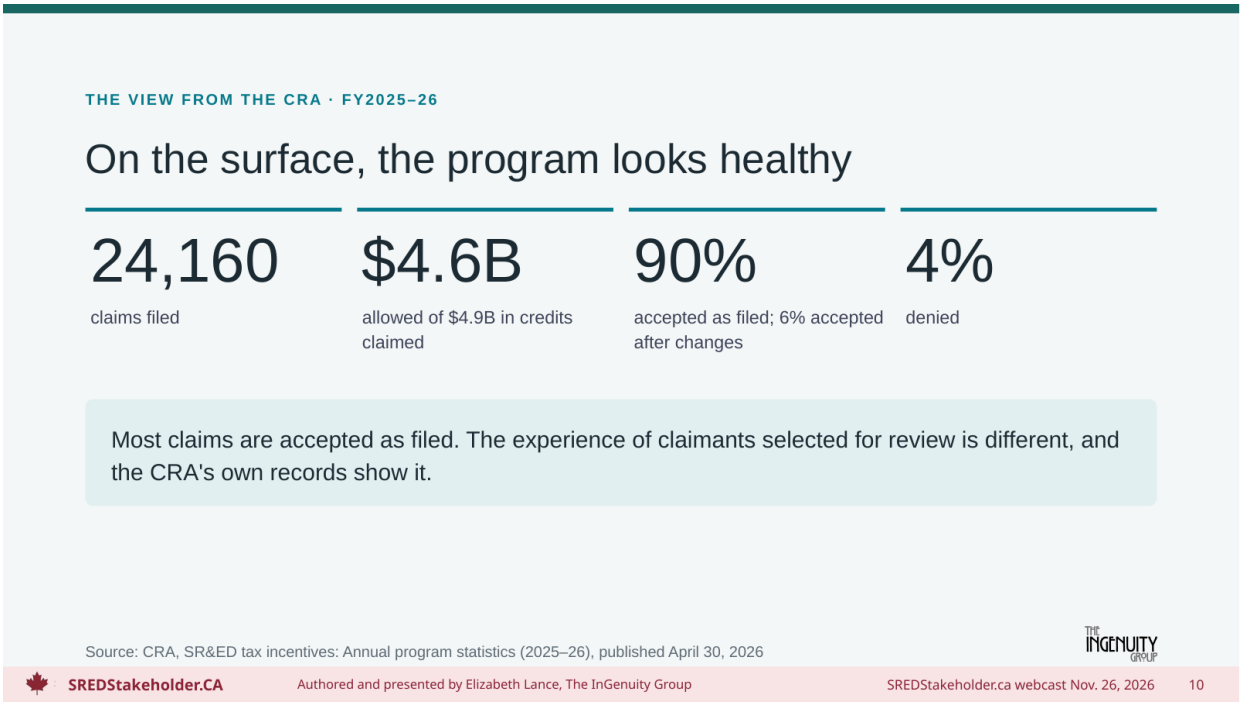
A new T661 and rewritten expenditure policies

Date	Change
Feb. 18, 2026	T4088 guide, 2026 edition
May 15, 2026	Form T661 (26): capital column in Part 4, new Parts 6B and 6C, fax lines removed
May 15, 2026	Schedules 31 and 60, T1145 and T1146 revised
May 22, 2026	Shared-use equipment; total qualified expenditures; glossary
June 8, 2026	Lease expenditures policy
June 29, 2026	Capital expenditures policy

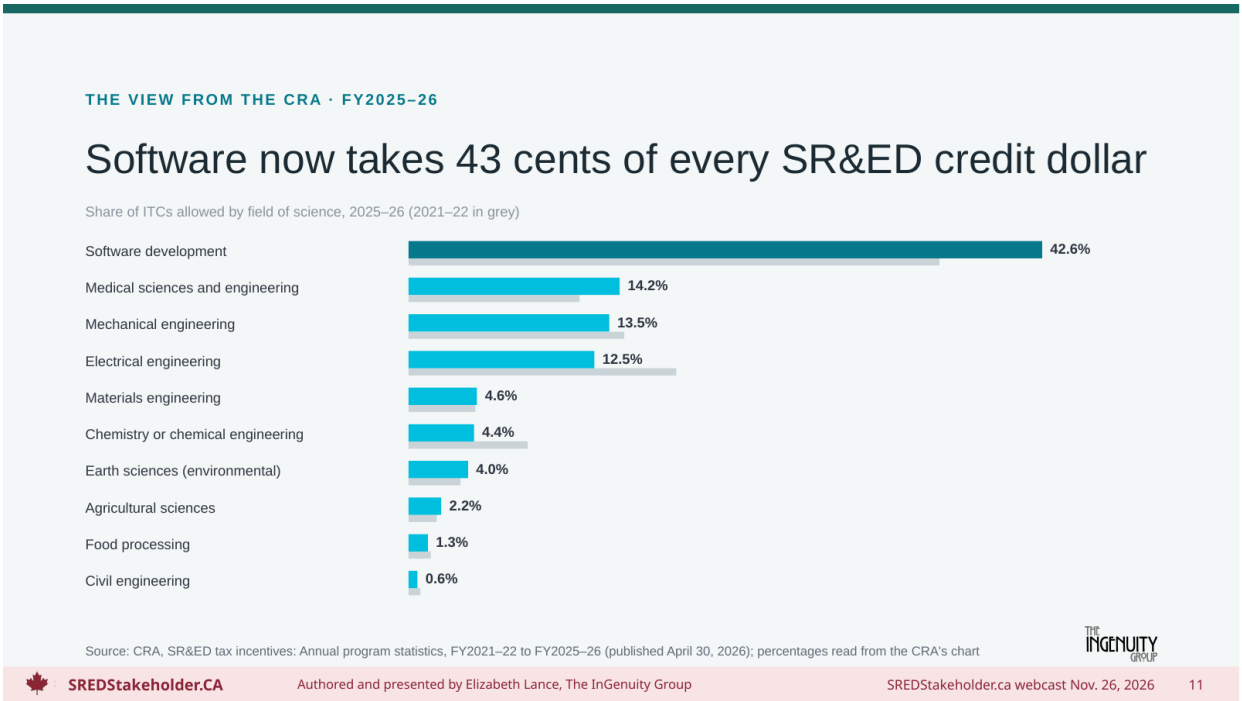
Sources: CRA, Form T661 and T4088 pages; CRA, SR&ED policies and guidelines; TaxCycle release notes (June 2026)

The return of capital brings back old questions: the 90 percent "all or substantially all" use test, shared-use equipment, and the line between a lease of property and a service. The lease policy matters for cloud costs: infrastructure as a service can be a lease; software as a service generally is not. Make sure your software vendor has the T661 (26) version before filing.

Links: Form T661 https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t661.html ; Capital Expenditures Policy https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/capital-expenditures-policy.html ; Lease Expenditures Policy https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/lease-expenditures-policy.html ; Shared-Use-Equipment Policy https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/shared-use-equipment-policy.html . Capital equipment is covered in Dave's section; the separate CapEx deck has the detail.



These are the CRA's published figures. 95 percent of claims accepted as filed were processed within 60 days and 92.5 percent of refundable claims within 180 days. All true. But a 90 percent accepted-as-filed rate means the review experience is concentrated on roughly one claim in ten, and that is where the ATIP data points.



The CRA's annual program statistics (the Red Book, in this community's shorthand) report the share of credits by field of science. Software development has risen from 35.7 percent of credits allowed in 2021-22 to 42.6 percent in 2025-26, while electrical engineering fell from 18.0 to 12.5 percent and chemistry from 8.0 to 4.4. One field now carries more than two fifths of the program. That matters for this room because software claims are where documentation disputes and gross negligence penalties have concentrated. Link: https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/annual-program-statistics.html . The CRA's T2 Corporate SR&ED Statistics (2015 to 2021 tax years) on the Open Government Portal give the older breakdown by industry and province: https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/income-statistics-gst-hst-statistics/t2-corporate-scientific-research-experimental-development-statistics.html

THE VIEW FROM THE CRA · FY2021–22 TO FY2025–26

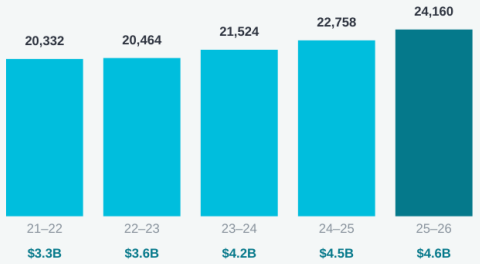
Two thirds of claims are small; a fifth of the money goes to the largest 3%

Share of processed claims and of credits allowed, by gross income, 2025–26

Business size	Claims	Credits
Under $4M	65%	**33%**
$4M to $20M	20%	**23%**
$20M to $250M	12%	**22%**
Over $250M	3%	**22%**

Refundable credits: 59% of the dollars allowed in 2025–26 (58% in 2024–25). Small claimants are the program's volume; large claimants are more than a fifth of its cost.

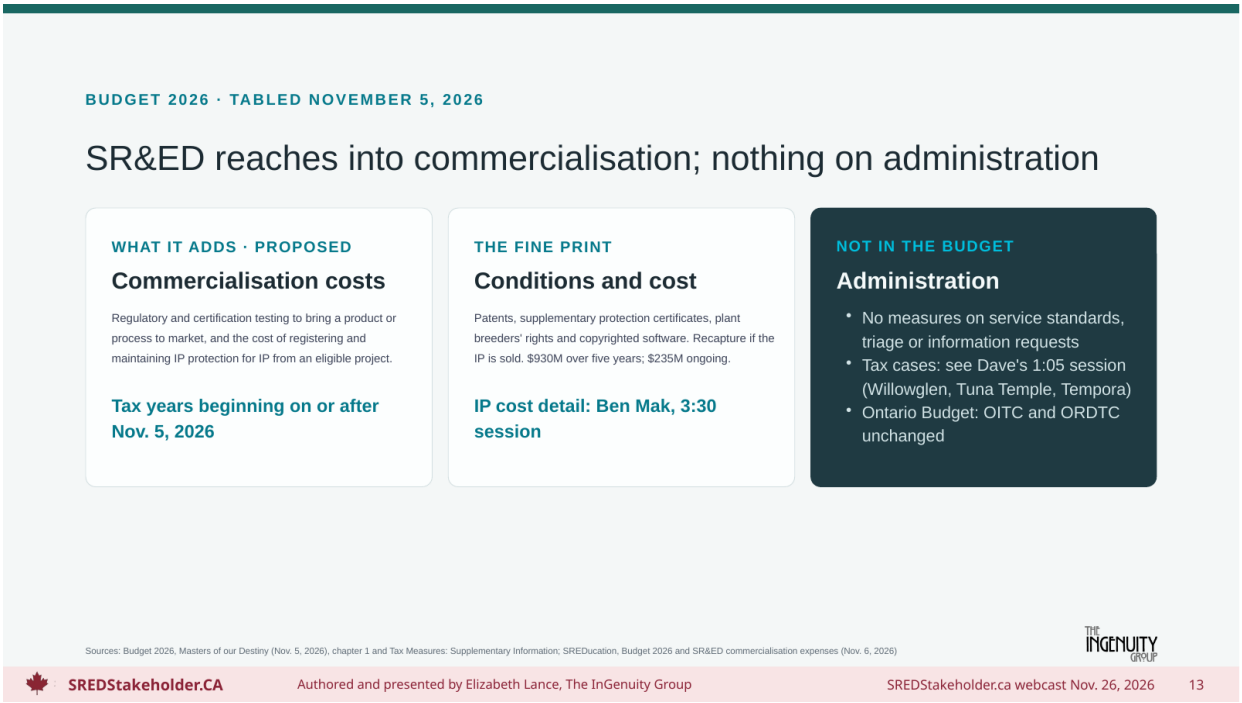
Claims filed and credits allowed, by CRA fiscal year



Claims up 19% and credits allowed up 39% over five years; 90% accepted as filed, 6% after changes, 4% denied, in every year of the series.

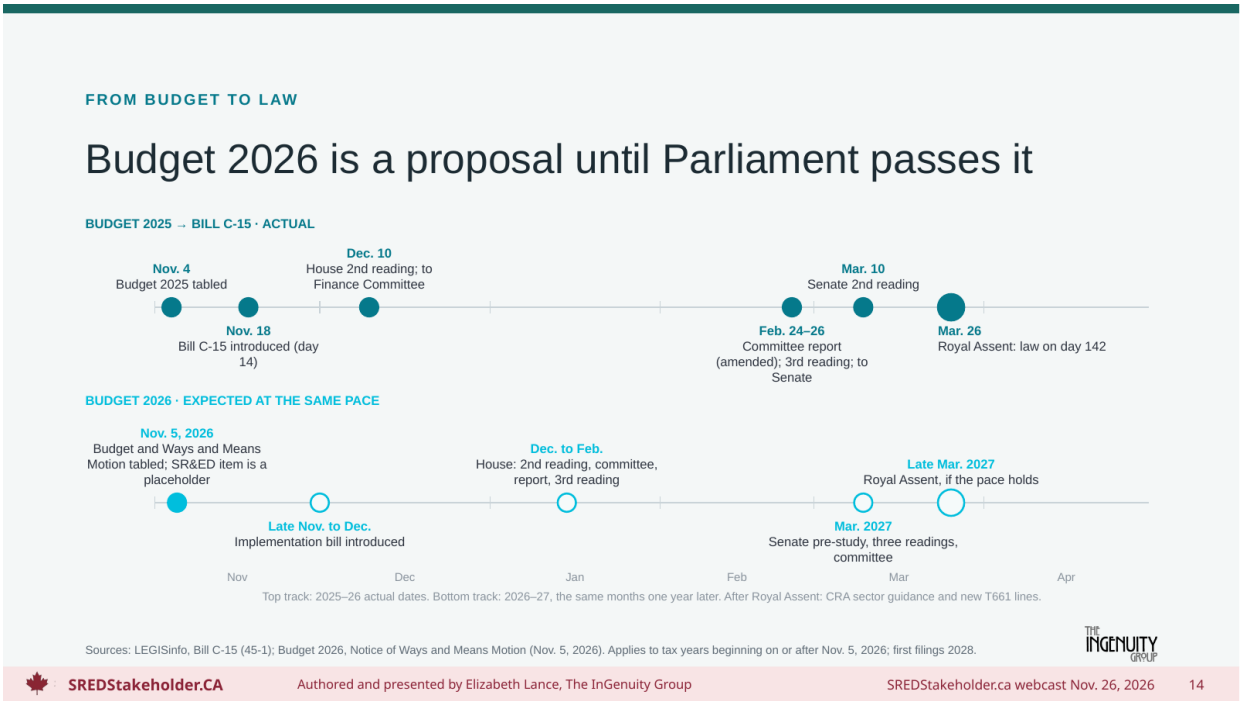
Source: CRA, SR&ED tax incentives: Annual program statistics, FY2021–22 to FY2025–26 (published April 30, 2026)

Same source. Claims filed rose from 20,332 to 24,160 over five years and credits allowed from $3.3 billion to $4.6 billion. The acceptance split has not moved: 90 or 91 percent accepted as filed, 6 percent after changes, 3 or 4 percent denied. By business size, claimants under $4 million of gross income are 65 percent of claims and 33 percent of credits; those over $250 million are 3 percent of claims and 22 percent of credits. The service standards are also on the page: 95 percent of accepted-as-filed claims within 60 days and 92.5 percent of refundable claims selected for review within 180 days. Those are the figures the ATIP releases cut beneath. Link: https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/annual-program-statistics.html



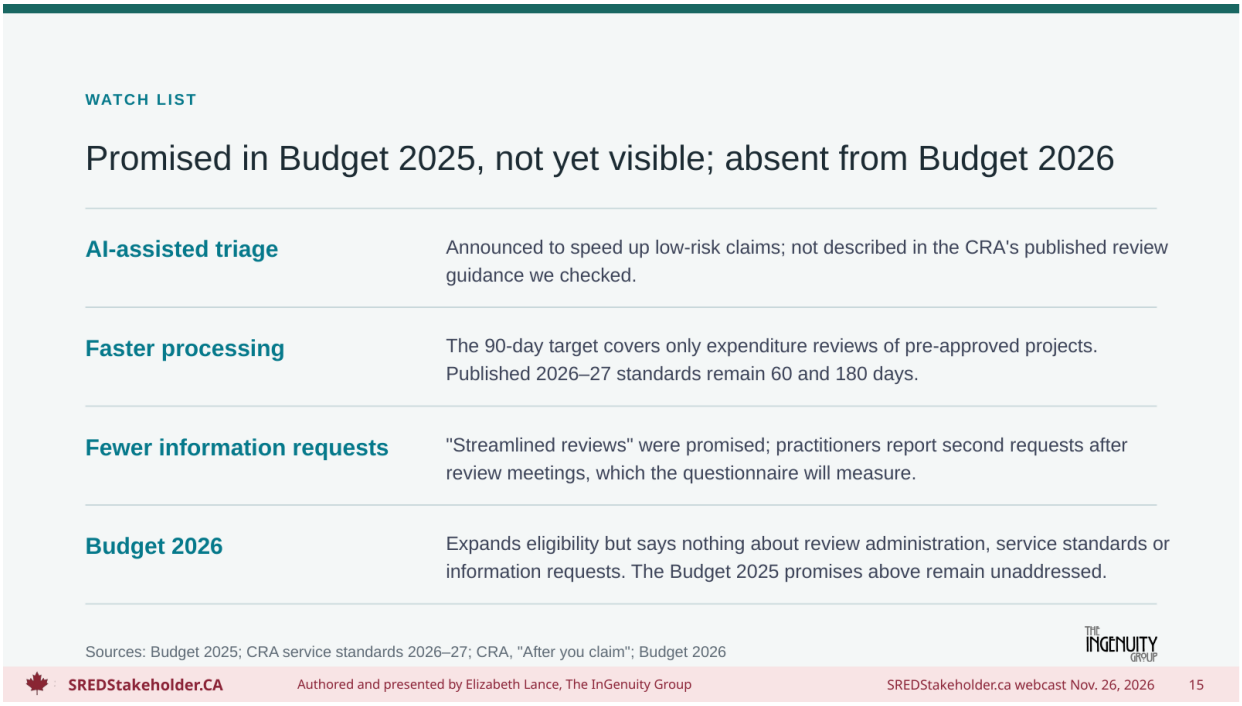
Budget 2026 was tabled on November 5. For SR&ED it proposes one expansion: costs incurred after the experimental development stage, in two groups. First, tests, technological validations and studies needed to obtain the initial regulatory approval or certification to commercialise a product or process. Second, the cost of registering and maintaining IP protection (patents, certificates of supplementary protection, plant breeders' rights, copyrighted software) for IP developed in an eligible project. The expenditure categories are the usual ones: salaries, materials, contracts, overhead and equipment. If the IP is later sold, the related deductions and credits are recaptured. It applies to taxation years beginning on or after budget day, so the first affected year-ends fall in late 2027 and the first claims are filed in 2028. Cost: $930 million over five years, $235 million ongoing. The CRA has promised sector-specific guidance on what counts. One housekeeping item: certified directors' resolutions will no longer be needed for the SR&ED transfer and salary-allocation elections. What the budget does not do is touch administration: nothing on service standards, triage or information requests, which is the subject of the watch list on the next slide. Dave covers the three 2026 tax cases, so I only note that Tempora and Willowglen are both lessons in documentation and in how uncertainty is framed.

High-level list for the room, all proposals until enacted: (1) regulatory and certification testing to commercialise a product or process; (2) registration and maintenance of IP protection for IP from an eligible project, with recapture on disposal (Ben Mak takes the patent and legal cost detail at 3:30); (3) applies to taxation years beginning on or after November 5, 2026; (4) $930 million over five years, $235 million ongoing; (5) CRA sector-specific guidance to come; (6) certified directors' resolutions no longer required for the SR&ED transfer and salary-allocation elections. Nothing on administration. Wait and see: the next slide shows the path to law. Links: Budget 2026 chapter 1 https://budget.canada.ca/2026/report-rapport/chap1-en.html ; Notice of Ways and Means Motion https://budget.canada.ca/2026/report-rapport/nwmm-amvm-1-en.html ; SREDucation article https://www.sreducation.ca/budget-2026-sred-commercialization-expenses/



Everything on the previous slide is a proposal. The tabled Ways and Means Motion contains a single line for SR&ED: the Act is modified to give effect to the proposals as described in the budget documents. The draft legislative text does not exist yet; it will arrive with the implementation bill. Last year's path is the benchmark: budget November 4, bill C-15 introduced two weeks later, second reading December 10, Finance Committee reported with amendments February 24, third reading February 26, Senate pre-study and three readings in March, Royal Assent March 26. One hundred and forty-two days. If Budget 2026 follows the same path, Royal Assent lands in late March 2027. Two cautions. The SR&ED capital measures announced in the Fall Economic Statement of December 16, 2024 took fifteen months to become law because of prorogation and the election. And Bill C-31, the second implementation bill for the 2025 budget, was still at report stage in the House on the day Budget 2026 was tabled, a year after its budget. The CRA's practice is to administer proposed tax measures once a Ways and Means Motion is tabled, but with no draft text and no form changes there is nothing to administer yet. For claimants: the measure only reaches taxation years beginning on or after November 5, 2026, so keep records of regulatory testing and IP costs from the start of that year, and expect the T661 to change again.

Links: LEGISinfo C-15 https://www.parl.ca/legisinfo/en/bill/45-1/c-15 ; LEGISinfo C-31 https://www.parl.ca/legisinfo/en/bill/45-1/c-31 ; Budget 2026 NWMM https://budget.canada.ca/2026/report-rapport/nwmm-amvm-1-en.html



Budget 2025 promised four administrative changes from April 1, 2026. Pre-claim approval arrived. The other three are not visible in published CRA material. The government said C-15 would cut processing times in half, but the published service standards for 2026–27 are unchanged at 60 days for claims not reviewed and 180 days for refundable claims under review. Budget 2026, a year later, is silent on all of it: it widens what can be claimed without saying anything about how claims are reviewed. Ask the room what they are seeing on information requests.

Links: CRA service standards https://www.canada.ca/en/revenue-agency/corporate/about-canada-revenue-agency-cra/service-standards-cra.html ; Budget 2025 SR&ED measures https://budget.canada.ca/2025/report-rapport/chap1-en.html

02

The ATIP evidence

What the CRA's own records show

ACCESS TO INFORMATION REQUESTS

What the CRA has disclosed

Filed by members of the SR&ED community and shared with us; analysis by The InGenuity Group, published on SREDucation

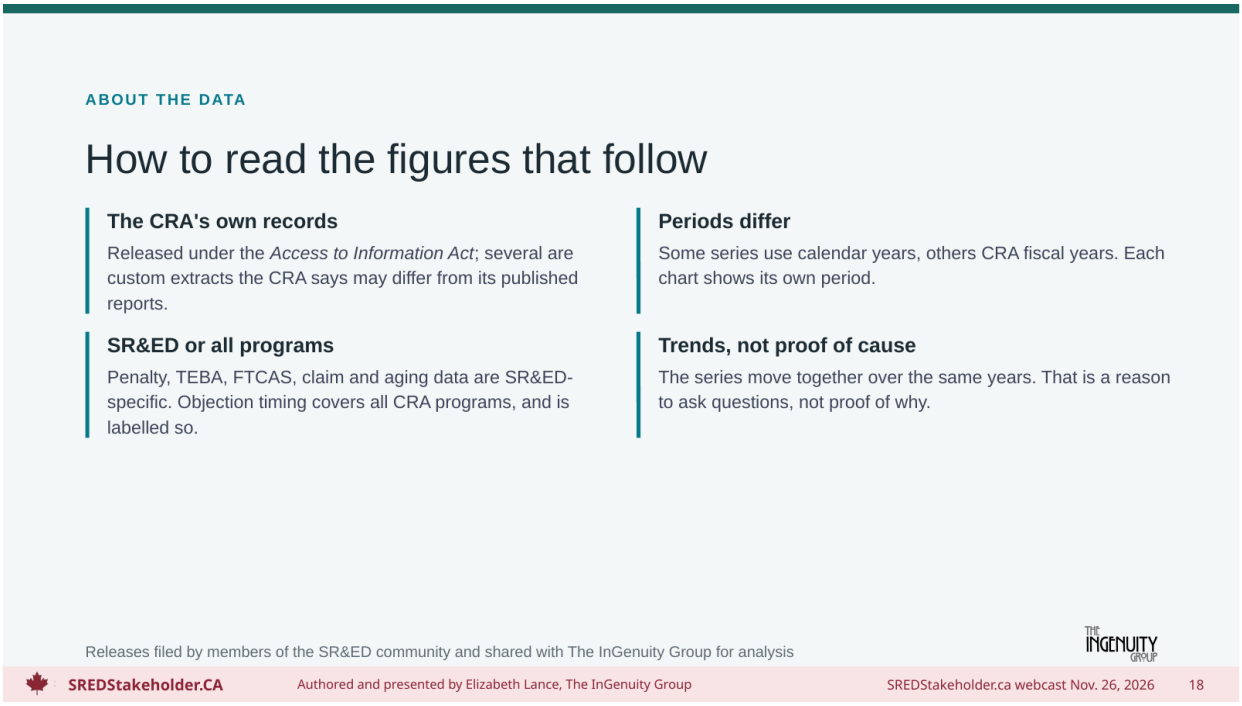
Request	Subject
A-2024-178612	What Tax Earned by Audit (TEBA) is and what it counts
A-2025-001079	SR&ED results within TEBA, 2021–22 to 2024–25
A-2025-000648	First-Time Claimant Advisory Service visits, 2014–2025
A-2025-000402	Gross negligence penalties and fully denied claims, 2018–2024
A-2025-000210	Claim aging and denial by claim size, 2013–2024; updated to June 2026 by A-2026-001067 (Nov. 5, 2026)
A-2024-184172	Objection processing times and service standards
A-2025-000664	SR&ED penalty disputes through objection and court
A-2026-000380	New: claims received and processed by province, 2012–2026
A-2026-000379	New: review outcomes by share of credit allowed, 2020–2026
A-2023-171217	New: claims and credits by province and research type, 2012–2023; outcomes withheld

Full index: sreducation.ca/access-to-information-requests

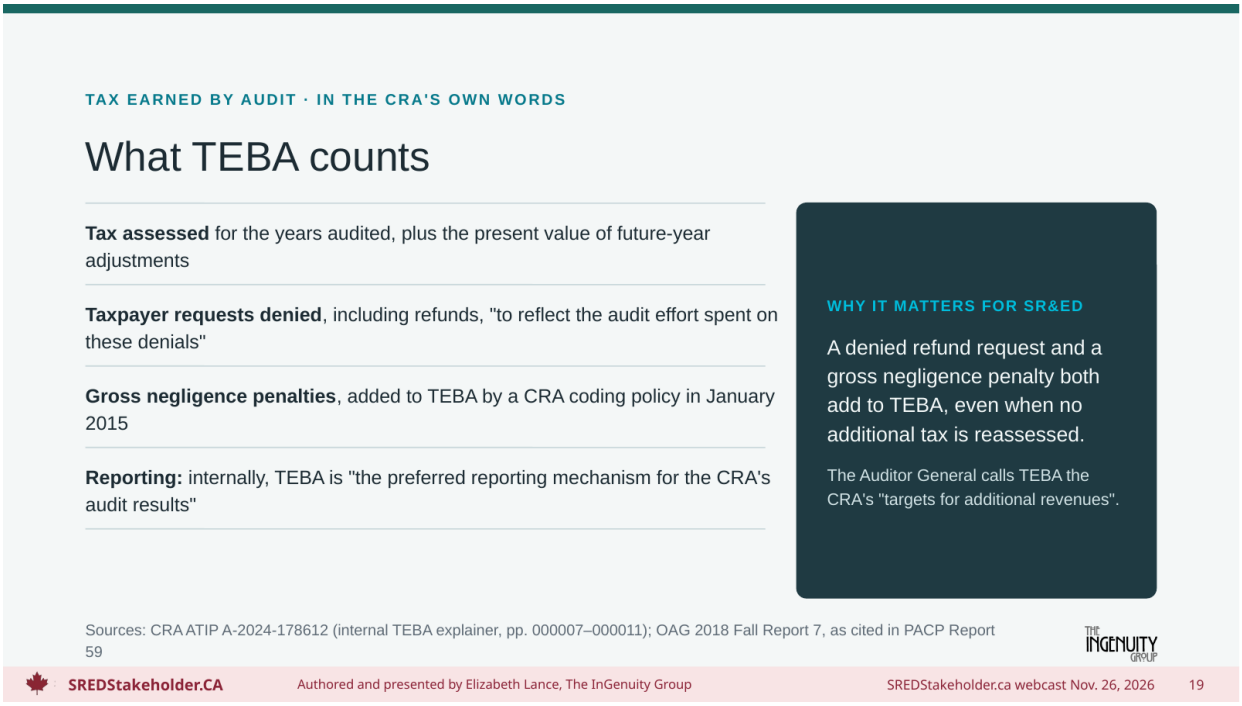
THE INGENUITY GROUP

Over the past two years, members of the SR&ED community have filed Access to Information requests with the CRA about how the program is administered, and shared the releases with us. Our role has been the analysis: extracting the data, charting it and publishing it on SREDucation. These are the releases this talk relies on; two came back on July 30, 2026, and two more arrived on November 5 and 6: an update of the aging data to June 2026, and a 2023 release on claims by province and research type. Every figure that follows is from the CRA's own released records, and the full disclosures are indexed on SREDucation.

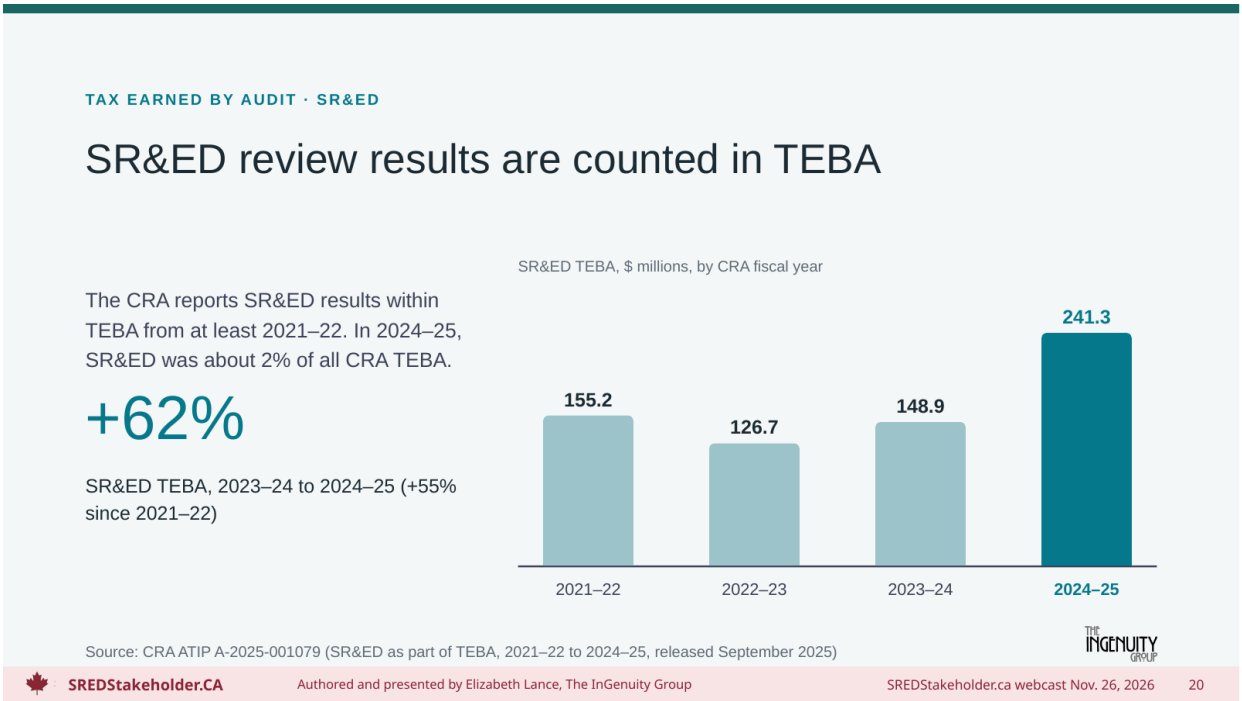
Link: SREDucation ATIP index https://www.sreducation.ca/access-to-information-requests/



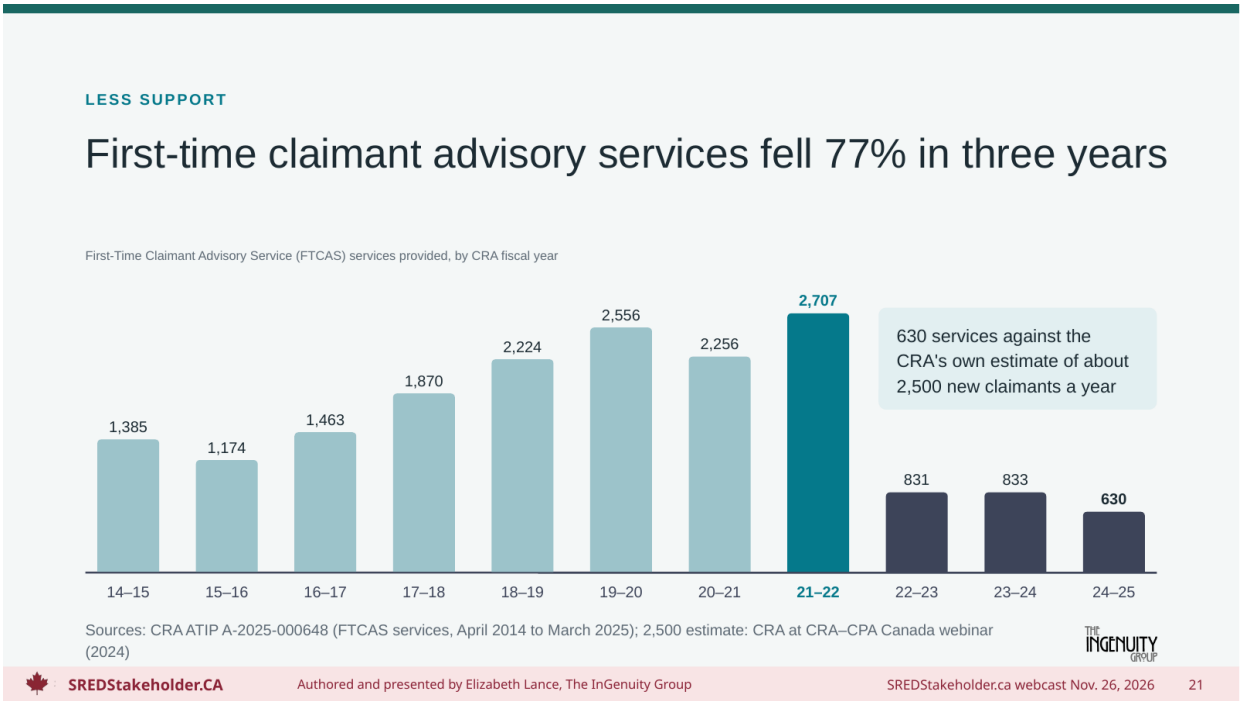
Set expectations before the charts. These are national CRA counts, not samples or surveys, but they come from different releases with different periods and scopes, and some are custom extracts. Where a series covers all CRA programs rather than SR&ED, the slide says so. And we are careful about cause: the trends line up in time, which is why we are asking for an independent audit rather than claiming to have proven intent.



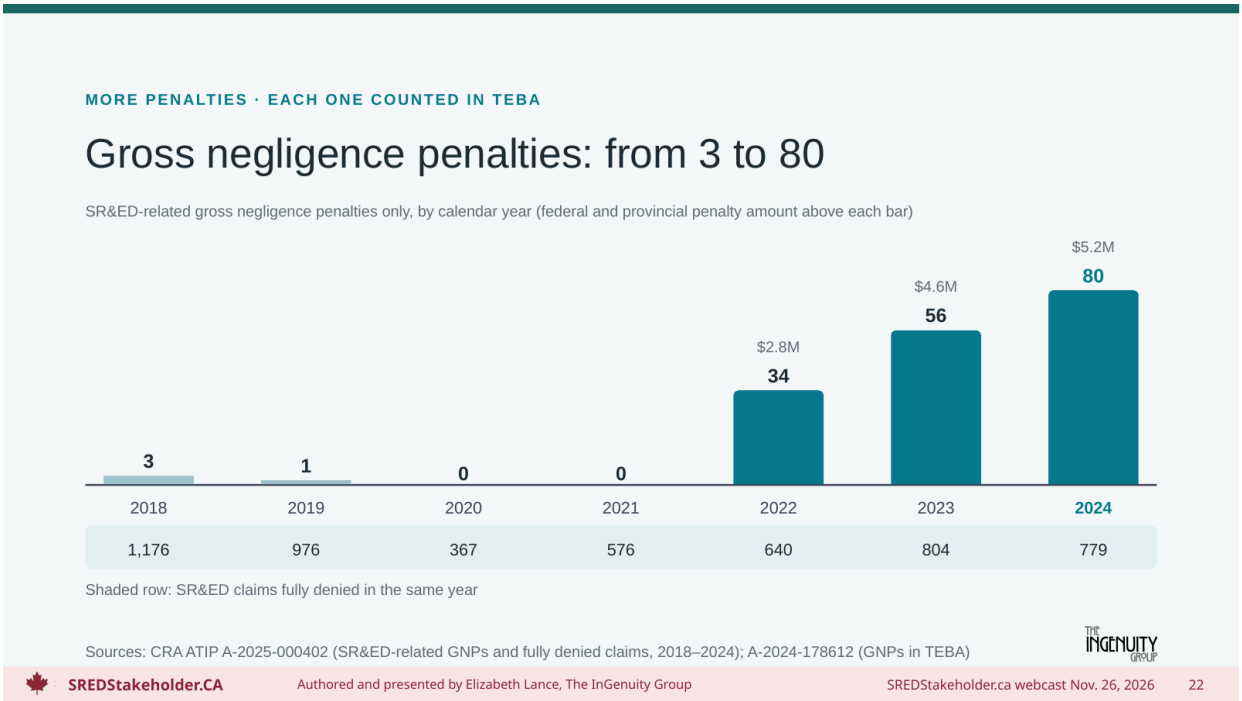
Everything on this slide is the CRA's own description of its metric, from an internal explainer released under A-2024-178612. TEBA is not cash collected. It counts tax assessed for the audited years plus the present value of future adjustments. It also counts taxpayer requests that are denied, such as a refund, "to reflect the audit effort spent on these denials", and since a January 2015 coding policy it includes gross negligence penalties, along with third-party and transfer pricing penalties. The CRA calls TEBA the preferred reporting mechanism for its audit results. The Auditor General's 2018 report recommended that the CRA "clearly document how it sets its targets for additional revenues, also known as tax earned by audit". For SR&ED, that means two things that matter: a denied refundable credit and a gross negligence penalty both register as audit results.



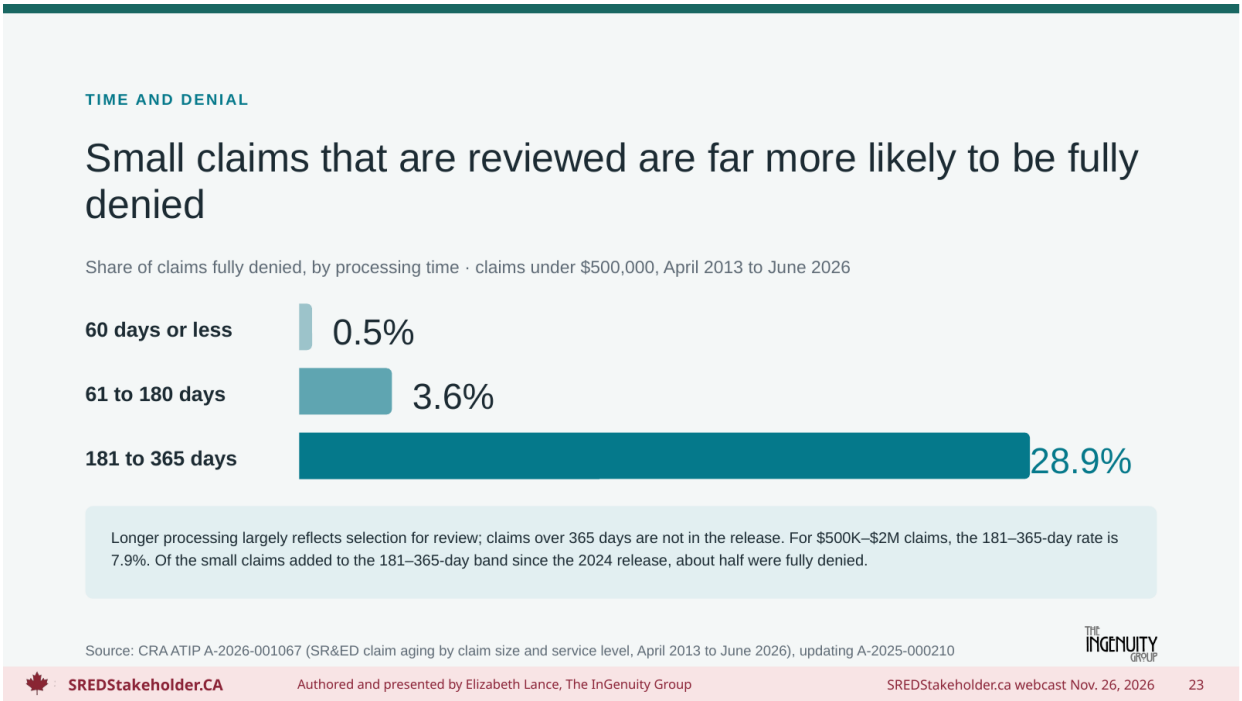
Having seen what TEBA counts, here is SR&ED's share. A-2025-001079 reports SR&ED TEBA for four fiscal years. It dipped in 2022–23 and then rose from $148.9M to $241.3M in 2024–25, up 62 percent in one year and 55 percent over the four years. SR&ED is about 2 percent of all CRA TEBA. TEBA is a reasonable measure for a financial audit of tax accounting; SR&ED is a program of encouragement, and its scientific review decides whether work qualifies. When a denied refundable credit counts toward the metric, the measure and the program's purpose pull in different directions. We make no claim about any individual reviewer.



FTCAS is the CRA's free educational service for first-time claimants: an RTA and a financial reviewer explaining the program before problems become penalties. It was introduced as an in-person visit and has been delivered virtually since 2020, so the CRA counts "services provided". It peaked at 2,707 services in 2021–22. In 2022–23 it fell 69 percent in one year, and by 2024–25 it was down to 630. The CRA's own working estimate, given by Ms. Redekop at the CRA–CPA Canada webinar, is about 2,500 first-time claimants a year, so roughly one in four now receives the service. The CRA has shifted to self-service tools and claimant-requested consultations. Pre-claim approval is not a substitute: it rules on projects; it does not teach the program.

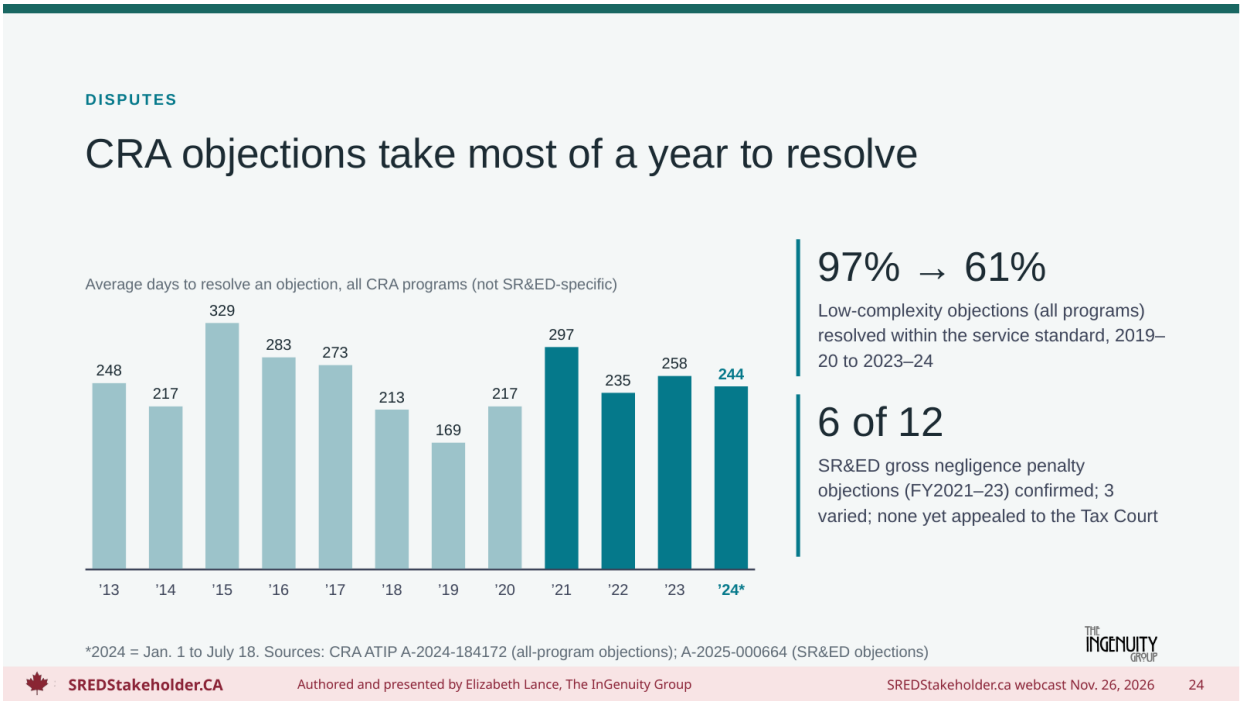


To be clear on scope: the gross negligence penalty in subsection 163(2) applies across every tax program, but these counts are SR&ED only. The CRA's release reports "SR&ED related GNP penalties applied", with federal and provincial amounts combined. Gross negligence penalties were almost never applied to SR&ED until 2022: three in 2018, one in 2019, none in 2020 or 2021. Then 34, 56 and 80, with $12.7M in penalties over 2022 to 2024. Fully denied claims more than doubled from their 2020 low of 367 to 779 in 2024. And remember the previous slide: since a January 2015 CRA coding policy, gross negligence penalties are added to TEBA, so every one of these 80 penalties also registers as an audit result. Note the timing: the penalties begin in the same year the first-time claimant visits collapsed. A penalty asserts the claimant knowingly or recklessly made a false statement; that is a serious finding to make against a business the CRA has stopped educating.

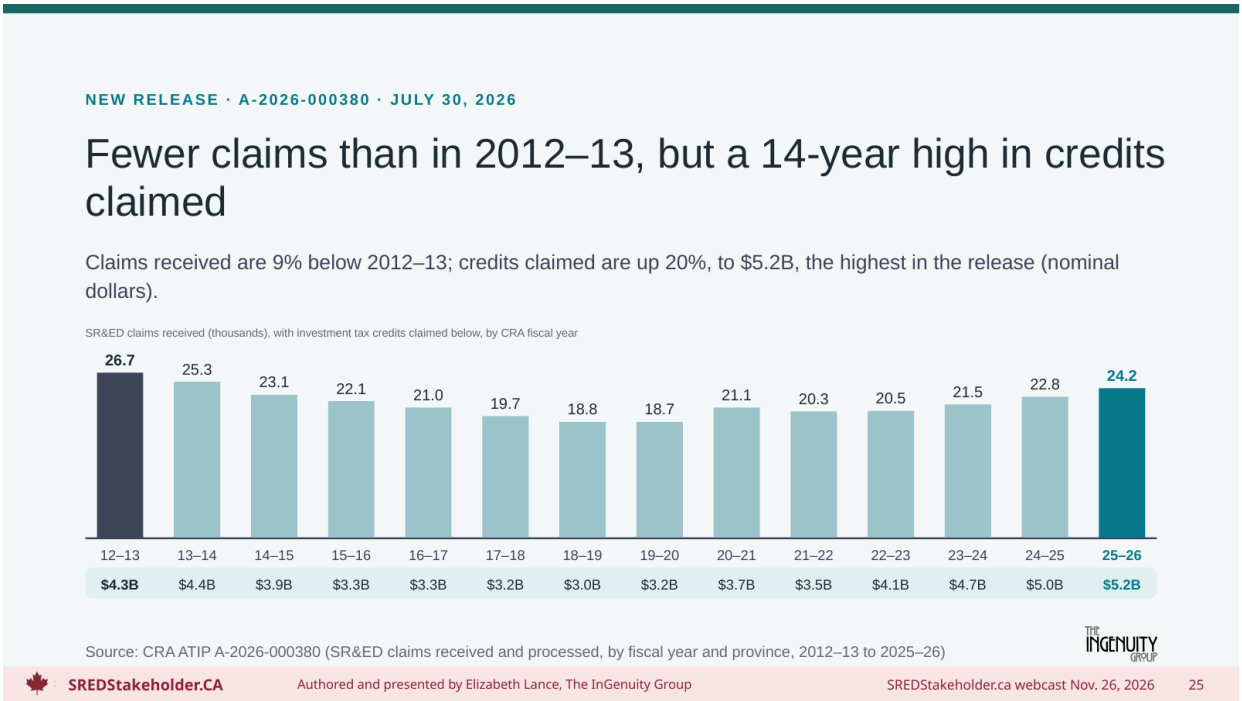


This is the aging data, refreshed on November 5 by A-2026-001067, which runs from April 2013 to June 2026. "Denied" here means fully denied; the CRA counts partial reductions as not denied. Of 161,066 small claims processed within 60 days, 824 were fully denied. Of 22,742 small claims that took 181 to 365 days, 6,570 were: 28.9 percent, up from 27.5 in the 2024 release. The increment is the striking part: the 2024 release had 21,389 small claims in that band with 5,873 denied; the new one has 22,742 with 6,570. About 1,350 claims added, about 700 of them fully denied, roughly half, with the caveat that the two periods start three months apart. Two cells the CRA disclosed in 2024 are now withheld under section 24(1): the denied counts for claims over $10 million, and the $2M to $10M count at 61 to 180 days. A long processing time is largely a proxy for being selected for review, so this reflects selection, and claims taking over a year are not in the release. But it means a small business pulled into a review has more than a one-in-four chance of losing the entire claim, and it waits half a year or more to find out.

Link: A-2026-001067 and A-2025-000210 on the SREDucation ATIP index https://www.sreducation.ca/access-to-information-requests/ (post A-2026-001067 before the meeting)



Be clear on scope here: the chart and the 97 to 61 percent figure cover objections across all CRA programs; the CRA did not break them out for SR&ED. The "6 of 12" figure is SR&ED-specific but narrow: it covers only objections to SR&ED gross negligence penalties in the two years ended March 31, 2023. As of the CRA's July 2025 reply, none of those penalty cases had gone on to the Tax Court. It does not mean there are no SR&ED Tax Court cases; there are many, but they are mostly eligibility disputes without a penalty, and a case objected to in 2021–23 would rarely have reached a decision yet. Average time to dispose of an objection has run between 169 and 329 days for a decade, and sits at 244 days for January to July 2024. The share of low-complexity objections resolved on time fell from 97 percent in 2019–20 to 61 percent in 2023–24; the CRA's table shows the 2023–24 and 2024–25 rows in red without explanation, possibly as preliminary figures. Add the original review, and a claimant can wait close to two years from filing to an objection decision. For penalties specifically: of 12 SR&ED penalty objections in 2021–22 and 2022–23, the CRA confirmed 6 and varied 3, and none had been appealed further when it replied. For most small and medium claimants, the practical recourse is slow and costly.



This release came back July 30. Claims received bottomed out at about 18,700 in 2019–20 and have recovered to 24,165, still about 9 percent below 2012–13. But the credits claimed reached $5.2 billion, the highest in the 14 years the release covers, in nominal dollars. Received counts here (24,165) differ slightly from the CRA's published 24,160 filed; the CRA notes its custom extracts may differ from published figures. Fewer, larger claims means more money at stake in every review, which matters when review results are counted toward TEBA. The release also breaks this down by province; Ontario processed 10,812 claims last year and Quebec 5,495, if anyone wants regional figures.

NEW RELEASE · A-2026-000379 · JULY 30, 2026

The review-outcome table came back blank

The CRA's table shows how much credit reviewed claims kept, FY2020–21 to 2025–26. Every figure was withheld under s. 16(1)(c) of the *Access to Information Act*.

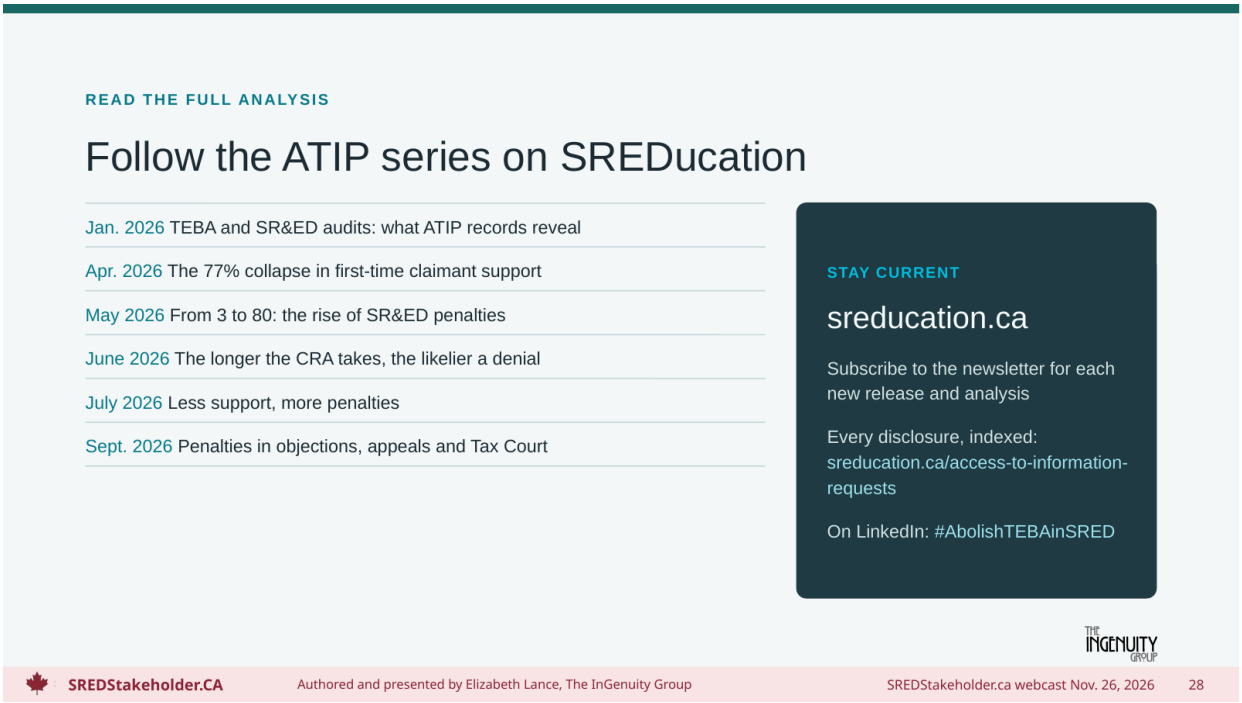
Year	TC downscreen	TSO AAF	No change	75 to <100%	50 to <75%	25 to <50%	>0 to <25%	Denied
2025–26	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)
2024–25	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)
2023–24	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)
2022–23	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)
2021–22	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)
2020–21	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)	16(1)(c)

Source: CRA ATIP A-2026-000379 (review results by percentage of ITC allowed); column headings shortened. A-2023-171217 (2012–13 to 2022–23) withheld claims granted and credits distributed under the same exemption

This is the table the CRA sent back, re-typed. The table sets out, for each year, how many reviewed claims kept all their credits, how many kept three quarters, half, a quarter, and how many were denied outright. Every cell was withheld under paragraph 16(1)(c), the exemption for information that could injure law enforcement or lawful investigations. It is not the first time. A-2023-171217, a 2023 request that reached us this month, asked for claims granted and credits distributed by year and province for 2012–13 to 2022–23; those two columns were withheld under the same paragraph, while claims received and credits claimed were released in full. The structure of both tables confirms the CRA tracks exactly this. Aggregate outcome statistics of this kind are the evidence the Auditor General would need, which is part of why the coalition is asking for an audit.



Put the three lines together, each with its own period. From 2022, the CRA provides far fewer first-time claimant services, applies far more SR&ED penalties, and records more SR&ED results in Tax Earned by Audit, which itself counts those penalties and denied refund requests. We are not claiming any individual reviewer denies a claim to hit a number. The point is structural: a program meant to encourage R&D is being measured with a metric that rewards recovering dollars. That is what we are asking to change.

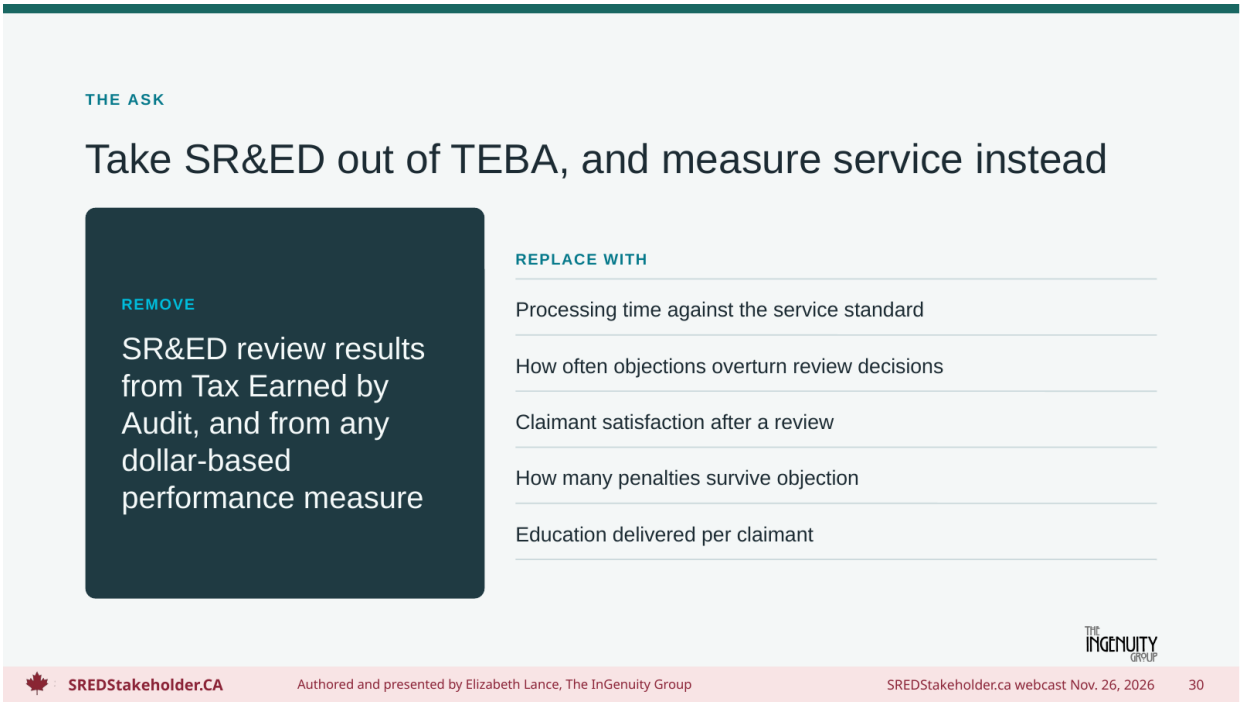


Everything in this section is written up in more depth on SREDucation, our education site, with the source releases linked from each article. New releases are analyzed as they arrive, and the newsletter is the easiest way to get each one. If you have an ATIP release of your own that you would like analyzed, send it to us.

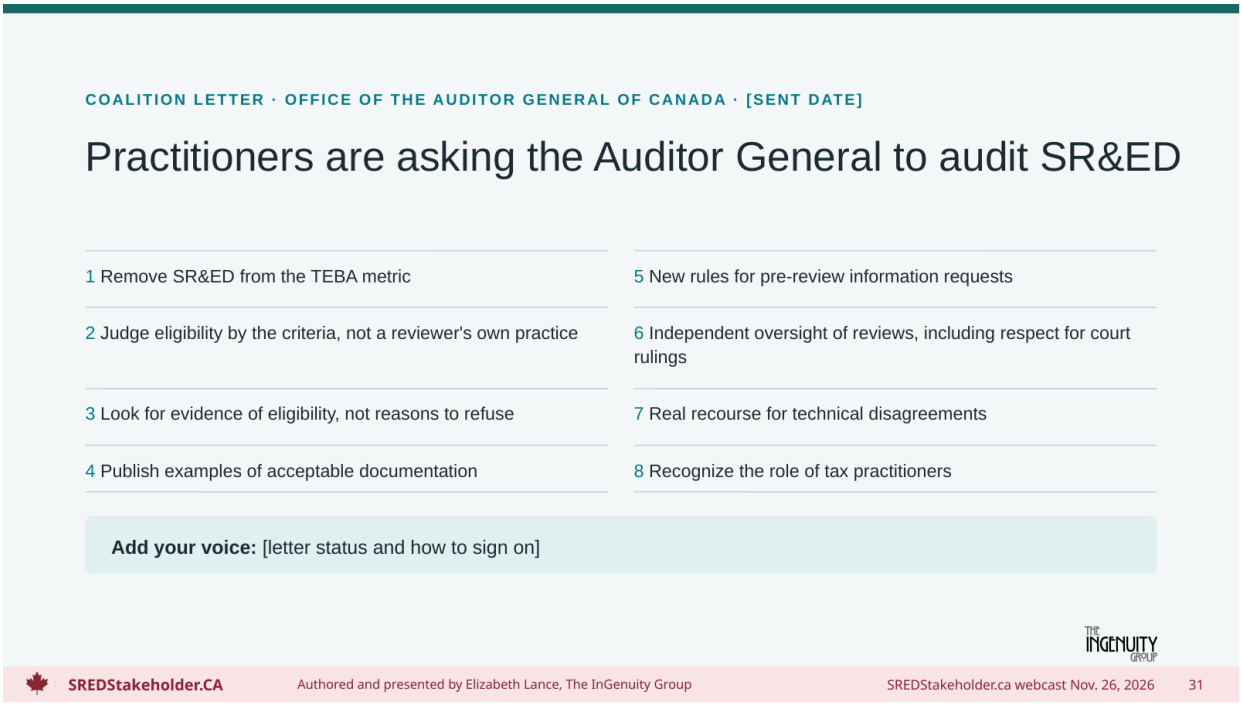
03

Taking action

#AbolishTEBAinSRED



Our position is simple. TEBA is a fine measure for financial audit. It is the wrong measure for a program of encouragement. Keep the financial verification; stop counting the dollars denied in scientific reviews as audit revenue. And measure what tells Parliament whether the program is administered well: timeliness, accuracy as tested by objections, claimant experience, whether penalties hold up, and how much the CRA invests in teaching claimants. The C.D. Howe Institute has made a similar case about auditor incentives more broadly (Klassen and Pantaleo, "CRA Auditor Incentives Raise Fairness Concerns," September 2020).



A group of SR&ED consultants and practitioners has prepared a joint letter to the Office of the Auditor General. Its principal request is to remove SR&ED results from TEBA, which it describes as a conflict of interest, and to audit the administration of the program. It sets out eight issues, summarized here. In 2018 the Auditor General already recommended that the CRA document how it sets its additional-revenue targets.

TREND VALIDATION QUESTIONNAIRE

Does the data match your experience?

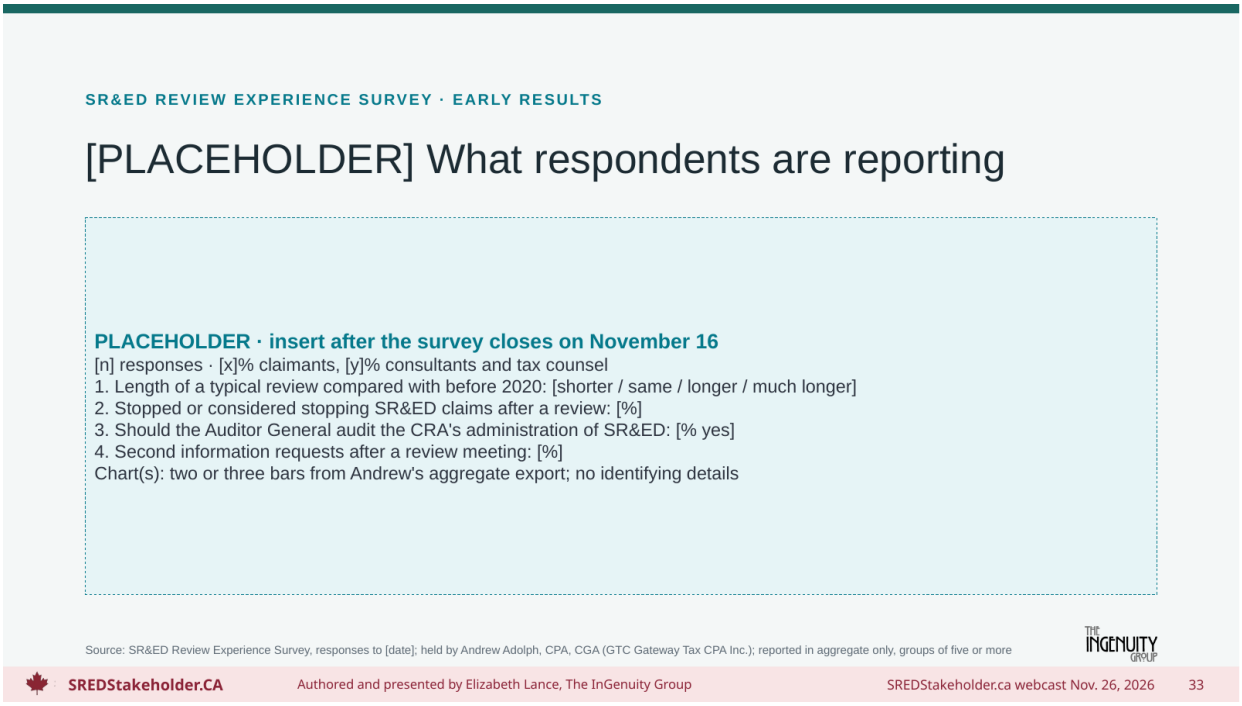
To strengthen the evidence for the Auditor General, the Minister and Parliament, we want to hear from claimants and practitioners directly.

- For claimants, consultants and tax counsel
- About 30 questions; 8 to 10 minutes
- Responses reported only in aggregate
- Identifying details released only with your consent

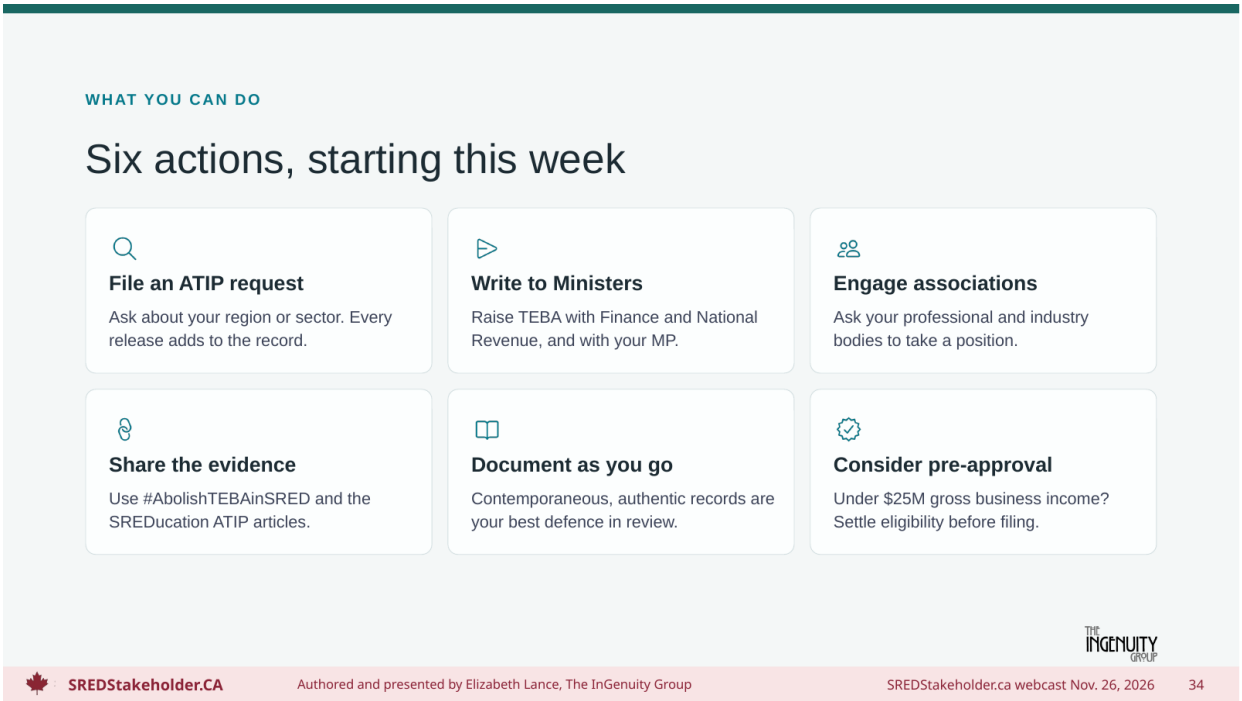
[QR code]

[survey link]

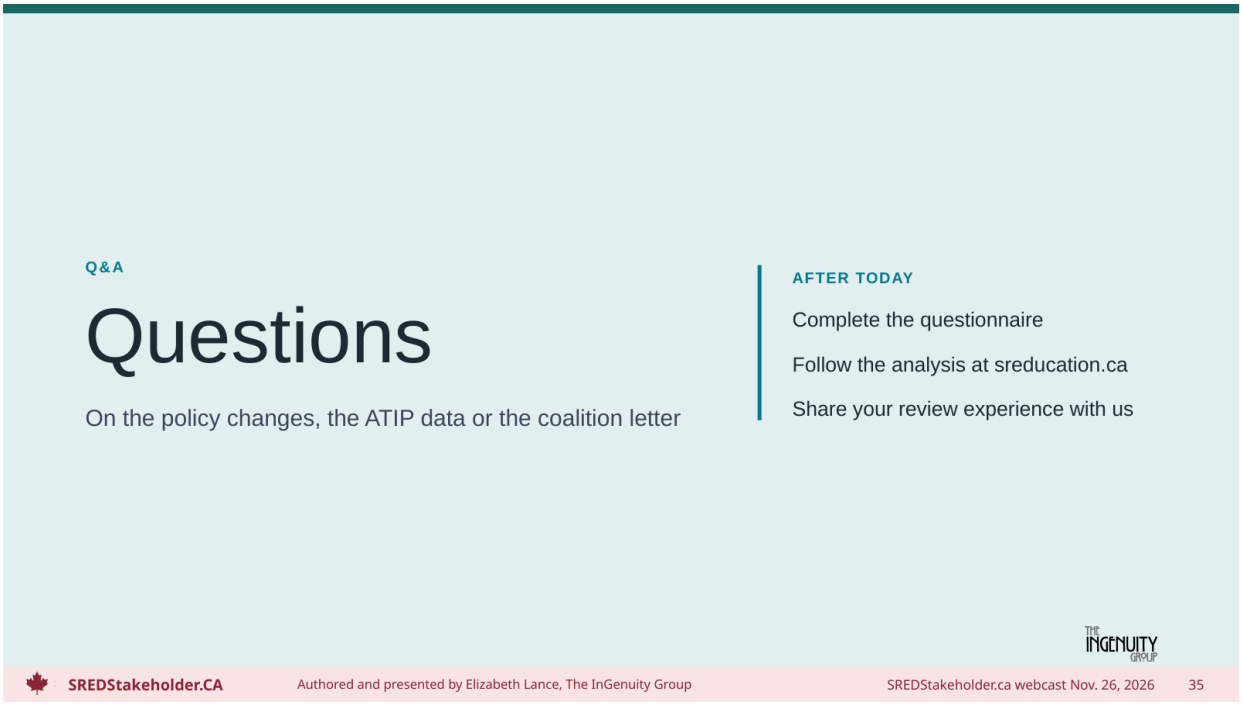
The ATIP data tell us what happened in aggregate. The questionnaire tests whether it matches lived experience: review outcomes, information requests, penalties, and whether clients have pulled back from claiming after a review. Version 5 reflects feedback from colleagues in this community. Please complete it and forward it to clients who have been through a review.



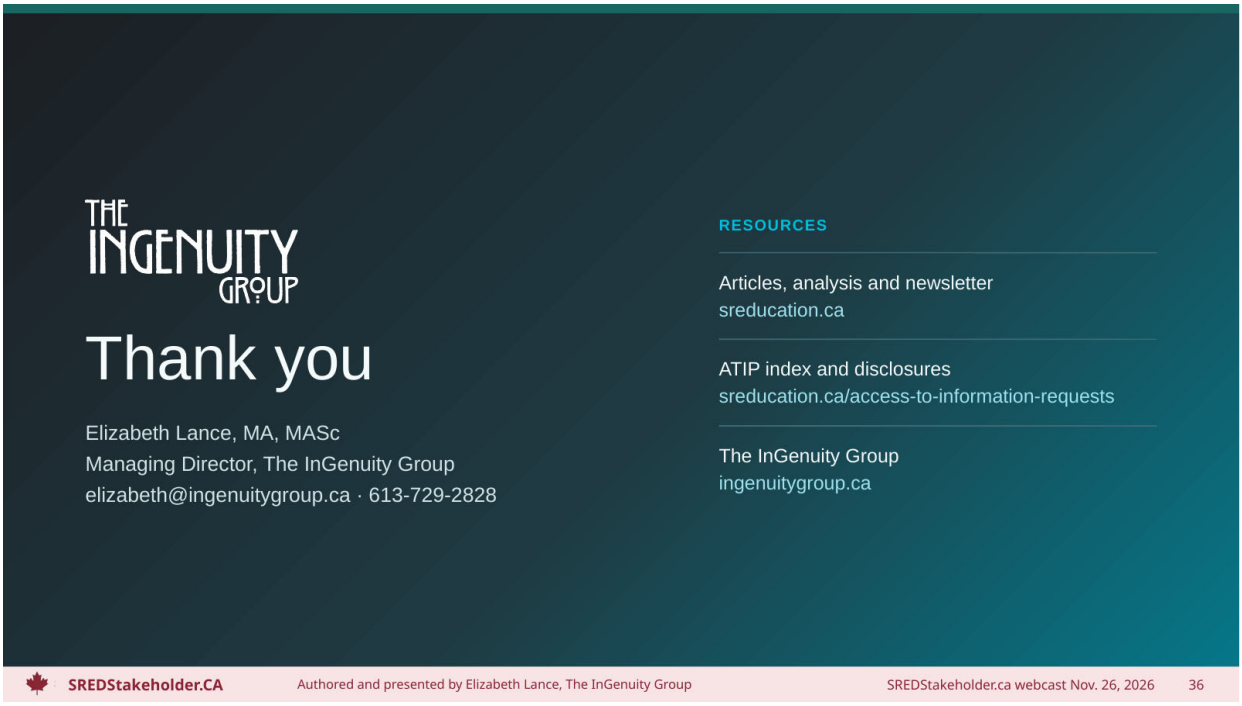
Placeholder. Insert the aggregate results Andrew Adolph provides after the survey closes on November 16: response count, respondent mix, and the three polling-style questions (review length, clients pulling back, Auditor General audit). Report only aggregates for groups of five or more. If results are thin, fold them into the questionnaire slide instead and drop this one.



Three of these build the public case, three protect your own claims. ATIP requests are straightforward to file online with the CRA. Letters to the Minister of Finance and the Minister of National Revenue carry more weight when they cite the CRA's own data, so use the SREDucation articles as your references. Ask CPA bodies, industry associations and chambers to take a position on TEBA. And while the policy fight goes on: keep contemporaneous records, and look at pre-claim approval for eligible clients.



Open the floor for questions; plan on 15 to 20 minutes. If questions are slow to start, likely ones are: whether pre-claim approval is worth it, how the capital rules apply to cloud costs, and how to respond to a gross negligence penalty proposal.



Thank everyone, point to the ATIP index for the source documents, and invite people to get in touch about the coalition letter and the questionnaire.



The restored capital and lease rules and the Budget 2026 commercialization proposals have different legislative statuses. The capital rules apply to qualifying property acquired and lease costs incurred after December 15, 2024. The proposed commercialization expansion would apply to taxation years beginning on or after November 5, 2026.

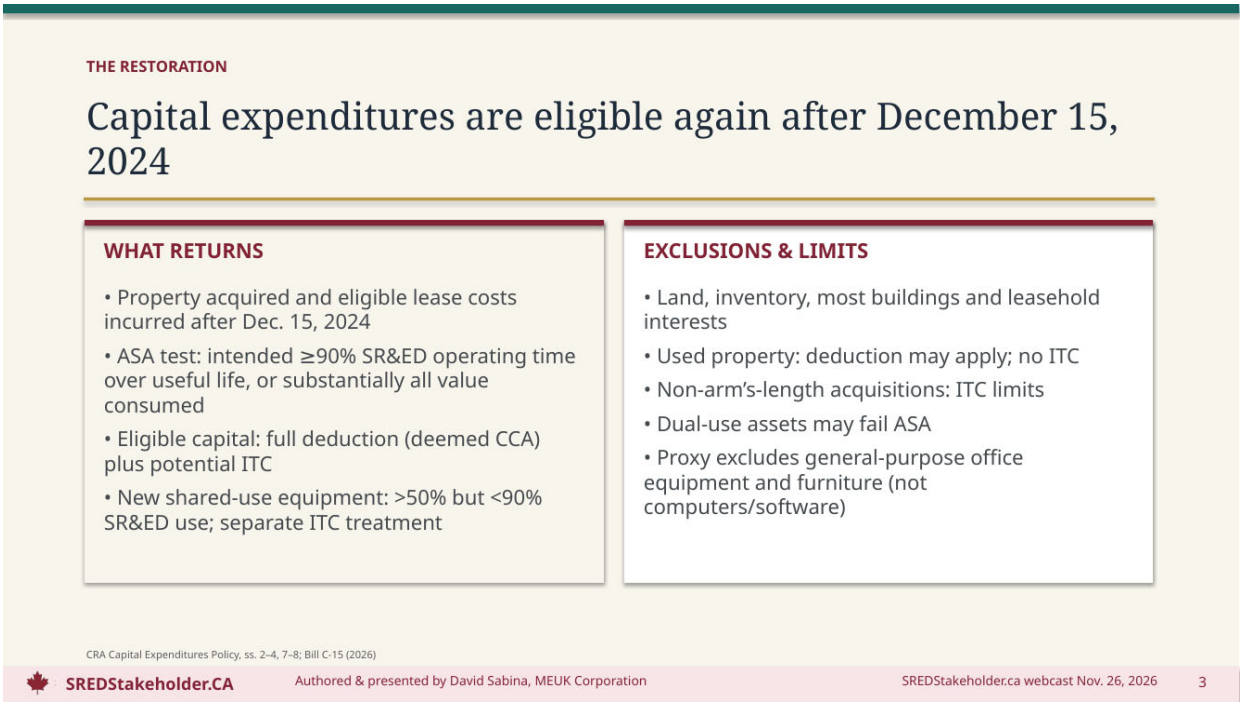
Sources: Bill C-15, S.C. 2026, c. 3; CRA Capital Expenditures Policy; Budget 2026 Tax Measures Supplementary Information: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html.

Capital section contribution: Elizabeth Lance, The InGenuity Group.



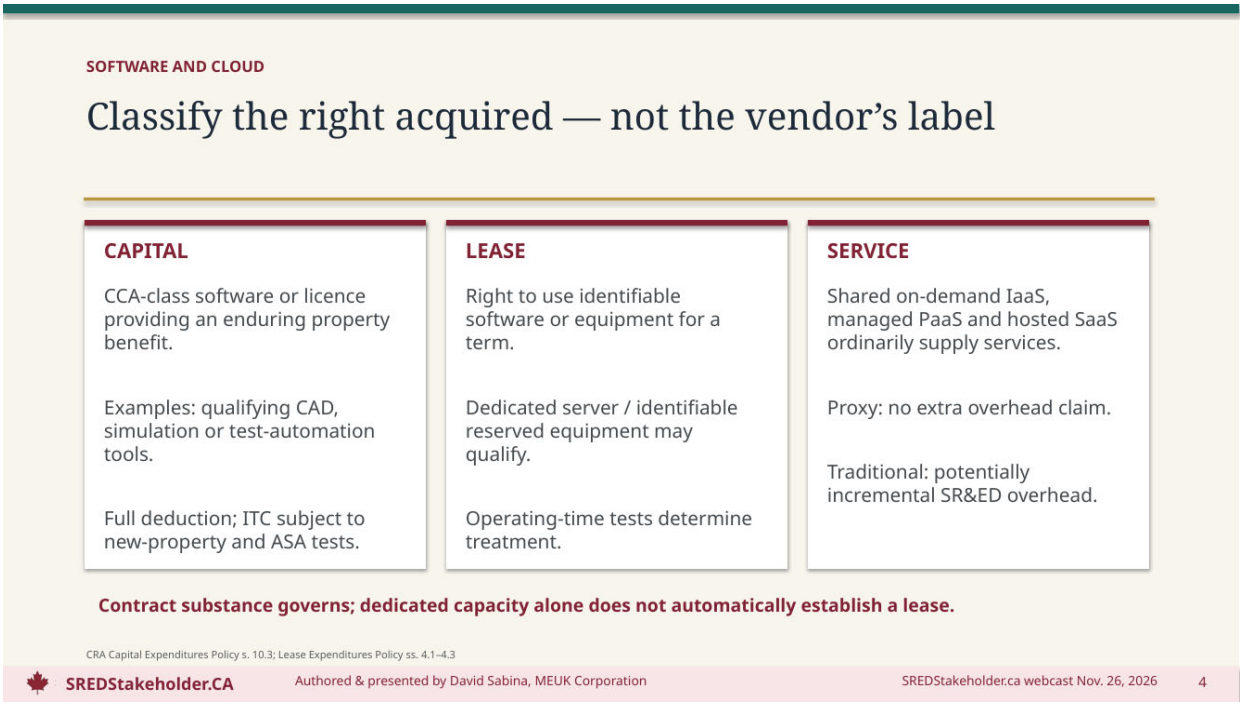
Bill C-15 restores qualifying capital and lease expenditures. CRA policies distinguish depreciable property, rights to use property and services; the proxy versus traditional method affects the treatment of actual overhead.

Sources: Bill C-15, S.C. 2026, c. 3; CRA Capital Expenditures Policy (June 29, 2026); Lease Expenditures Policy (June 8, 2026); Shared-Use Equipment Policy (May 22, 2026); Traditional and Proxy Methods Policy.



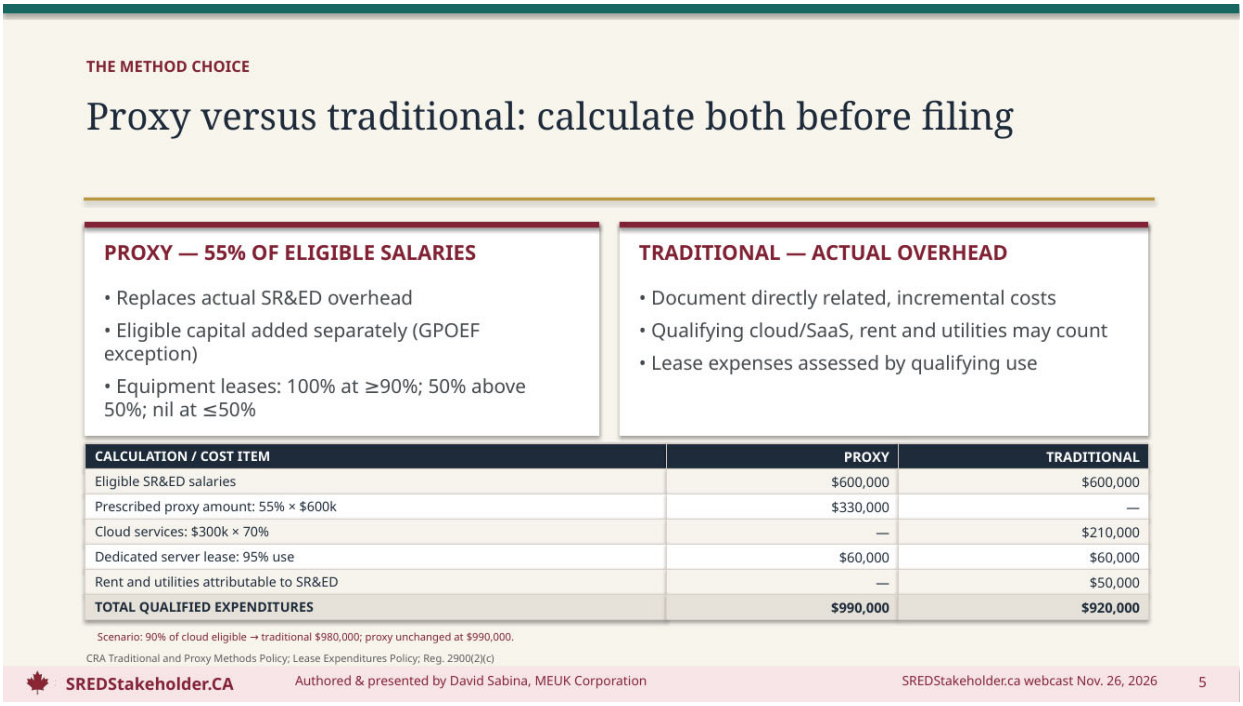
CRA Capital Expenditures Policy describes the all-or-substantially-all (ASA) test as an acquisition-date assessment of intended SR&ED operating time over the useful life, or substantial consumption of value. Actual use supports that assessment. Qualifying used equipment may be deductible but its acquisition cost is excluded from ITCs under Regulation 2902(b)(iii). New shared-use equipment has a separate ITC regime when used primarily, but not substantially all, for SR&ED. Related-party and excluded-property restrictions also apply.

Sources: CRA Capital Expenditures Policy, ss. 2–4, 7–8; Shared-Use Equipment Policy; Bill C-15.



CRA capital and lease policies distinguish ownership of depreciable software from a temporary right to use identifiable property. Vendor-hosted services ordinarily fall outside those property categories. Dedicated capacity alone does not establish a lease. Under the traditional method, service costs may qualify if directly related and incremental under Regulation 2900(2)(c); the proxy method substitutes the prescribed proxy amount for actual overhead. Shell Canada and Data Kinetics are contextual authorities, not blanket rulings on cloud services.

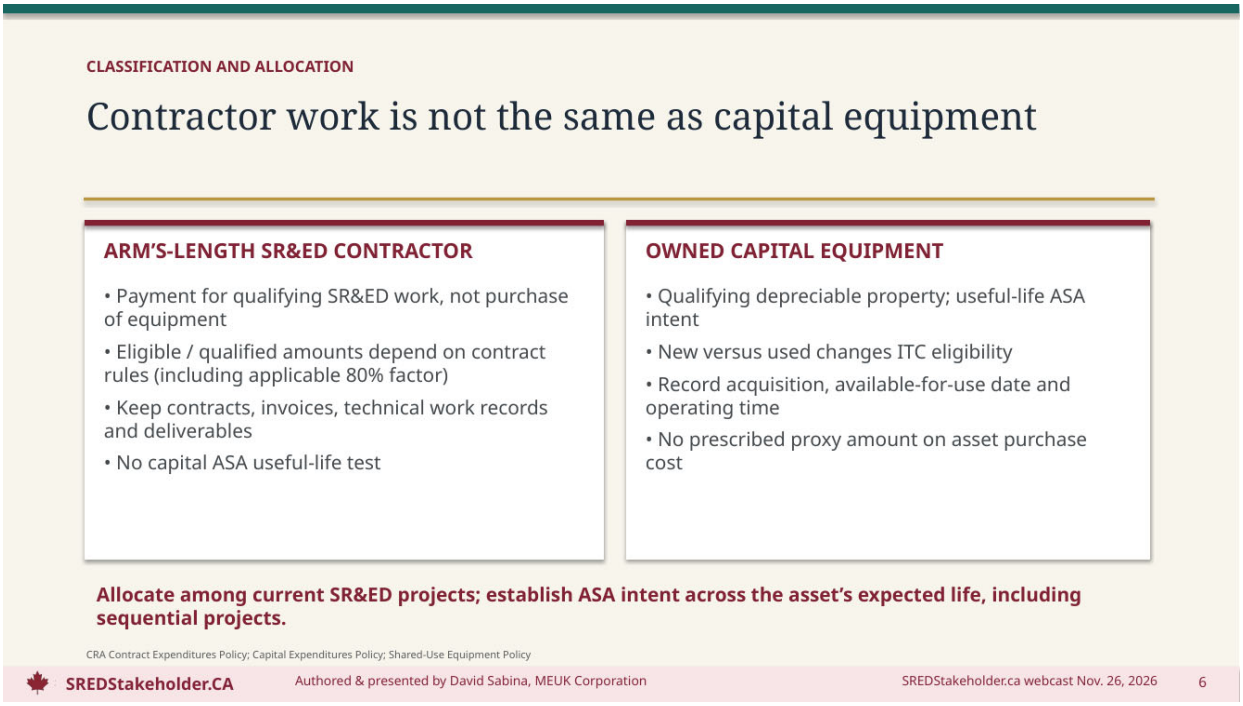
Sources: CRA Capital Expenditures Policy s. 10.3; Lease Expenditures Policy ss. 4.1–4.3; Overhead and Other Expenditures Policy; Income Tax Regulations 2900(2)(c).



CRA's Traditional and Proxy Methods Policy distinguishes the prescribed proxy amount (PPA) from actual qualifying overhead. The slide assumes a 55% PPA and a fully qualifying $60,000 dedicated-server lease.

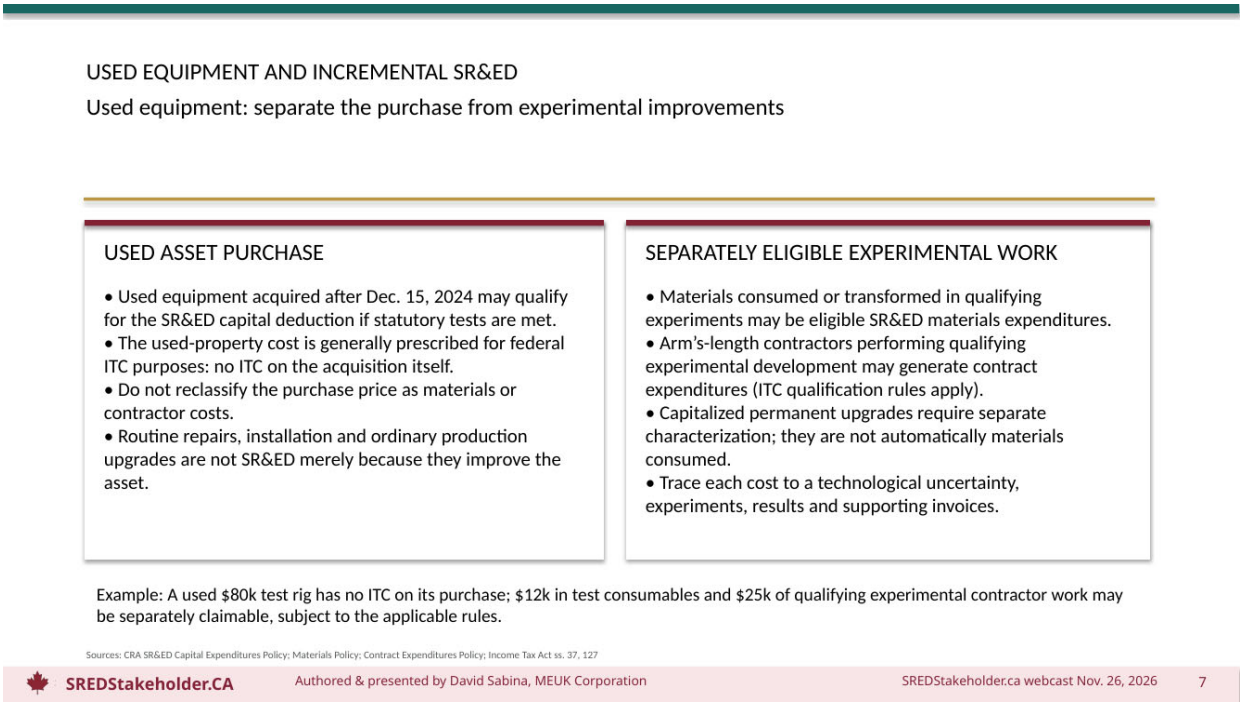
Illustration (not a CRA example): Proxy = $600,000 + $330,000 + $60,000 = $990,000. Traditional = $600,000 + $210,000 cloud + $60,000 lease + $50,000 rent/utilities = $920,000. At 90% eligible cloud use, traditional rises to $980,000. Break-even cloud eligibility is ($330,000 − $50,000) / $300,000 = 93.33%. These are qualified-expenditure comparisons, not actual ITCs.

Sources: CRA Traditional and Proxy Methods Policy; Lease Expenditures Policy ss. 2.2, 3.4; Overhead and Other Expenditures Policy; Regulation 2900(2)(c).



CRA Contract Expenditures Policy distinguishes payments for qualifying SR&ED performed on behalf of a claimant from acquisition of property. The applicable 80% factor concerns qualified ITC expenditures rather than automatically limiting the deduction. Owned capital is assessed under the useful-life intended-use rules; sequential SR&ED projects may support that assessment. Acquisition records, usage logs, project identifiers and contracts support classification and allocation.

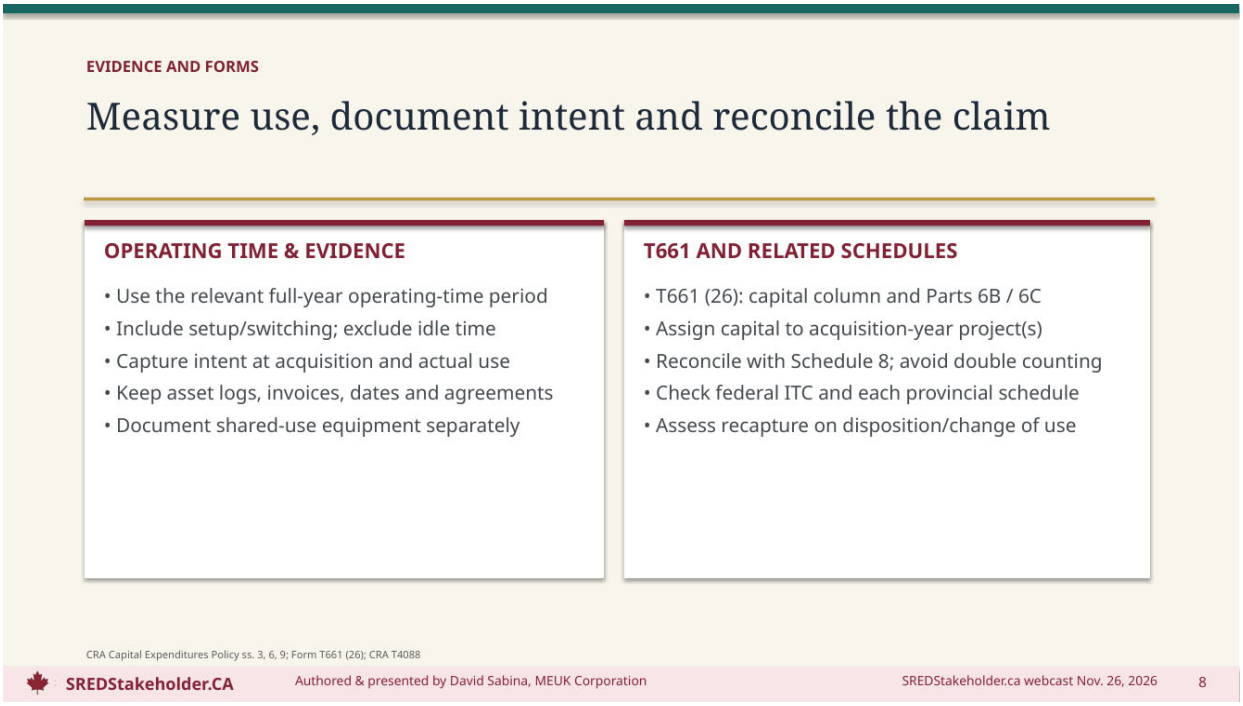
Sources: CRA Contract Expenditures Policy; Capital Expenditures Policy ss. 3–4, 10; Shared-Use Equipment Policy.



The CRA capital policy distinguishes deductibility of eligible used property from the exclusion of its acquisition cost for ITCs. Separately qualifying experimental materials and contract expenditures are not automatically excluded by the used-property rule. Permanent capital improvements require separate characterization; routine repairs and production upgrades are not necessarily SR&ED.

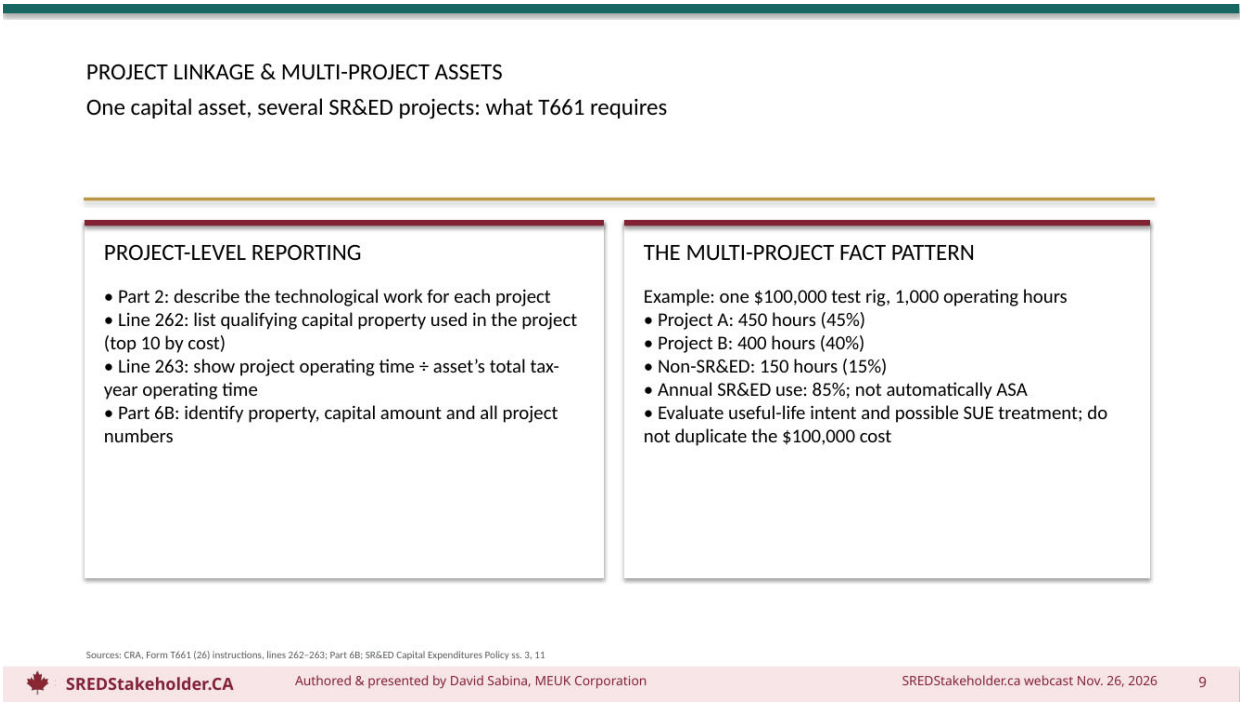
Illustration: $80,000 used rig acquisition generates no ITC; $12,000 qualifying consumables and $25,000 arm's-length experimental contract costs could produce a $32,000 qualified base if the 80% contract factor applies and all other conditions are met.

Sources: CRA Capital Expenditures Policy; Materials Policy; Contract Expenditures Policy; Income Tax Act ss. 37, 127.



CRA Capital Expenditures Policy identifies operating-time measurement, acquisition-date intent and supporting records as relevant to capital eligibility. Setup and switching time are distinguished from idle time. Form T661 (26) includes capital reporting in Parts 6B/6C. Capital deductions must be reconciled with Schedule 8 to prevent double counting. Disposition or change of use may trigger ITC recapture; provincial credit bases may differ.

Sources: CRA Capital Expenditures Policy ss. 3.3, 6, 9; T661 (26); T4088; Recapture of SR&ED Investment Tax Credit Policy.



CRA Form T661 (26), lines 262–263, links project-level reporting to the top ten claimed capital properties by cost and each project's share of the property's total tax-year operating time. Part 6B records the property, amount and project numbers.

Illustration: 450 + 400 SR&ED hours out of 1,000 total hours = 85% annual use. Project shares are 45% and 40%; non-SR&ED use is 15%. This annual measure does not itself determine useful-life ASA intent or the value-consumed test. Shared-use equipment treatment may be relevant. The same $100,000 acquisition is not duplicated across projects.

Sources: CRA T661 (26), lines 262–263 and Part 6B; Capital Expenditures Policy ss. 3, 11; Filing Requirements Policy; https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/sred-updates.html

INTERNATIONAL CASE STUDY — UNITED STATES

Meta's AI data centres: a U.S. R&D tax credit case study

REPORTED FINANCIAL DATA (USD)

$57.37B — total 2025 accounting R&D expense; up 31% year over year.

U.S. research tax credits:

- 2023: $0.7B | 2024: $2.0B
- 2025: approximately $4.0B
- 2023–25 total: $6.6B (rounded)

Data-centre share not publicly established.

IMPLICATIONS FOR CANADIAN SR&ED

- U.S. senators questioned reported treatment of AI data centres as experimental pilot models.
- Meta argues novel AI infrastructure requires extensive testing.
- Canada: distinguish experimental design from routine deployment; assess equipment separately from buildings.
- Document uncertainty, experiments and asset use across projects.

Sources: Meta 2025 Form 10-K; U.S. Senate Finance Committee letter, Oct. 3, 2026; NYT, Sept. 30, 2026

Meta's 2025 Form 10-K reports US$57.372 billion in consolidated accounting R&D expense, up 31% from 2024, driven mainly by compensation and research infrastructure including AI. This is not a disclosed data-centre tax claim.

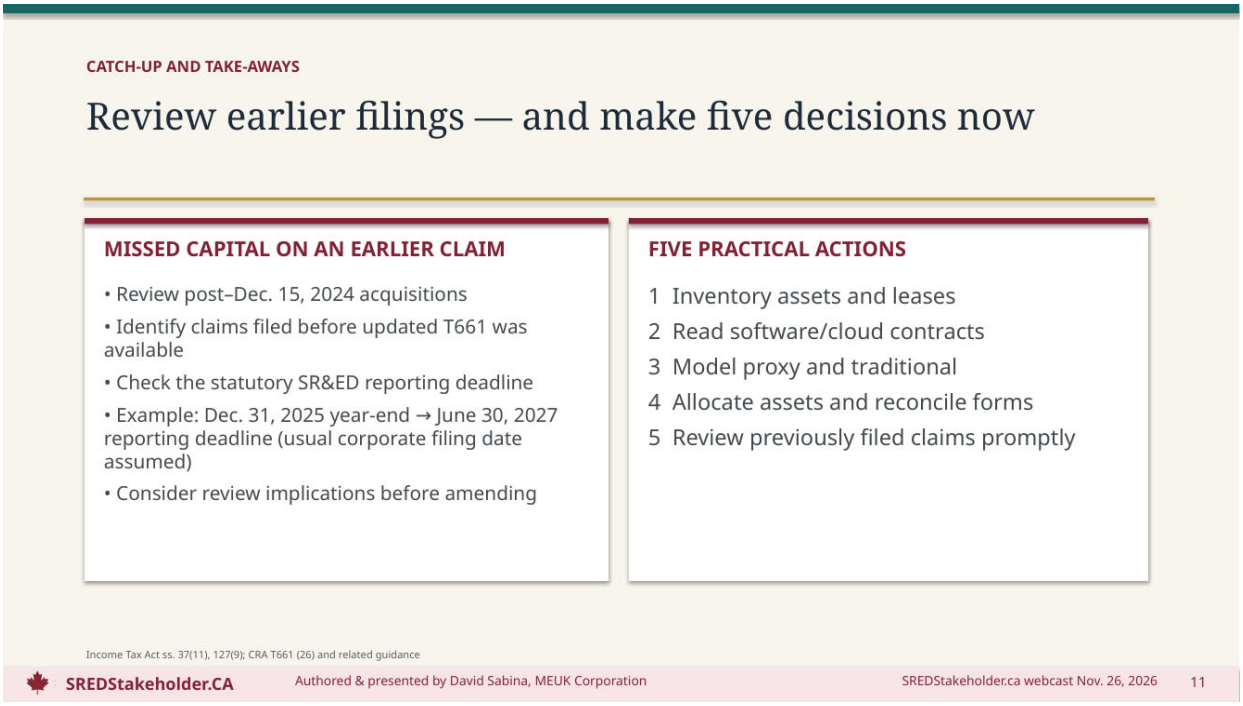
The October 3, 2026 Senate Finance Committee letter cites US$6.6 billion of federal research credits for 2023–25 and reports of AI data centres treated as pilot models under IRC section 41. The letter seeks the allocation to data centres; it is an inquiry, not a tax determination. Meta maintains that AI-optimized facilities require extensive experimental testing (Fortune, Oct. 23, 2026).

Canadian comparison: apply ITA ss. 37, 127 and 248(1) and CRA Capital Expenditures and Shared-Use Equipment policies. Examples of potential uncertainties include cooling, power distribution and cluster reliability; these are illustrative, not verified Meta projects. Routine construction and commercial operation are not automatically SR&ED.

Sources: Meta 2025 Form 10-K, Items 7–8: https://www.sec.gov/Archives/edgar/data/1326801/000162828026003942/meta-20251231.htm

Senate letter: https://www.finance.senate.gov/wp-content/uploads/media/doc/10032026wydenandsfcdemslettertometaontaxcreditissues.pdf

Original video: https://www.youtube.com/shorts/5BttlepScS0



Income Tax Act ss. 37(11) and 127(9) establish SR&ED reporting deadlines, generally 12 months after the return filing-due date. For a corporation with a December 31, 2025 year-end and June 30, 2026 filing-due date, the illustrative reporting deadline is June 30, 2027. Earlier claims may have omitted qualifying restored capital expenditures. An amendment does not guarantee acceptance or permit every change to a previously filed method election.

Sources: Income Tax Act ss. 37(11), 127(9); CRA Form T661 (26); Capital Expenditures Policy.



Overview of the proposed expansion of the Scientific Research and Experimental Development (SR&ED) tax incentive program in Budget 2026. Primary source: Tax measures: Supplementary information annex.

https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Policy context also appears in Chapter 1: https://budget.canada.ca/2026/report-rapport/chap1-en.html

Overview of the Expansion

- $930 million over five years ($235 million ongoing)
- Expands eligible activities and expenditures under the existing SR&ED program
- Covers certain commercialization costs related to eligible SR&ED projects
- Applies to taxation years beginning on or after Budget Day (5 November 2026)
- Existing investment tax credit rates continue to apply

“Budget 2026 proposes to further expand the SR&ED tax incentive program to include certain commercialisation expenses.”

Source: Chapter 1, Canada’s Investment Supercycle

https://budget.canada.ca/2026/report-rapport/chap1-en.html

Fiscal impact table appears in the Tax Measures annex.

Why the Expansion?

- Historically, work beyond the experimental development stage has generally been excluded from SR&ED.
- Budget 2026 proposes to bring certain commercialization activities and related IP protection costs into the program when they are directly connected to an eligible SR&ED project.

“Work undertaken beyond the experimental development stage is generally excluded from eligibility for SR&ED tax incentives. Budget 2026 proposes to expand the activities and expenditures eligible under the SR&ED program.”

Source: Tax measures: Supplementary information

https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Eligible Intellectual Property

- Eligible forms of IP:
- Patents
- Certificates of supplementary protection
- Plant breeders' rights
- Copyrighted software
- Protected under Canadian legislation or equivalent legislation in another jurisdiction
- IP must have been developed in the course of a project that is eligible under the existing SR&ED rules

"Eligible IP would include IP registered or protected as patents, certificates of supplementary protection, plant breeders' rights, or copyrighted software, under the relevant Canadian legislation or equivalent legislation in another jurisdiction."

Source: Tax measures annex – Intellectual Property Protection section

https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Eligible IP Costs

Included:

- Costs to prepare and file an application for an eligible form of IP protection
- Periodic maintenance fees to keep IP rights in force

Excluded:

- Costs to enforce IP rights (including litigation)
- Costs not directly connected to securing and maintaining IP rights

Administrative fees paid to foreign IP offices are eligible. Supporting activities (such as preparing the application) are eligible only if performed in Canada.

Exact wording from the Tax Measures annex: “Eligible expenditures would include costs reasonably incurred to obtain and, where applicable, maintain protection for eligible IP. In general, this would include expenses incurred to prepare and file an application… as well as maintenance costs… Eligible expenditures would not include those incurred to enforce IP rights…”

https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Regulatory & Certification Activities

Expanded eligible activities include:

- Tests
- Technological validations
- Studies

Conducted to meet regulatory requirements for obtaining the initial approval or certification necessary to commercialize a product or process.

These activities must directly relate to a project that is eligible under the existing SR&ED rules.

“The expanded scope of eligible activities would include tests, technological validations, and studies conducted to meet regulatory requirements for obtaining the initial approval or certification necessary to commercialize a product or process. To be eligible, these activities would need to directly relate to a project that is eligible under the SR&ED program’s existing rules.”

Source: Tax measures annex – Regulatory and Certification Requirements

https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Eligible Expenditures for New Activities

Eligible expenditures for regulatory and certification activities are the same categories already used for SR&ED:

- Wages and salaries
- Materials
- Contract payments
- Overhead
- Machinery and equipment

The five existing expenditure categories are identified for regulatory and certification activities. IP protection is addressed separately; its final expenditure classification is unresolved. Recapture on IP disposition is proposed. Source: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Effective Date & CRA Guidance

- Applies to expenditures incurred in taxation years that begin on or after Budget Day (5 November 2026)
- The Canada Revenue Agency will provide sector-specific guidance to clarify SR&ED eligibility as it pertains to commercialization expenses

Coming into force language: “This measure would apply to taxation years that begin on or after Budget Day.”

CRA guidance commitment appears in Chapter 1.

Sources:

Tax measures annex – https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Chapter 1 – https://budget.canada.ca/2026/report-rapport/chap1-en.html

Interaction with Existing SR&ED Rules

- The core definition of SR&ED is unchanged
- New costs must still be connected to a project that meets the existing technological advancement and systematic investigation tests
- Enhanced 35% rate (up to the $6 million expenditure limit for qualifying corporations) and 15% rate continue to apply to the expanded expenditures

The expansion builds on the existing SR&ED framework rather than creating a separate credit. Prior enhancements (including the $6 million limit) are referenced in Chapter 1.

https://budget.canada.ca/2026/report-rapport/chap1-en.html

Related IP Measures in Budget 2026

Budget 2026 also announces:

- Amendments to the *Patent Act* to require registration of changes in patent ownership with the Canadian Intellectual Property Office
- A broader Federal Intellectual Property Review (further measures planned for spring 2027)

These measures appear in Chapter 1 alongside the SR&ED expansion as part of the government's approach to strengthening Canada's intellectual property ecosystem.

https://budget.canada.ca/2026/report-rapport/chap1-en.html

SECTION 2 · POLICY ALTERNATIVES

IP protection: three possible treatments

Hypothetical treatment	ITC base	Proxy	Traditional
A · Arm's-length contract	80%	Yes	Yes
B · Actual overhead	Up to 100%	No separate claim	Yes
C · Separate IP category	Potentially 100%	Potentially	Potentially

Foreign filing fees do not fit neatly into the existing Canadian contractor framework. IP maintenance is not ordinarily a lease.

The Budget annex addresses IP protection separately from the five existing expenditure categories identified for regulatory and certification activities. Foreign IP office fees are expressly contemplated, but the annex does not establish their contractor, overhead or separate-category treatment.

Policy scenarios (not government determinations): A assumes the existing 80% arm's-length contractor ITC factor; B assumes actual eligible overhead under traditional only; C assumes a separate fully qualifying IP category under both methods.

Sources: Budget 2026 Tax Measures Supplementary Information, IP Protection: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html; CRA Contract, Lease, Traditional and Proxy Methods, and Overhead policies (existing-rule analogies).

SECTION 2 · CLASSIFICATION SCENARIOS

How might commercialization costs be claimed?

Cost	Potential category	Proxy	Traditional
External regulatory testing	Contract (80% factor if applicable)	Potential	Potential
Internal testing	Salary / materials	Potential	Potential
Test equipment / lease	Capital / lease	Potential	Potential
Indirect test support	Overhead	PPA only	Actual eligible
IP agent / filing fees	Contract, overhead or new IP line	Unresolved	Unresolved

All proposed treatments depend on enactment and expenditure-specific conditions.

The Budget annex expressly lists wages and salaries, materials, contract payments, overhead, and machinery and equipment for regulatory and certification activities. Application of existing category-specific tests to the expanded activities is an assumption pending implementation. IP agent and filing fees are separately described; their classification and proxy treatment remain unresolved.

Sources: Budget 2026 Tax Measures Supplementary Information: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html; CRA Contract, Lease, Traditional and Proxy Methods, and Overhead policies (existing-rule analogies).

SECTION 2 · ILLUSTRATIVE FINANCIAL COMPARISON

$50,000 of IP protection costs: effect on federal ITC

Scenario	Proxy ITC	Traditional ITC
A · Contractor at 80%	$14,000	$14,000
B · Overhead at 100%	$0 incremental	$17,500
C · New IP category at 100%	$17,500	$17,500

At 70% eligible cloud costs, the capital example favours proxy by $70,000 of ITC base. Adding $50,000 solely to traditional narrows that gap to $20,000.

Illustration based on alternative classifications, not a government calculation. Assumptions: $50,000 qualifying IP costs, 35% federal ITC, sufficient expenditure limit, no assistance or other adjustments. Contractor analogy: $50,000 × 80% × 35% = $14,000. Traditional overhead: $50,000 × 35% = $17,500; no separate proxy increment. Separate IP category: $17,500 under either method if fully eligible. In the earlier example, a traditional-only $50,000 increment reduces the proxy advantage from $70,000 to $20,000 of qualified expenditures. Provincial credits and deduction effects are excluded.

Sources: Budget 2026 Tax Measures Supplementary Information: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html; CRA Contract and Traditional and Proxy Methods policies (analogies).

SECTION 2 · OPEN ISSUES

Questions requiring legislative or CRA clarification

- Will IP protection have a separate expenditure category?
- Will IP agents' fees face the 80% contractor adjustment?
- Can internal IP work generate proxy salary base?
- Will regulatory application fees be eligible, apart from testing?
- How will IP disposition recapture and project linkage be reported?
- Will provincial credit bases accommodate the new expenditures?

The Budget annex does not settle whether IP protection costs will be a separate expenditure category, whether the contractor reduction will apply, or whether internal IP work will generate PPA salary base. Regulatory application fees, IP recapture mechanics, T661 reporting and provincial credit interactions also remain unresolved. Relevant implementation provisions include ITA ss. 37, 127 and 248 and related regulations.

Source: Budget 2026 Tax Measures Supplementary Information: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html; existing CRA expenditure policies provide analogies, not confirmed new filing rules.

Key Caveats

- These are Budget proposals; draft legislation and final rules are still required
- Recapture provisions will apply on disposition of the IP
- Sector-specific CRA guidance is forthcoming
- Professional advice should be obtained before relying on these measures

Budget 2026 proposes recapture on disposition of eligible IP and anticipates sector-specific CRA guidance on commercialization eligibility. The precise expenditure classifications, implementation details and filing requirements depend on final legislation and CRA publications.

Sources: Budget 2026 Tax Measures Supplementary Information: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html; Chapter 1: https://budget.canada.ca/2026/report-rapport/chap1-en.html

Primary Government Sources

• Tax measures: Supplementary information https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

• Chapter 1: Canada's Investment Supercycle https://budget.canada.ca/2026/report-rapport/chap1-en.html

• Budget 2026: Key Measures backgrounder https://www.canada.ca/en/department-finance/news/2026/11/budget-2026-key-measures.html

Primary Department of Finance sources for the proposed expansion:

Tax Measures: Supplementary Information — eligible IP, costs, regulatory activities, effective date and fiscal estimates: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Chapter 1, Canada's Investment Supercycle — policy context and CRA guidance commitment: https://budget.canada.ca/2026/report-rapport/chap1-en.html

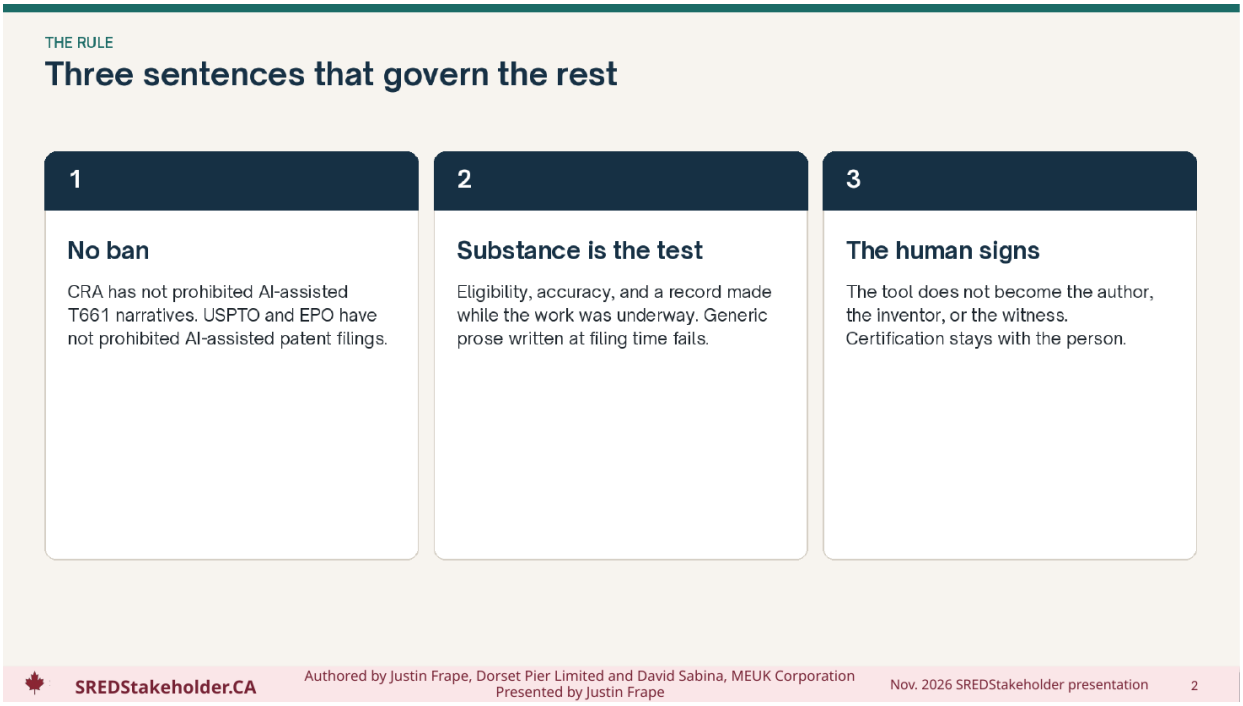
Budget 2026 Key Measures backgrounder: https://www.canada.ca/en/department-finance/news/2026/11/budget-2026-key-measures.html



Stakeholder briefing on using AI to prepare SR&ED project descriptions, and the parallel with patent-office practice.

Through-line: CRA has not banned the tool. Neither have the patent offices. What fails is text that cannot be tied to a real technical problem and a record made while the work was underway. The person who signs owns every sentence.

Suggested opening: this is a control discussion, not a tool discussion.

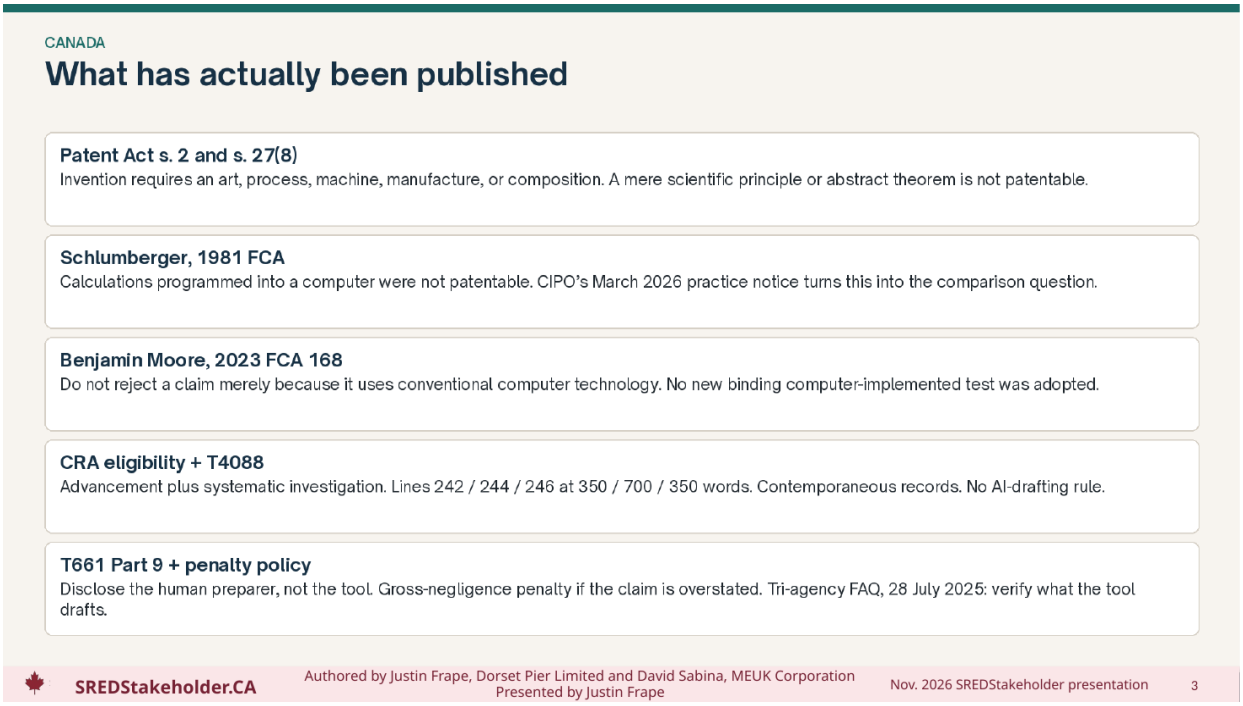


Three governing sentences.

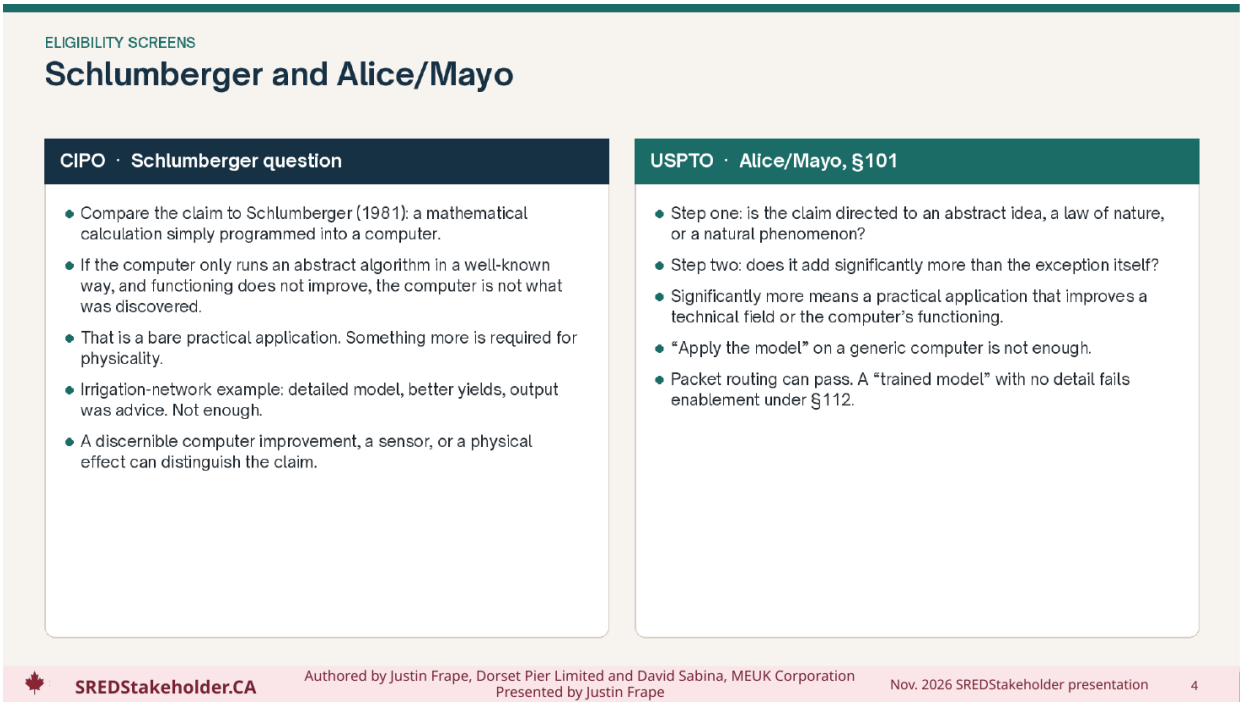
1. No ban. No CRA prohibition on generative AI for Form T661. USPTO 11 April 2024 (89 FR 25609): no ban, no general disclosure duty unless the Office asks or use is material to patentability. EPO General Part 5: the tool does not absolve responsibility.

2. Substance is the test. T4088: dated records generated during the work are the best support.

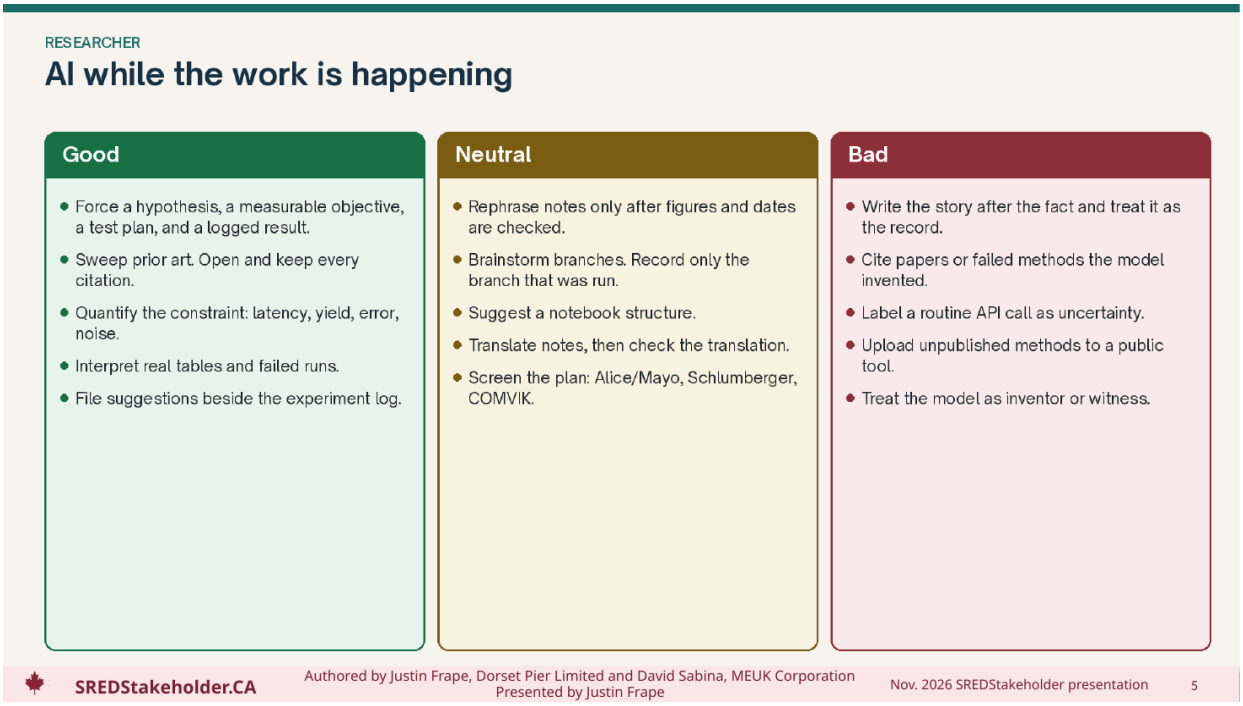
3. The human signs. USPTO November 2025: only natural persons are inventors; AI is a tool. CRA certification and Part 9 put the same duty on the named preparer and the claimant.



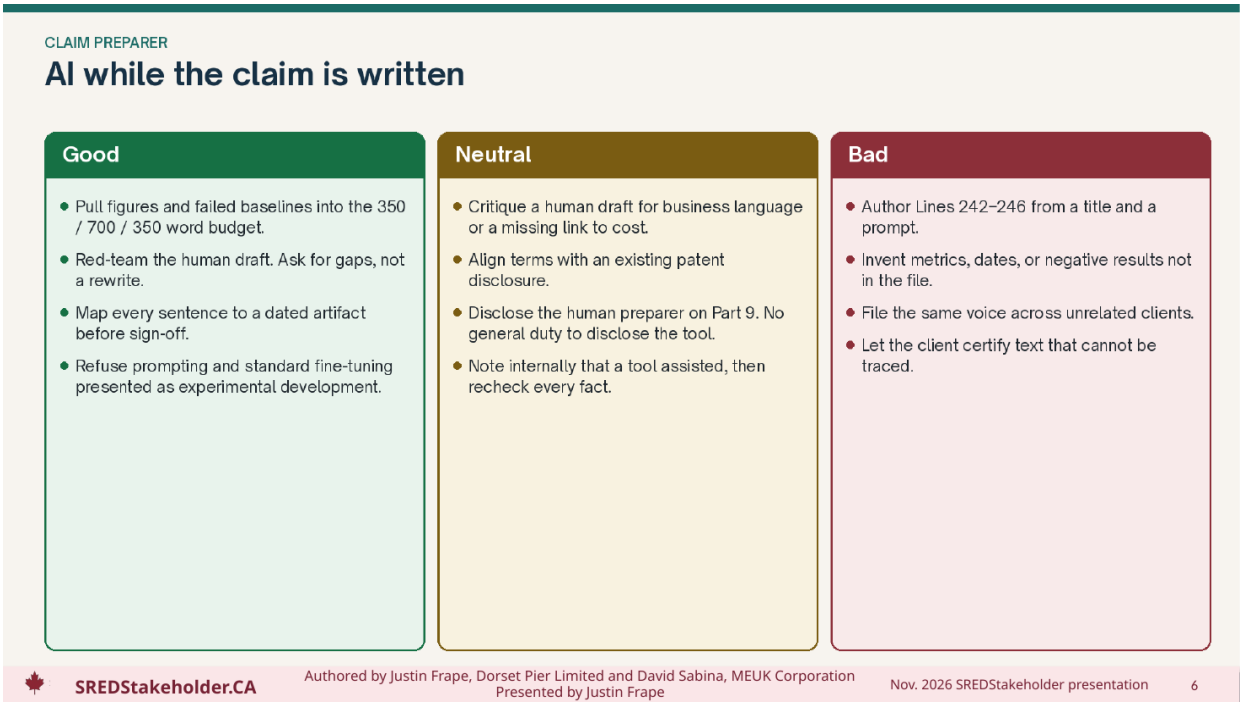
Canadian sources. Patent Act s. 2 and s. 27(8). Schlumberger, 1981 FCA: calculations programmed into a computer were not patentable. CIPO March 2026 practice notice names the Schlumberger question. Benjamin Moore, 2023 FCA 168: do not reject merely because conventional computing is used. Choueifaty, 2020 FC 837. CRA eligibility: advancement plus systematic investigation. T4088: Lines 242 / 244 / 246 at 350 / 700 / 350 words. Part 9 discloses the human preparer, not the tool. Gross-negligence penalty if overstated. Tri-agency FAQ, 28 July 2025: verify what the tool drafts; no blanket AI disclosure.



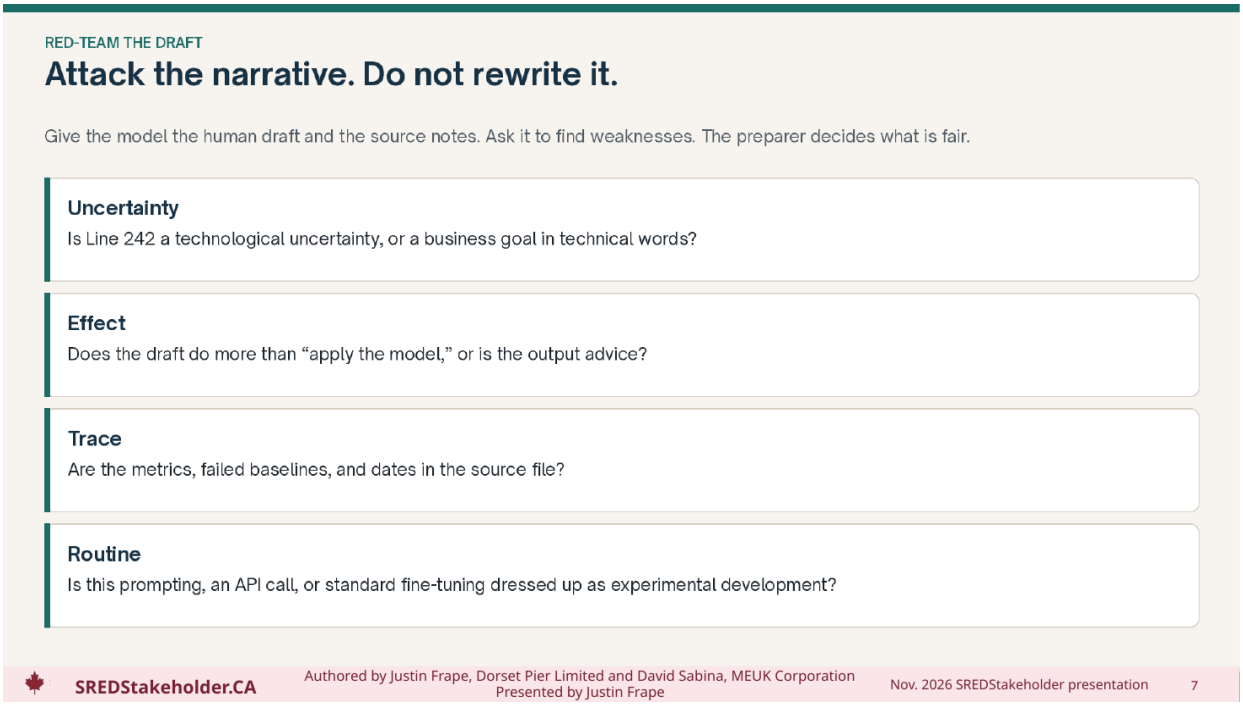
CIPO Schlumberger question: if the computer only runs an abstract algorithm and functioning does not improve, that is a bare practical application. Irrigation-network example: advice is not enough. Alice/Mayo §101: step one, abstract idea; step two, significantly more than "apply the model." EPO COMVIK: technical features only. UK contribution test and JPO technical-idea test ask the same question.



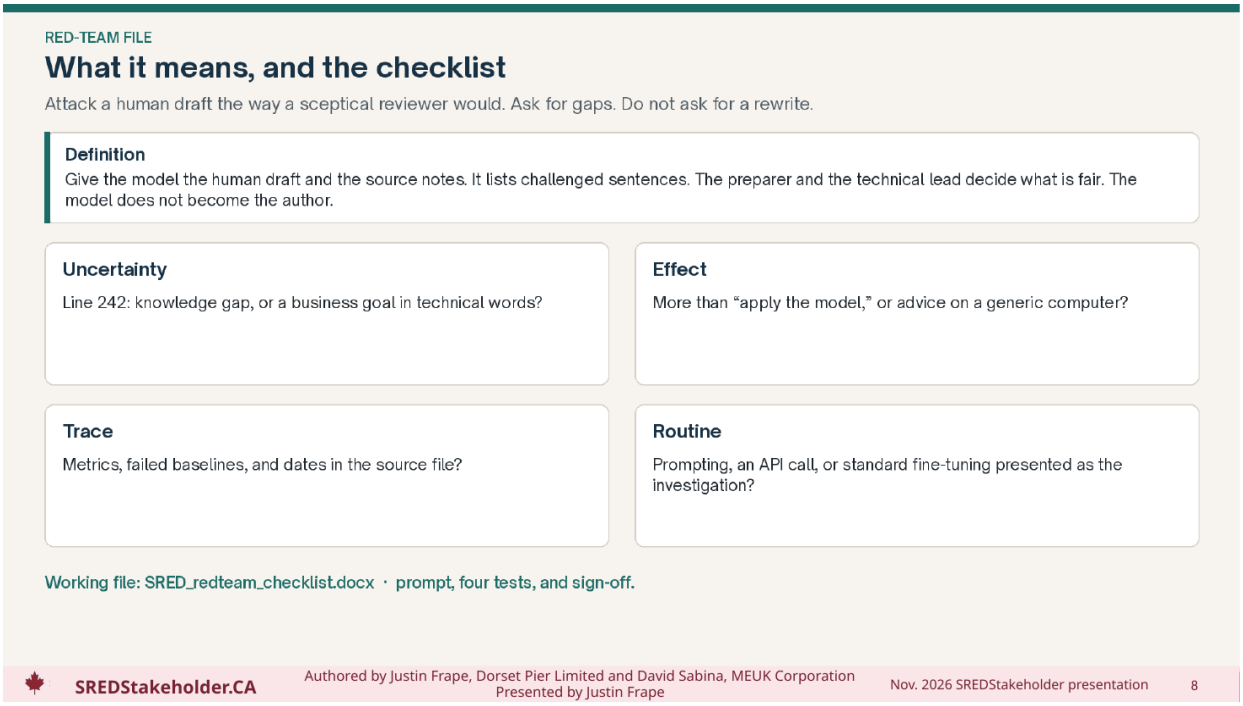
Performer. Good: hypothesis, measurable objective, plan, logged result; prior art with citations opened; quantified constraints; interpret real tables; file suggestions beside the log. Neutral: rephrase only after checking figures; record only branches that were run; screen the plan with Alice/Mayo, Schlumberger, COMVIK. Bad: story after the fact; invented citations; routine API call labelled uncertainty; unpublished methods on a public tool; model as inventor or witness.



Preparer. Good: extract into the word budget; red-team for gaps; map every sentence to a dated artifact; refuse prompting and standard fine-tuning as experimental development. Neutral: critique a human draft; align with a patent disclosure; Part 9 names the human; no general duty to disclose the tool; internal note, then recheck. Bad: author Lines 242–246 from a prompt; invented metrics; same voice across clients; client certifies untraceable text.



Red-team means attack the narrative, do not rewrite it. Give the model the human draft and the source notes. Four questions follow on the next slide and in the checklist file.



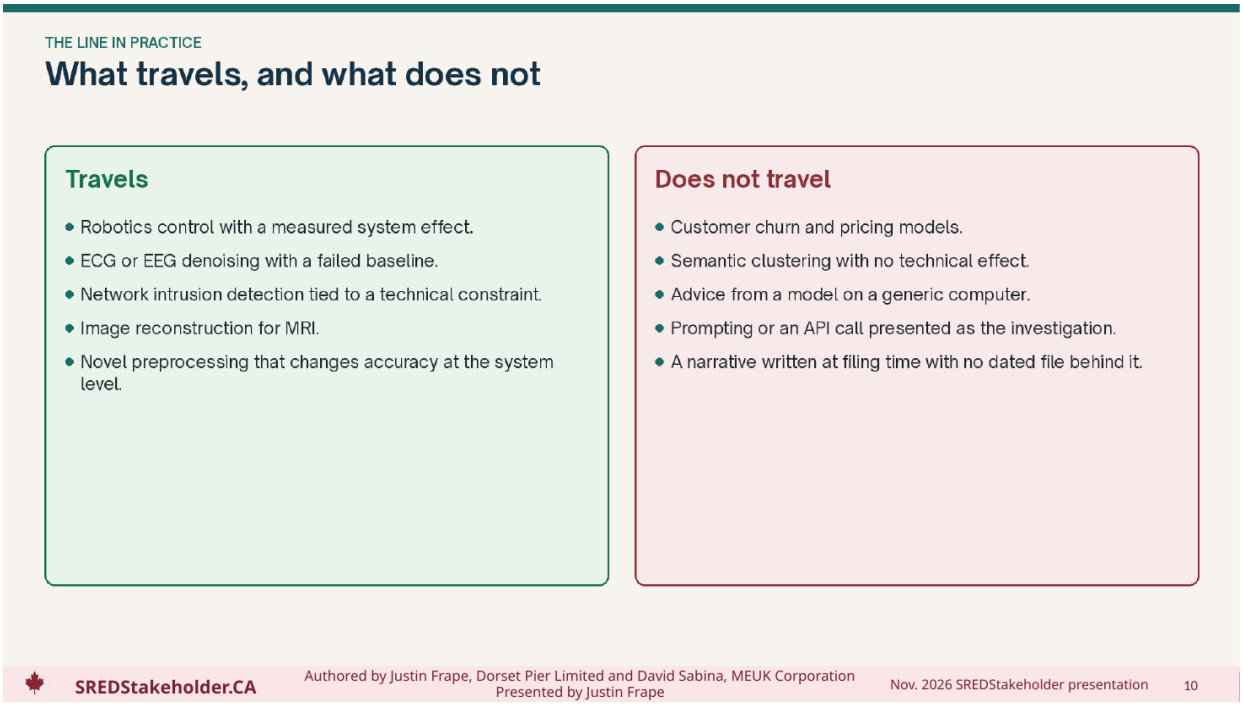
Red-team file. Definition: the model lists challenged sentences; the preparer and technical lead decide; the model does not author the replacement. Four tests: uncertainty, effect, trace, routine. Hand out SRED_redteam_checklist.docx. It contains the definition, the four tests, a prompt that forbids invention of metrics or papers, and a sign-off block. Use it before the technical lead signs.

FIVE OFFICES

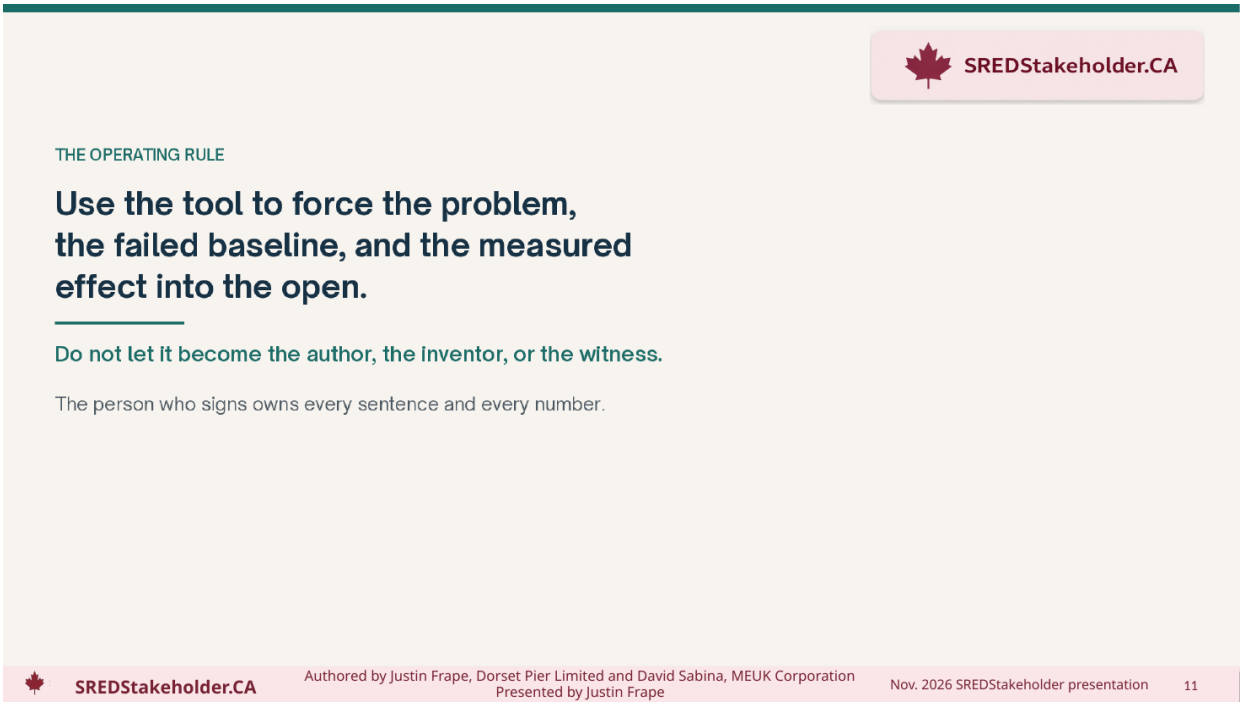
Same three questions, different names

	Canada	United States	EPO	UK / Japan
Drafting	No ban. Signer responsible.	Allowed. Disclose only if material.	Tool does not excuse content.	No ban. Filer responsible.
Inventor	Natural person.	Natural person. AI is a tool.	Must be a natural person.	Human only.
Test	Schlumberger question.	Alice/Mayo §101.	COMVIK. Technical features only.	Contribution / technical idea.
Disclosure	T4088 contemporaneous record.	§112 and a reasonable inquiry.	Art. 83. Training data if needed.	Enable the effect. Validate.

Five offices, three questions: who may invent, what counts as a technical contribution, who owns the text. Canada: no ban, Schlumberger, T4088. US: Alice/Mayo, §112, disclose only if material. EPO: COMVIK, Article 83, tool does not excuse content. UK contribution test; Japan technical idea and validation. SR&ED exists only in the Canada column.



Travels: robotics control, ECG/EEG denoising, intrusion detection, MRI reconstruction, novel preprocessing with a system effect. Does not travel: churn and pricing, semantic clustering, advice from a model, prompting presented as the investigation, a filing-time narrative with no dated file. The test is the effect and the record, not the label.



Close. Use the tool to force the problem, the failed baseline, and the measured effect into the open. Do not let it become the author, the inventor, or the witness. Monday: performers log the failed run while the work is open. Preparers extract and red-team using the checklist. Part 9 still names the human.

SREDStakeholder.CA

Best AI Tools for Scientific Research & SR&ED

Research quality • Productivity • Confidentiality • Practical tool selection

A function-first guide for Canadian researchers and SR&ED claimants

Research quality
Evidence & verification

Productivity
Structured workflows

Confidentiality
Secure deployment

Selection
Task-specific toolkits

Authored & presented by David Sabina, MEUK Corporation

Nov. 26, 2026 • SREDStakeholder.ca webcast

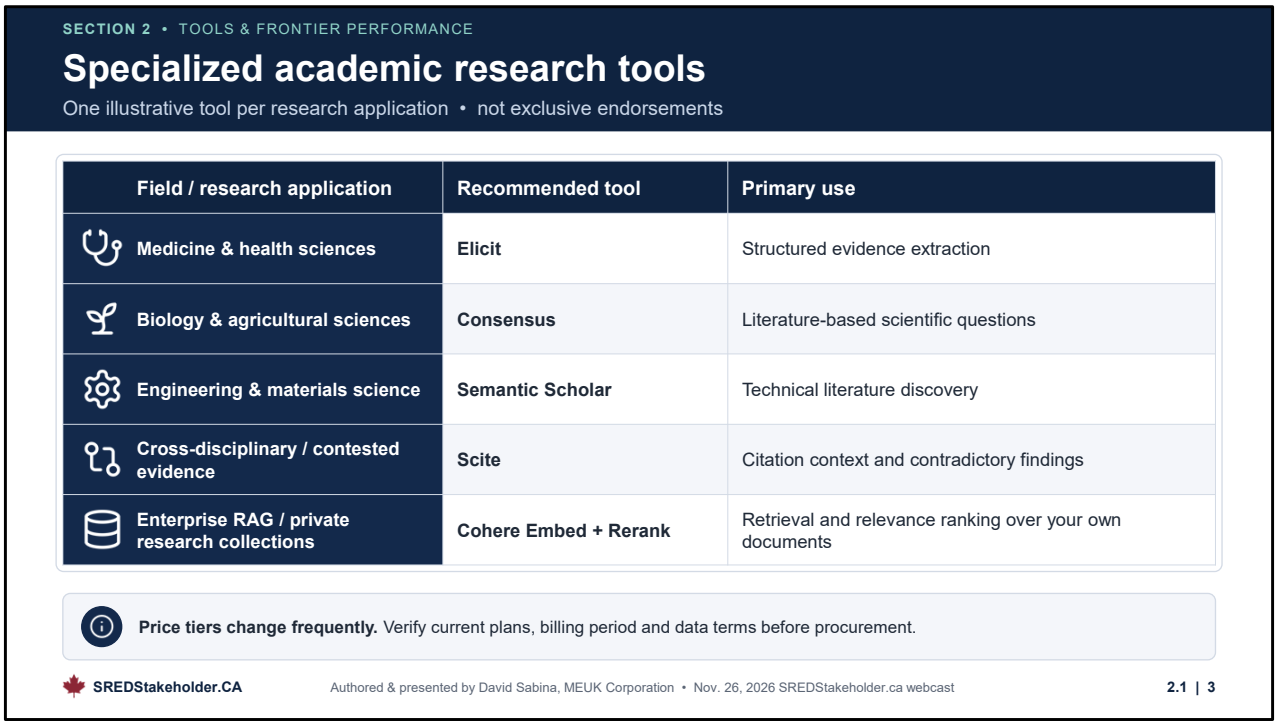
1

Presentation contents

Five sections • scientific research and SR&ED

1	**Research framework**	Research quality, human–AI collaboration, and academic evidence
2	**Tools & frontier performance**	Academic overlays, Cohere, model families and specialized benchmarks
3	**Maximizing research performance**	Prompting, extraction, validation and multi-model workflows
4	**Confidentiality & deployment**	Canadian providers, deployment tiers and inference harnesses
5	**Customization & SR&ED**	Model weights, harness modifications, qualifying uncertainty and takeaways

The presentation groups tools by research function, evaluation quality, deployment confidentiality, and potential SR&ED. Benchmarks are directional, not substitutes for project-specific tests.



One illustrative recommendation is provided for each of five research applications; these are not exclusive endorsements. Elicit supports structured extraction from scholarly studies (elicit.com). Consensus supports literature-grounded scientific questions (consensus.app). Semantic Scholar offers scholarly search and citation metadata (semanticscholar.org). Scite adds citation-context analysis (scite.ai). Cohere Embed and Rerank are enterprise retrieval and reranking models rather than independent academic literature databases: users must supply or connect an authorized document corpus (cohere.com). Tool capabilities, pricing and data-handling terms should be checked for the selected deployment.

SECTION 2 • TOOLS & FRONTIER PERFORMANCE

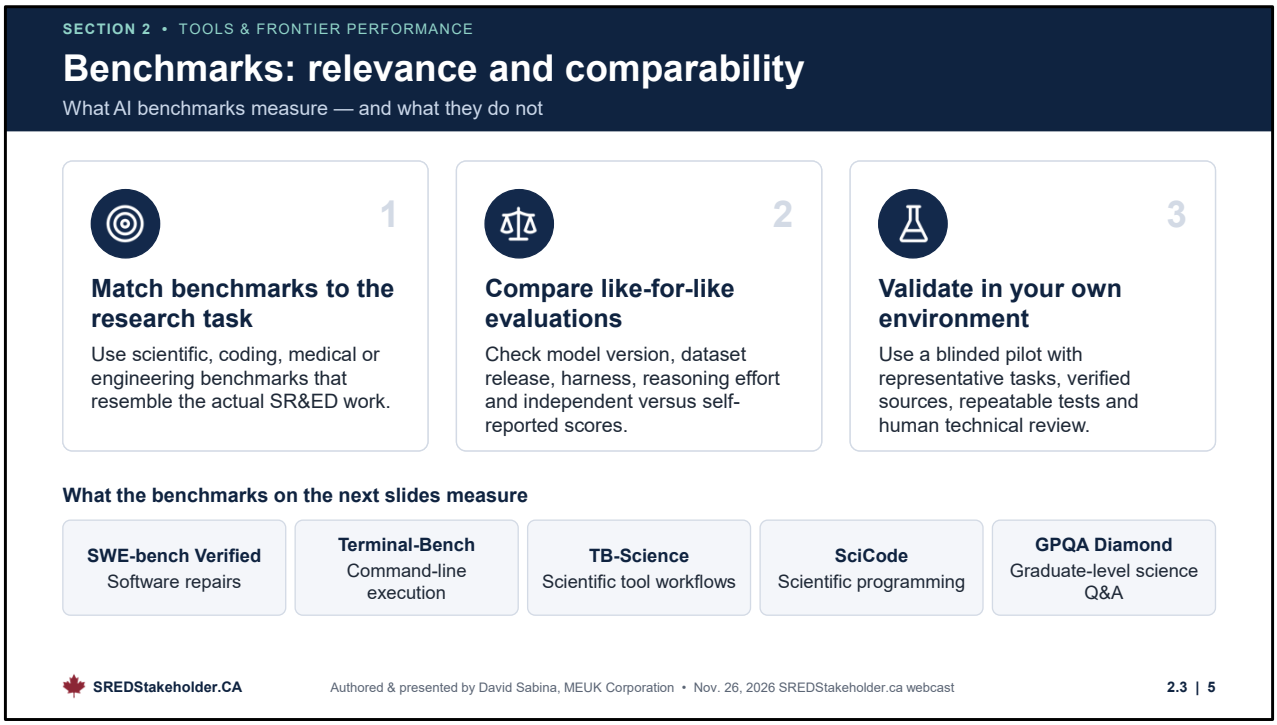
Why combine academic overlays with frontier models?

What a specialized research index adds to a general-purpose model

Function	Frontier model alone	Overlay + frontier model
Discover evidence	Flexible web and scholarly searches	Specialized indexes and citation networks
Evaluate literature	Summarize selected papers	Screen studies; extract methods and outcomes
Check competing claims	Prompt for contrary findings	Citation context and systematic comparisons
Develop hypotheses	Reason, model, code and plan	Reason over a curated, traceable evidence base
Document SR&ED	Record reasoning and actual tests	Retain search strategy, sources and decisions

Use an overlay when it adds coverage, extraction, citation context or reproducibility; direct model retrieval may suffice for simple questions.

Academic search services can add scholarly indexing, citation networks, extraction fields, and reproducible review workflows. Frontier models may also retrieve papers directly; the additional value of an overlay depends on coverage, source fidelity, extraction quality and cost. Neither approach guarantees that a citation supports the claim made. Sources: https://www.semanticscholar.org/ ; https://elicit.com/ ; https://scite.ai/



Benchmark results measure distinct tasks in different research domains. SWE-bench Verified concerns repository-level software repairs. Terminal-Bench concerns command-line tools and multi-step execution. Terminal-Bench-Science targets scientific tool workflows. SciCode concerns numerical and scientific programming. GPQA Diamond measures graduate-level questions in physics, chemistry and biology. Results depend on benchmark version, model configuration and evaluation setup. These tests do not establish literature-retrieval fidelity or the validity of actual experiments. Cohere Command A+ figures on the following slides are supplied estimates, because directly comparable verified results were not established for this specific benchmark set. Sources: https://www.swebench.com/ ; https://www.tbench.ai/ ; https://scicode-bench.github.io/ ; https://livebench.ai/ ; https://docs.cohere.com/docs/command-a-plus

SECTION 2 • TOOLS & FRONTIER PERFORMANCE

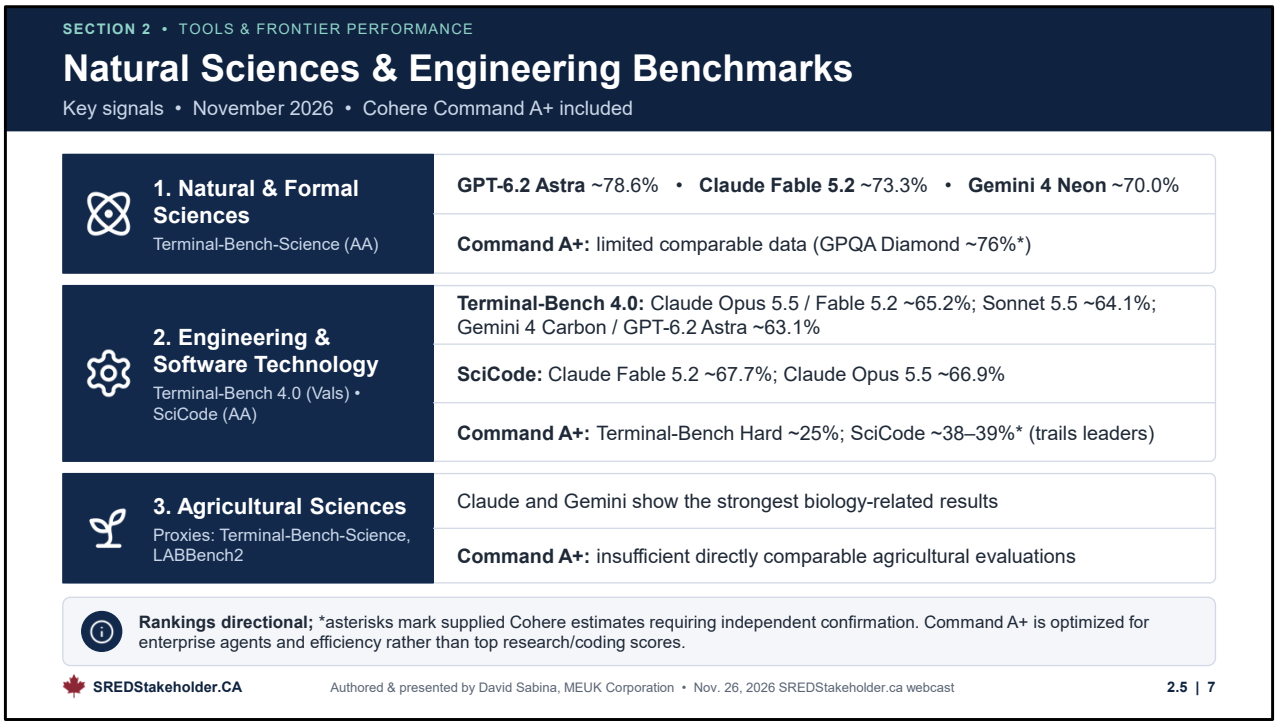
Frontier AI: Benchmark Performance Comparison

Reported approximate scores • November 22, 2026 • different versions, harnesses and test setups

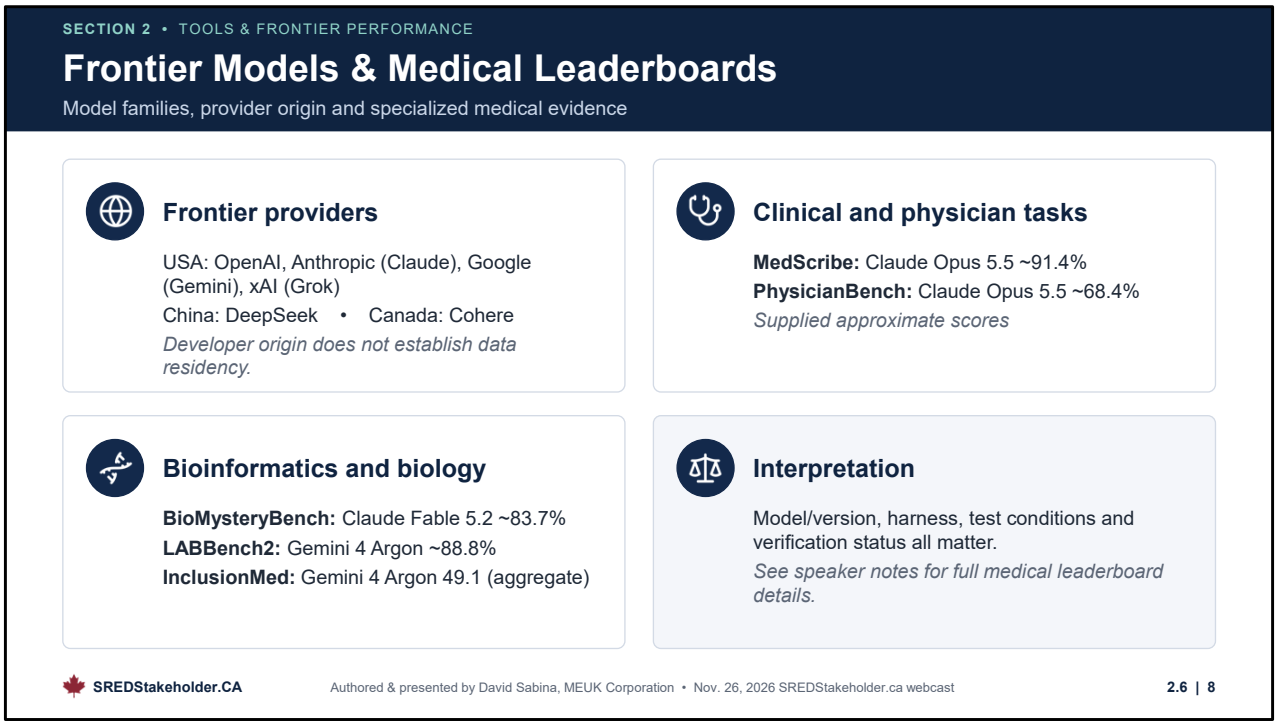
Benchmark	Grok (4.6 / 4.7)	Claude (Fable / Opus)	OpenAI (GPT-6.x)	Gemini (4 series)	DeepSeek (V4 Pro)	Cohere (Command A+)
SWE-bench Verified	~95.6%	~95–96%	~96%	~75–81%	~96.4%*	Limited data
Terminal-Bench 4.x	~20–38%	~65%	~63%	~63%	~15–32%	~1–25%*
Terminal-Bench-Science	~7–14%	~73%	~78%	~70%	~10–16%	Limited data
SciCode	~57%	~63–67%	~56–58%	~62%	~50–55%	~38–39%*
GPQA Diamond	~93%	~93–96%	~96%	~94–97%	~92%	~76%*
Provider country	USA	USA	USA	USA	China	Canada

- Scores are approximate and vary by agent harness, reasoning effort and evaluation setup — do not compare across harnesses.
- *Cohere and DeepSeek figures shown are supplied estimates, not independently verified.
- Cohere emphasizes enterprise agents and efficient private deployment; missing scores are not zeros.
- Provider country is not the same as data-hosting location.

Benchmark figures are approximate compilations supplied for November 22, 2026. SWE-bench Verified evaluates software issue resolution; Terminal-Bench evaluates terminal-based agent execution; Terminal-Bench-Science addresses scientific workflows; SciCode examines scientific programming; GPQA Diamond measures challenging graduate-level scientific knowledge. Results depend on harness, reasoning effort, model version and independent versus self-reported evaluation. Cohere Command A+ has a different enterprise-oriented performance profile; unverified scores should not be interpreted as independently established. Reference sites include https://www.swebench.com/ and https://www.tbench.ai/ .



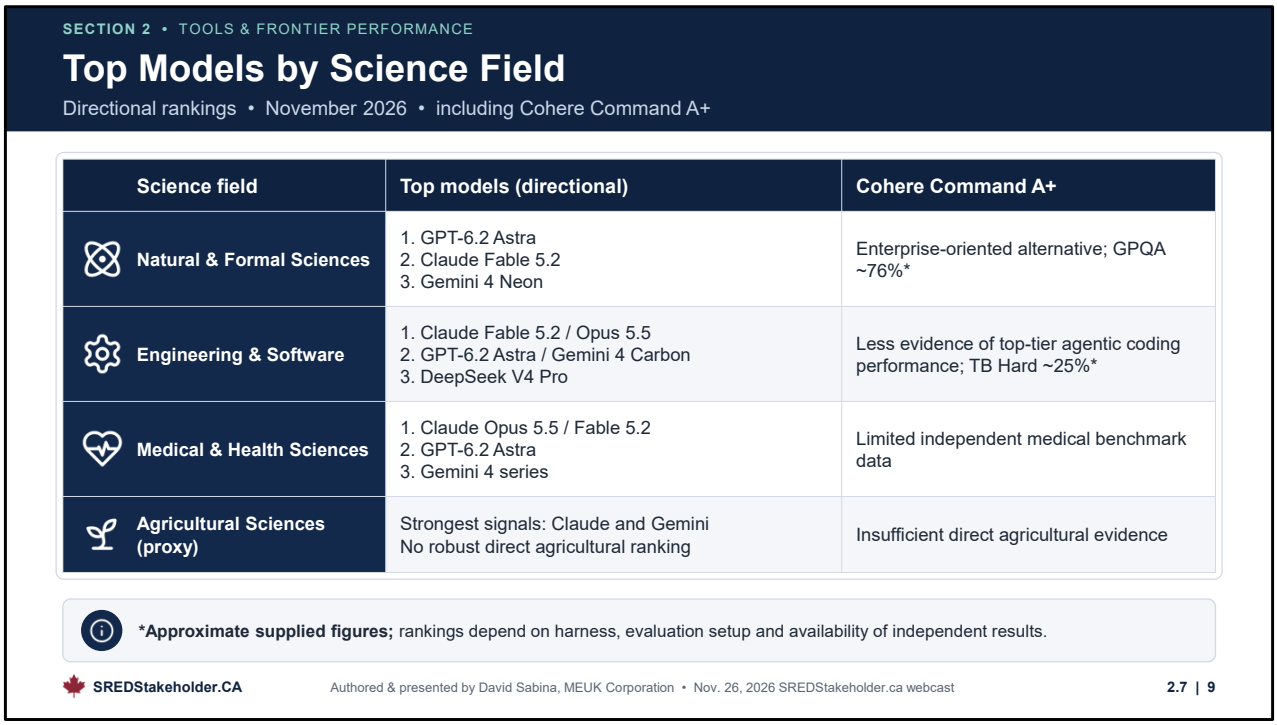
Terminal-Bench-Science relates to scientific terminal workflows, while Terminal-Bench 4.0 evaluates agentic execution in technical environments. SciCode tests scientific coding and is grouped under engineering and software technology. Agricultural comparisons use life-science proxy benchmarks rather than direct agricultural task evaluations. Cohere Command A+ should be compared for enterprise retrieval, agent and deployment requirements as well as raw benchmark results.



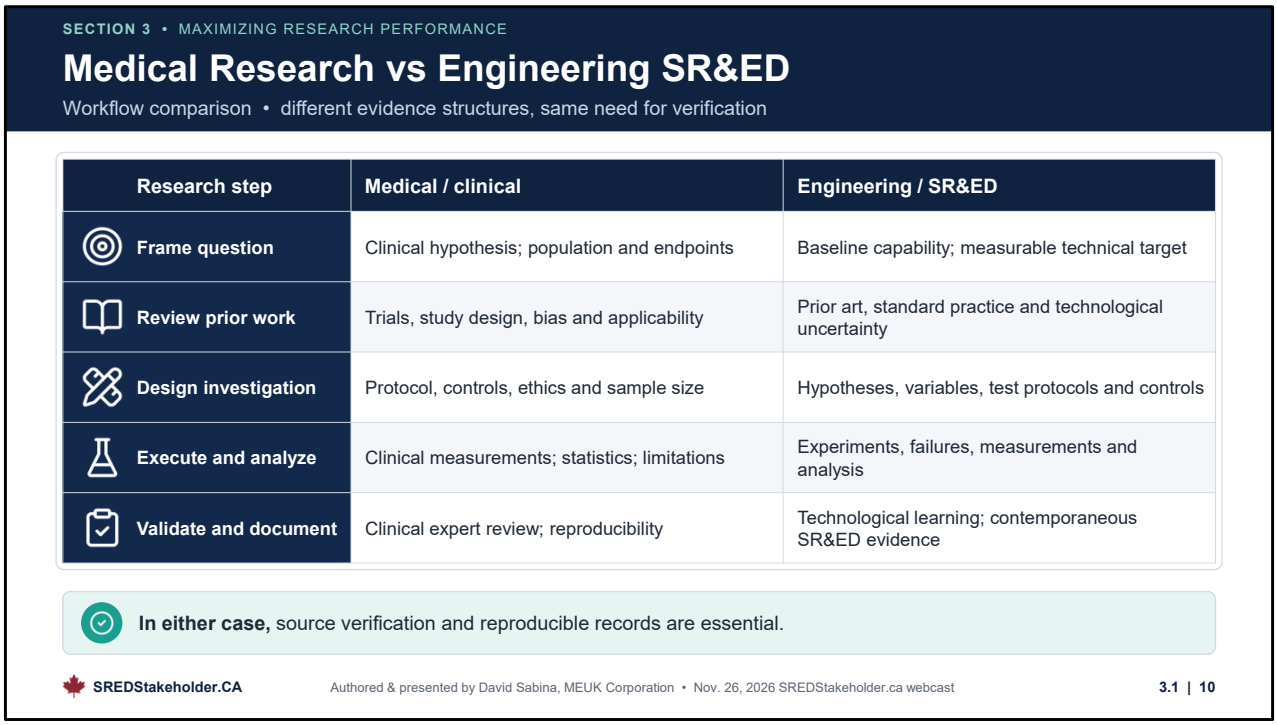
Frontier-model comparison as of November 22, 2026. The provider country is the location of the developer, not a statement of the location of inference, storage or training. Cloud processing locations depend on region, platform, routing, contract and enterprise configuration. Cohere is headquartered in Canada. Command A+ (released May 20, 2026) is a 218-billion-total / 25-billion-active parameter mixture-of-experts model with a 128K context window, 48 supported languages, vision input, tool use and reasoning. Its model weights are offered under Apache 2.0, and Cohere documents private deployment options. The other model-family names are retained from the proposed preview and should be verified against each developer's current official release notes before public presentation. Sources: https://docs.cohere.com/docs/command-a-plus ; https://docs.cohere.com/v2/changelog/command-a-plus-05-2026 ; https://cohere.com/models-overview .

Medical leaderboard detail:

MedScribe concerns clinical note generation; PhysicianBench concerns electronic health record and physician workflows; BioMysteryBench tests agentic bioinformatics investigations; LABBench2 concerns biology research with literature, databases and bioinformatics; InclusionMed is an aggregate medical portfolio. Scores shown are supplied approximations, not a single independently normalized evaluation. Clinical performance cannot establish medical safety or suitability without validation and professional oversight.



The model rankings are directional and drawn from different evaluation harnesses and sources. Natural/formal sciences, engineering/software, medical/health, and agricultural sciences differ in their task distributions. The Cohere column reflects the supplied approximate benchmark context, not a complete independent ranking. Field-specific pilots and source verification remain necessary.



Clinical research and engineering SR&ED require different evidence structures. Clinical work commonly emphasizes study design, endpoints, confounding, ethics and interpretation; engineering work emphasizes technological uncertainty, experimental variables, measured performance and technological advancement. In either case, source verification and reproducible records are essential. Source: CRA SR&ED program guidance: https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program.html

SECTION 4 • CONFIDENTIALITY & DEPLOYMENT

Confidentiality: Deployment Tiers for AI Models

Match the deployment tier to the sensitivity of the research data

Tier	Typical controls	Example providers / deployment	Residual risk	Most relevant to
Tier 1 **Consumer**	Settings + data minimization	ChatGPT; Claude; Gemini (consumer plans)	Vendor-policy exposure	Open research; avoid proprietary or regulated data
Tier 2 **Enterprise / API**	Contract, retention limits, access controls	OpenAI API / Enterprise; Anthropic Claude Enterprise; Google Vertex AI	Configuration and processor risk	Organizations needing stronger assurance
Tier 3 **Private hosting**	Approved Canadian / private infrastructure	Cohere private deployment; Azure-hosted models; self-hosted open models	Operations, backups, access controls	Institutions requiring stronger residency or control
Tier 4 **Offline**	Local models + restricted networking	Ollama; LM Studio; Open WebUI with locally deployed models	Device, logs and physical access	Highest-sensitivity research; local security burden

Illustrative tiers, not formal security ratings. Verify contracts, logging, subprocessors, region and institutional approvals.
Private hosting ≠ automatic Canadian residency. Offline systems still carry endpoint, supply-chain and physical risks. Source: cyber.gc.ca

Deployment tiers describe different technical and contractual control arrangements, not security ratings. Consumer tools generally require strong data minimization. Enterprise services may offer contractual retention limits, access controls and audit features. Private hosting can improve operational control, but Canadian vendor headquarters alone do not guarantee Canadian data residency. Cohere deployment and regional availability must be checked for the specific product and agreement. Offline deployments reduce external data transmission but shift patching, access control, monitoring and hardware security responsibilities to the organization. Source: Canadian Centre for Cyber Security, https://www.cyber.gc.ca/ ; vendor service and contractual documentation.

SECTION 4 • CONFIDENTIALITY & DEPLOYMENT

AI Inference Harnesses: Functions and Trade-offs

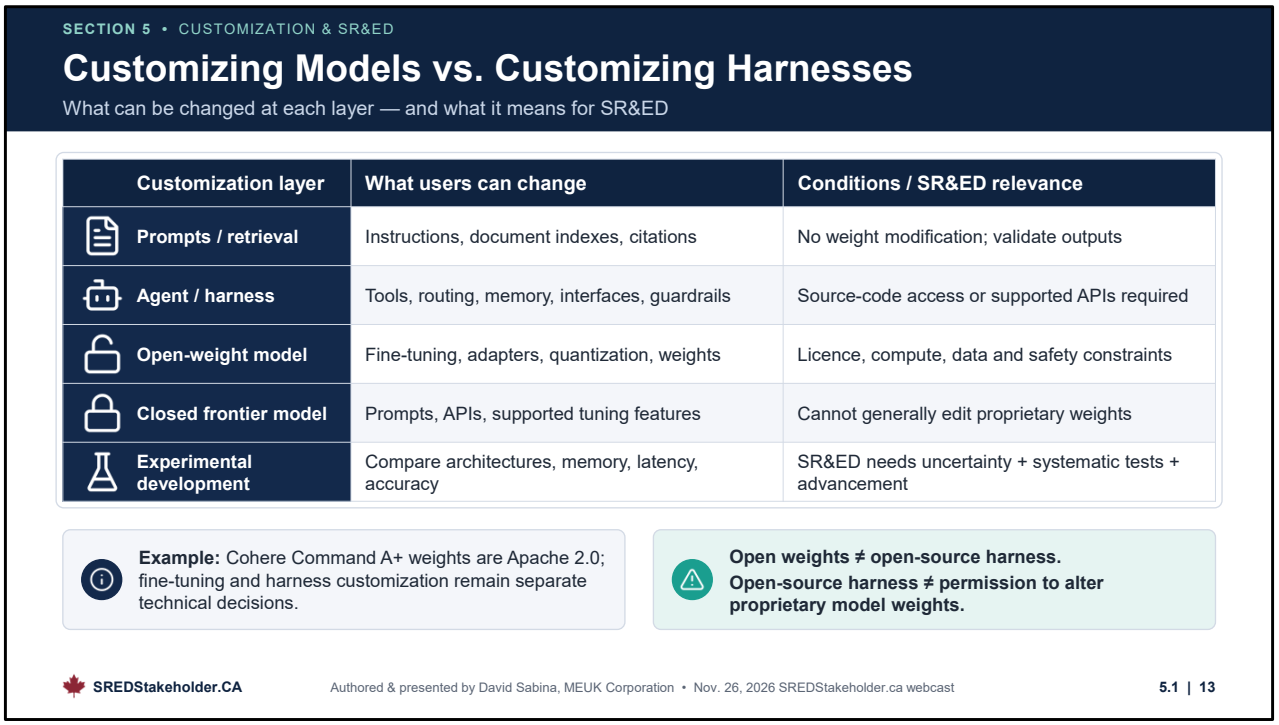
Local and low-memory options for running models

Harness = software that loads a model, manages memory and inference, exposes interfaces, and may orchestrate tools or agents.

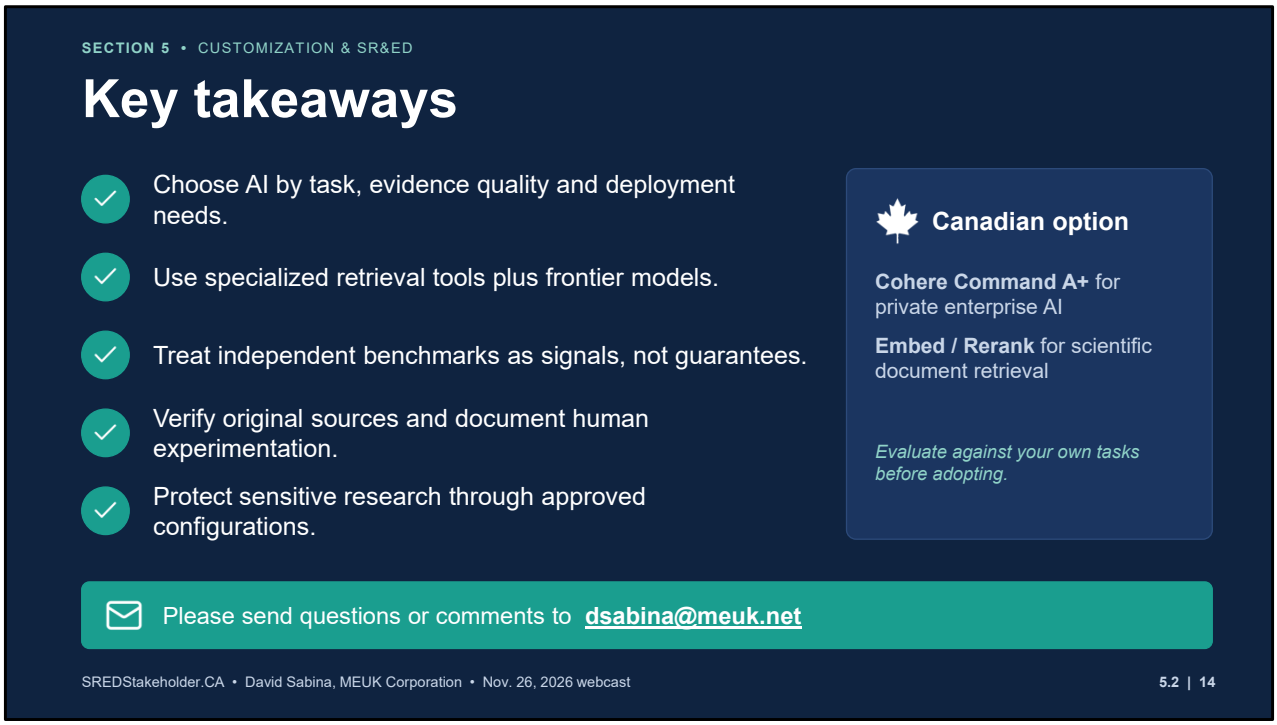
Harness / layer	Why choose it	Trade-off / caution
Ollama	Easy local model serving and API	Compatibility / performance vary
LM Studio	Desktop model testing and GUI	Less suited to complex production orchestration
Open WebUI	Customizable chat / retrieval interface	Not itself a low-memory inference engine
AirLLM	Layer / expert streaming for limited VRAM	Storage I/O and latency; model support varies
Colibri+ / AirColibri*	Experimental tiered / streamed low-memory execution	Immature support; verify project and benchmarks

***Naming and implementations vary; AirColibri is explicitly experimental.** Low VRAM does not mean low total compute or fast execution.

An inference harness is the software surrounding a model: loading model files, allocating memory, tokenization, inference scheduling, caching, quantization support, API serving and sometimes tool or agent orchestration. Ollama emphasizes simple local serving; LM Studio emphasizes desktop model exploration; Open WebUI is a user interface and orchestration layer rather than a memory-saving inference engine. AirLLM streams layers to reduce GPU-memory needs, potentially increasing storage I/O and latency. Colibri-related implementations require project-specific verification of supported hardware, licenses and performance. Harness code can be modified when source and license permit, or extended through APIs. Model weights are independently governed by their own licenses. Cohere Command A+ weights are Apache 2.0, but local deployment has significant GPU requirements (Cohere documents 1 B200 or 2 H100 at W4A4); low-memory harness claims must not be assumed to make this model run efficiently on ordinary laptops. Sources: https://docs.cohere.com/docs/command-a-plus ; https://ollama.com/ ; https://lmstudio.ai/ ; https://openwebui.com/ ; https://github.com/IRIADA/airllm .



Model weights are learned numerical parameters. Open-weight availability may permit local execution and, depending on license, fine-tuning, quantization or modification. A harness is software around the model: an open-source harness can often be changed independently of the weights. A proprietary hosted model may permit prompt engineering, retrieval, function calling and supported fine-tuning without allowing direct weight access. Conversely, a model's open weights do not guarantee the associated runtime or service is open source. SR&ED eligibility is not established by customization alone; technological uncertainty, systematic investigation and technological advancement must be supported by evidence. Source: https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program.html



The principal selection factors are evidence quality, task fit, model access and deployment controls. Cohere offers an additional Canadian option: Command A+ for enterprise reasoning and agents, and Embed 5 / Rerank 5 for document retrieval. Its general-purpose benchmark standing should be tested rather than assumed. Sources: https://docs.cohere.com/docs/command-a-plus ; https://docs.cohere.com/docs/rerank .

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SECTION 5 • MEDICAL RESEARCH

Medical Professional Corporation SR&ED Claims

Sources, project grouping, funding rationale, and salary rules

Income Tax Act s. 248(1) definition of SR&ED and CRA SR&ED Eligibility Policy (technological advancement through systematic investigation). Medical professional corporations are treated as corporations for SR&ED purposes; see CRA guidance on claims by medical professional corporations and the approach accepted in Andre Lamy Medicine Professional Corporation v. The Queen.

1. SOURCES FOR CLAIMS

What can support an SR&ED claim?

Source	Strength	Typical use
Tithes payments	Strongest / easiest	Hospital letter or slip; establish SR&ED relationship and applicable expenditure treatment.
Personal / lab notes & protocols	High	Uncertainty, hypotheses, methods and results.
Hospital / institutional records	High	Ethics, protocols and time logs; context and support.
Peer-reviewed papers	Supporting	Outcomes and advancement; secondary to contemporaneous records.

Tithes: confirm the applicable claim route and documentation requirements.

Tithes (or equivalent hospital-supported research payments) are generally the most straightforward basis for an SR&ED claim. They do not require a detailed project description beyond confirmation that the underlying work was SR&ED-related. A letter or slip from the hospital where the work was performed is normally sufficient support.

For other sources, CRA Form T4088 (Guide to Form T661) emphasizes that dated records generated during the work provide the best support for the work claimed on Lines 242, 244 and 246. Peer-reviewed publications may illustrate technological advancement but do not replace contemporaneous evidence of systematic investigation required under the SR&ED definition in ITA s. 248(1).

Qualification: the proposed simplified tithes treatment is not independently verified; confirm payment classification and applicable CRA reporting requirements.

2. RATIONALE FOR CLAIMS & FUNDING

Common medical funding patterns

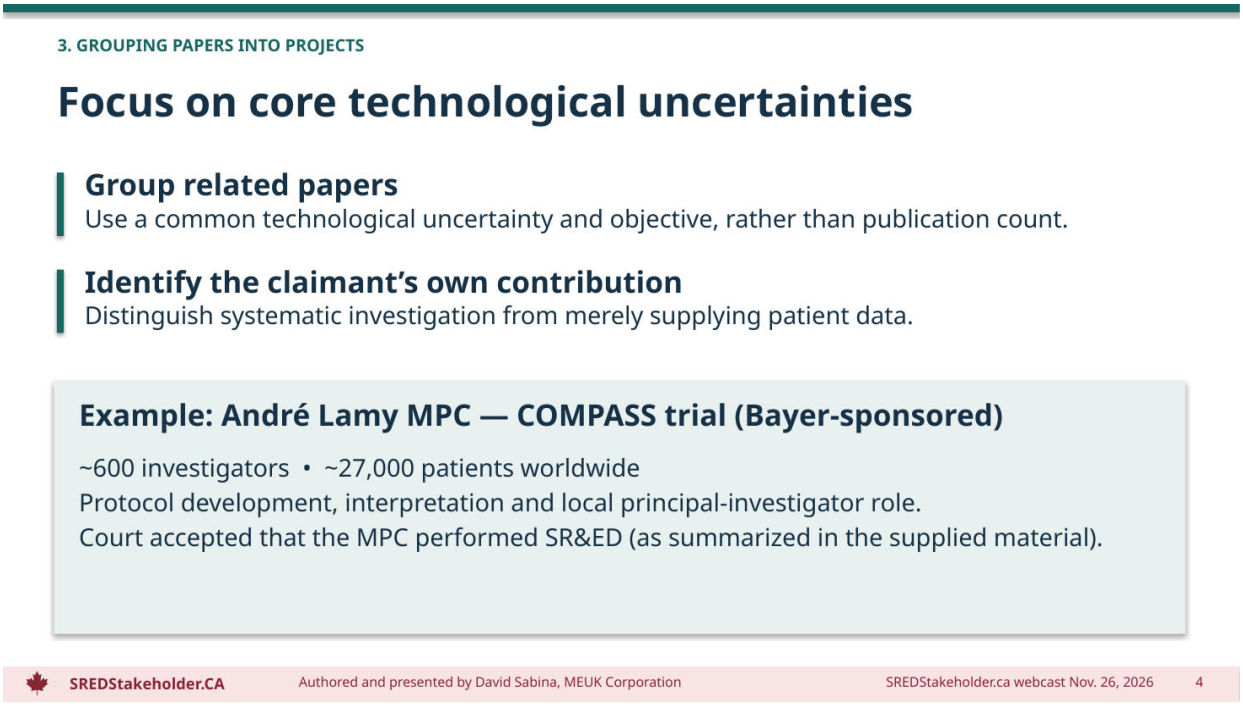
Hospital and grant funding
Often covers materials, support staff and infrastructure not claimed by the MPC.

Physician research time
Frequently uncompensated or only partially compensated; claimed wages must be incurred.

Clinical work
May support SR&ED when directed at resolving technological uncertainty.

Funding breakdown
Separate clinical, AFP, research, SR&ED and other funding; identify amounts paid and contributed.

CRA SR&ED Salary or Wages Policy and Traditional and Proxy Methods Policy address the treatment of expenditures. Grants and funding that reimburse materials or support staff do not automatically create or preclude a claim for the physician's own salary or wages incurred for SR&ED. The claimant must still demonstrate that the work meets the definition of SR&ED in ITA s. 248(1) and that the claimed expenditures were incurred in the prosecution of SR&ED (ITA s. 37(8)).



CRA SR&ED Project Eligibility Policy and the requirement for technological uncertainty under ITA s. 248(1). In multi-investigator studies, the claimant must show that its own work involved systematic investigation directed at resolving technological uncertainty, not merely the provision of data. The approach in Andre Lamy Medicine Professional Corporation v. The Queen illustrates acceptance of protocol-level and interpretive contributions by a medical professional corporation.

4. SALARIES — SPECIFIED EMPLOYEES

Specified employees: annual limits

Generally ≥10% of any class of shares, or related persons (see statutory definition).

Limit	2026 YMPE	Maximum
SR&ED wages (traditional method)	$74,600	5× = $373,000
Salary base for proxy (PPA)	$74,600	2.5× = $186,500
Non-specified employees	—	No specified-employee annual cap

- Bonuses and profit-based remuneration excluded for specified employees (ITA s. 37(9)).
- Proration and allocation among associated corporations apply as required (T1174).

ITA s. 37(9.1) and CRA SR&ED Salary or Wages Policy, section 6.1.1: the amount that may be claimed as salary or wages of a specified employee is limited to five times the Year's Maximum Pensionable Earnings (YMPE) for the calendar year in which the taxation year ends, prorated as required. The salary base used for the prescribed proxy amount is limited to 2.5 times YMPE (Income Tax Regulations). Bonuses and remuneration based on profits of specified employees are excluded under ITA s. 37(9). Associated corporations must allocate the salary or wages using Form T1174.

4b. LUMP-SUM / YEAR-END PAYMENTS

Risk of characterization as a bonus

Monthly salary	Annual regular pay	Intended annual salary
$20,000	$240,000	$480,000

CRA concern
A $240,000 year-end top-up may be treated as a bonus or profit-based remuneration.

Fixed annual salary
Evidence of an intended $480,000 salary independent of profits may support characterization as wages, subject to caps.

Contemporaneous documentation
Employment agreement, board resolution and consistent payroll pattern.

ITA s. 37(9) excludes from SR&ED expenditures any bonus or remuneration based on profits paid to a specified employee. CRA SR&ED Salary or Wages Policy confirms that such amounts are not included in the R&D expenditure pool or in the calculation of the R&D hourly rate for specified employees. Contemporaneous evidence of a fixed annual salary arrangement (rather than a profit-dependent year-end adjustment) is relevant to the characterization of the payment.

SUMMARY

Key takeaways

1. Evidence
Contemporaneous records and hospital-supported tithes; confirm applicable claim requirements.

2. Funding
Clarify funding sources and amounts attributable to physician research time.

3. Projects
Group by technological uncertainty; document specific contributions (Lamy example).

4. Salary limits
$373,000 wages / $186,500 proxy salary base under the supplied 2026 assumptions.

5. Year-end payments
Document fixed salary arrangements to distinguish them from bonuses.

Summary references: ITA s. 248(1) (SR&ED definition); CRA Form T4088 and SR&ED Eligibility / Project Eligibility policies (contemporaneous records and technological uncertainty); ITA s. 37(8) and s. 37(9) / s. 37(9.1) and CRA SR&ED Salary or Wages Policy (expenditure rules and specified-employee limits). The person who certifies the claim remains responsible for its accuracy.

SREDStakeholder.CA

AI IP Ownership

SRED Stakeholder Webcast

Benjamin Mak

Patent Attorney, Smart & Biggar

The Patent Storyteller – www.patentstoryteller.com

Agenda

1. Copyright Ownership
2. Ownership of AI Models
3. Patent Ownership
4. Trademark Ownership and AI-Generated Marks

Copyright Ownership

Human Authorship Remains Critical

U.S. copyright law protects original works of human authorship.

Purely AI-generated content is generally not copyrightable.

Human-created:

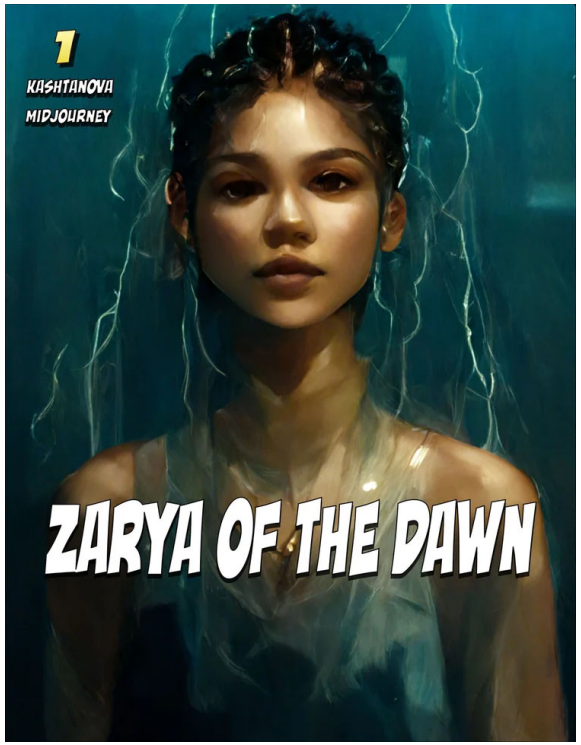
- text
- editing
- selection
- arrangement
- compilation may still receive protection.

The U.S. Copyright Office requires disclosure of AI-generated material in copyright registrations.

Copyrightability depends on the degree of human authorship embodied in the final work.

Source: U.S. Copyright Office, “Copyright and Artificial Intelligence” (AI Initiative), https://www.copyright.gov/ai/

Zarya of the Dawn



Key Facts

Graphic novel created by Kris Kashtanova.

Text, storyline, and arrangement were created by a human author.

Illustrations were generated using Midjourney.

The U.S. Copyright Office concluded that:

- text was copyrightable;
- selection and arrangement were copyrightable;
- the compilation was copyrightable.

The Midjourney-generated images themselves were not protected by copyright.

Registration was limited to the human-authored portions of the work.

Why It Matters

A single work may contain both:

- copyrightable human-authored content; and
- non-copyrightable AI-generated content.

Established one of the first major Copyright Office decisions concerning generative AI.

Source: U.S. Copyright Office, “Copyright and Artificial Intelligence” (AI Initiative), https://www.copyright.gov/ai/

Théâtre d'Opéra Spatial

Key Facts

Artwork created using Midjourney by Jason Allen.

Won first place in a Colorado State Fair digital-art competition.

Copyright registration was sought for the image.

The U.S. Copyright Office concluded that Midjourney generated the expressive elements of the work.

Prompting alone was insufficient to establish human authorship.

Registration was refused.



Why It Matters

Demonstrates the limits of copyright protection for AI-generated visual works.

Reinforces the requirement for human authorship under U.S. copyright law.

Frequently cited alongside Zarya of the Dawn as a leading AI copyright decision.

Source: U.S. Copyright Office, “Copyright and Artificial Intelligence” (AI Initiative), https://www.copyright.gov/ai/

Anthropic Books Litigation

Background

Authors and publishers alleged that Anthropic used copyrighted books to train Claude models.

The litigation distinguished between:

use of books for model training; and

acquisition and retention of allegedly pirated copies.

AI training was treated separately from how the books were obtained.

Key Issues

Whether AI training constitutes transformative fair use.

Whether possession of allegedly pirated books creates separate copyright liability.

Reported Settlement

Reported settlement amount: approximately US$1.5 billion

Reported compensation: approximately US$3,000–US$3,100 per eligible book

Why It Matters

Suggests AI model training may qualify as transformative fair use.

Demonstrates that training and data acquisition may be treated as separate legal issues.

There was no injunction award to remove these datasets (not clear if this was requested)

Sources: CourtListener, https://www.courtlistener.com/
CTV News, "Judge approves a US$1.5B Anthropic settlement over pirated books used to train the Claude chatbot," https://www.ctvnews.ca/business/article/judge-approves-a-us15b-anthropic-settlement-over-pirated-books-used-to-train-the-claude-chatbot/

News Publishers v. OpenAI

Allegations

Unauthorized use of copyrighted journalism.

AI model training using publisher content.

Reproduction of publisher content through AI outputs.

Harm to publisher licensing and subscription markets.

Key Legal Issues

Fair use.

Licensing rights.

Market substitution.

Output infringement.

Training-data rights.

Why It Matters

Could significantly influence future AI-content licensing models.

AI companies may be charging ahead and paying penalties later

Sources: CourtListener, https://www.courtlistener.com/
U.S. District Court for the Southern District of New York, https://www.nysd.uscourts.gov/

Ownership of AI Models

AI Models as Intellectual Property

AI models generally consist of:

- model weights
- parameters
- architectures
- training methodologies

Model weights themselves may not qualify for copyright protection because they may not constitute human-authored expressive works.

Copyright may protect:

- source code
- documentation
- training materials
- copyrighted datasets

Sources: U.S. Copyright Office, "Copyright and Artificial Intelligence" (AI Initiative), https://www.copyright.gov/ai/
U.S. Patent and Trademark Office, "Artificial Intelligence Resources," https://www.uspto.gov/artificial-intelligence

Protection Strategies

AI developers commonly rely upon:

Trade secrets

NDAs

Confidentiality agreements

Licensing agreements

API access controls

Open-source models generally rely on licensing frameworks governing use and redistribution.

Why It Matters

Trade secrets often provide the primary protection mechanism for foundation models.

Public disclosure of model weights may eliminate trade-secret protection.

Contractual restrictions often provide stronger protection than copyright.

Patent Ownership and Inventorship

Fundamental Principles

Patent ownership generally follows inventorship and assignment principles.

Inventors must be natural persons.

AI systems may be used as tools during the inventive process.

The use of AI does not create a different inventorship test.

Key Principle

Traditional U.S. patent law governs inventorship regardless of whether AI was used.

DABUS (Thaler v. Vidal)

Background

Stephen Thaler filed patent applications naming DABUS as the sole inventor.

The USPTO rejected the applications.

Holding

The Federal Circuit held that inventors under the Patent Act must be natural persons.

AI systems cannot be named as inventors.

Why It Matters

Clarifies who may be an inventor.

Does not prohibit patents covering AI-assisted inventions.

Source: Federal Circuit, Thaler v. Vidal, decision dated Aug. 5, 2022, https://law.justia.com/cases/federal/appellate-courts/cafc/21-2347/21-2347-2022-08-05.html

USPTO Revised Inventorship Guidance (Nov. 28, 2025)

Key Changes

USPTO rescinded the February 2024 AI inventorship guidance.

The AI-specific inventorship framework was withdrawn.

The same legal standard applies whether or not AI is used.

There is no separate inventorship standard for AI-assisted inventions.

AI systems are treated as tools, not inventors.

Why It Matters

Returns inventorship analysis to traditional patent-law principles.

Eliminates reliance on the withdrawn AI-specific framework.

Sources: Federal Register, "Revised Inventorship Guidance for AI-Assisted Inventions" (Nov. 28, 2025), https://www.federalregister.gov/documents/2025/11/28/2025-21457/revised-inventorship-guidance-for-ai-assisted-inventions
U.S. Patent and Trademark Office, "Revised Inventorship Guidance for AI-Assisted Inventions" (2025), https://www.uspto.gov/subscription-center/2025/revised-inventorship-guidance-ai-assisted-inventions

Trademark Ownership and AI-Generated Marks

Key Principle

Trademark rights arise through use in commerce, not authorship.

AI-Generated Marks

AI-generated:

- names
- logos
- slogans
- branding concepts

may all function as trademarks if adopted and used by a business.

Why It Matters

Human authorship is not required for trademark ownership.

AI-generated trademarks can acquire enforceable trademark rights through use in commerce.

Registration may strengthen and expand protection.

Source: U.S. Patent and Trademark Office, "Trademark Basics," https://www.uspto.gov/trademarks/basics

fundica

SREDStakeholder.CA

Beyond SR&ED: New Funding Opportunities for Canadian Innovators

New and expanded government funding opportunities in 2026

Grants, contributions and other support for R&D, innovation and business growth.

Authored & presented by Lioba Reeve, Fundica

November 26, 2026 • SREDStakeholder.ca webcast

What is Changing in Canada's Funding Landscape?

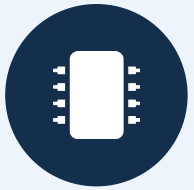
Three key areas of opportunity



01

Industrial Resilience

Diversifying markets, modernizing production and responding to trade pressures.



02

AI & Productivity

Developing, adopting and commercializing advanced technologies.



03

Defence & Dual-Use Innovation

Supporting defence-related R&D, dual-use technologies, industrial capacity and supply-chain integration.

Strategic Response Fund
Canada Strong Diversification Fund

Innovation, Science and Economic Development Canada

Grant | All of Canada | No Deadline

STREAM 1
Adapting, Pivoting and Diversifying the Canadian Economy

MINIMUM FUNDING
$10M

ELIGIBLE EXPENDITURES
Any costs

Stream 1 of the Canada Strong Diversification Fund provides support to Canadian businesses significantly affected by U.S. tariffs for projects that adapt operations, diversify markets and strengthen domestic production. Eligible projects may include developing new products or technologies, investing in productivity and materials, and retooling operations for alternative markets. Support is available to businesses in sectors including aluminum, automotive, forest products, steel and other tariff-affected industries.

STREAM 2
Capital Maintenance

FUNDING RANGE
$5M - $30M

ELIGIBLE EXPENDITURES
Material, Other

The Canada Strong Diversification Fund provides non-repayable Capital Maintenance funding to Canadian businesses impacted by U.S. Section 338 tariffs. Eligible projects must cost more than $20 million and can receive funding for up to two years to repair, replace or restore existing assets, including capitalized equipment and buildings. Eligible sectors include wood and paper, plastics, ICT, machinery, chemicals, food and beverage, textiles, furniture and cement.

Strategic Response Fund

Innovation, Science and Economic Development Canada

Government Loan | All of Canada | No Deadline

Business Innovation and Growth

MAXIMUM FUNDING

$10M

Up to 50% of project cost

ELIGIBLE EXPENDITURES

Any costs

The Business Innovation and Growth category of the Strategic Response Fund supports Canadian for-profit businesses and partnerships in investing, expanding, and creating jobs. Eligible recipients must manage their projects, fulfill contribution terms, report progress, and hold sufficient intellectual property rights to fully utilize project outcomes.

Collaborations and Networks

MAXIMUM FUNDING

$10M

Up to 50% of project cost

ELIGIBLE EXPENDITURES

Any costs

The Strategic Response Fund supports large, collaborative business-led projects and innovation networks that strengthen Canada's competitive advantage and drive economic growth. Funding under the collaborations and networks category supports partnerships across industry, academia, and research to develop and commercialize new technologies.

Critical Minerals

FUNDING RANGE

15% - 60%

Of project cost

ELIGIBLE EXPENDITURES

Cash flow, equipment, inventory, labor, long term assets, real estate, other

This program provides Strategic Response funding for the development of innovative, large-scale critical minerals projects that will strengthen Canada's domestic value chains. Qualifying projects are those that can advance the processing, refining, manufacturing, recycling, and reuse of critical minerals, with priority for lithium, graphite, nickel, cobalt, copper, and rare earth elements.

Regional Tariff Response Initiative (RTRI)

Regional development agencies

Regional Delivery | Terms vary by region | No Deadline

GRANT

Liquidity Assistance

MAXIMUM FUNDING

$2M - $3M

Up to 50% of project cost

ELIGIBLE EXPENDITURES

Varies by region

The Liquidity Assistance stream of the Regional Tariff Response Initiative provides non-repayable funding to incorporated, for-profit businesses across Canada facing tariff-related financial pressures. It helps businesses cover short-term liquidity needs for up to 12 months.

GRANT

Pivot Projects: Non-Repayable Funding

MAXIMUM FUNDING

$1M

Up to 50% of project cost

ELIGIBLE EXPENDITURES

Varies by region

The Pivot Projects stream of the Regional Tariff Response Initiative provides non-repayable funding to incorporated, for-profit businesses across Canada for projects that improve productivity, strengthen competitiveness and reduce exposure to future trade disruptions.

LOAN

Pivot Projects: Repayable Funding

MAXIMUM FUNDING

$1M

Up to 50%-75% of project cost

ELIGIBLE EXPENDITURES

Varies by region

The Pivot Projects stream of the Regional Tariff Response Initiative provides repayable, interest-free funding to incorporated, for-profit businesses across Canada undertaking larger-scale, transformative projects that improve productivity, strengthen competitiveness and reduce exposure to future trade disruptions.

BDC Pivot to Grow Loan

Business Development Bank of Canada (BDC)

Government Loan | All of Canada | No Deadline

Pivot to Grow Loan

FUNDING RANGE

$350K - $5M

ELIGIBLE EXPENDITURES

Any costs

This program provides loans to Canadian businesses affected by U.S. tariffs, related uncertainty or the current economic downturn. Funding can support cash flow, working capital, business repositioning and equipment investments. Eligible businesses have historically positive cash flow. They must demonstrate material negative impacts and meet the applicable export or tariff-related revenue or cost criteria.

Steel and Aluminium Industries Support Program

Business Development Bank of Canada (BDC)

Government Loan | All of Canada | No Deadline

Steel and Aluminium Industries Support Program

FUNDING RANGE

$2M - $50M

ELIGIBLE EXPENDITURES

Any

This program provides loan financing support to Canadian businesses operating in the steel, aluminum, and copper industries that have been materially impacted by U.S. tariffs. Eligible companies must operate within the steel, aluminum, or copper value chain, export to the United States, have annual revenues of at least $1 million, and have been in operation for 3 years or more. The program aims to help viable businesses maintain operations, protect jobs, and adapt to changing market conditions.

Trade Diversification Corridors Fund

Transport Canada

Grant | All of Canada | No Deadline

Trade Diversification Corridors Fund

FUNDING AMOUNT NOT SPECIFIED

ELIGIBLE EXPENDITURES

Any

The Trade Diversification Corridors Fund is a federal program delivering $5 billion in funding to improve Canada's trade infrastructure. Managed by Transport Canada, it supports projects that expand ports, rail, roads, airports, and other key trade corridors to reduce congestion and improve access to global markets. Funding may be provided as repayable or non-repayable contributions depending on the project.

Mitacs AI Advantage

Mitacs

Grant | All of Canada | No Deadline

ADOPT & AI+X

MINIMUM FUNDING PER JOB

$25K

ELIGIBLE EXPENDITURES

Salaries, Other

Mitacs AI Advantage helps Canadian organizations adopt artificial intelligence and advance AI-driven innovation through funding for student and postdoctoral placements. Its two streams support AI adoption and implementation (ADOPT) or applied AI research addressing sector-specific challenges (AI+X). Eligible partners include Canadian for-profit and not-for-profit organizations, hospitals, municipalities, and Indigenous governments working with eligible post-secondary institutions. Partner contributions are required. Funding supports paid student and postdoctoral placements, with partner contributions required.

Lead with Innovation and Focus on Technology (LIFT)

Business Development Bank of Canada (BDC)

Government Loan | All of Canada | No Deadline

Lead with Innovation and Focus on Technology (LIFT)

FUNDING AMOUNT NOT SPECIFIED

ELIGIBLE EXPENDITURES

Long term assets, short term assets, other

The Trade Diversification Corridors Fund is a federal program delivering $5 billion in funding to improve Canada's trade infrastructure. Managed by Transport Canada, it supports projects that expand ports, rail, roads, airports, and other key trade corridors to reduce congestion and improve access to global markets. Funding may be provided as repayable or non-repayable contributions depending on the project.

Defence Industry Assist (DI Assist)

National Research Council Canada (NRC)

Grant | All of Canada | No Deadline

Defence Industry Assist (DI Assist) – Industrial Research Assistance Program (IRAP)

FUNDING AMOUNT NOT SPECIFIED

ELIGIBLE EXPENDITURES

Consulting fees, salaries, sub-contractor

NRC IRAP's Defence Industry Assist (DI Assist) helps innovative Canadian SMEs accelerate the development of defence and dual-use technologies. The program combines funding with hands-on guidance from industrial technology advisors to support R&D that meets Canadian Armed Forces needs. DI Assist aims to strengthen Canada's defence industrial base by advancing innovation, supporting domestic supply chains, and enabling SMEs to scale and succeed in the defence sector.

Regional Defence Investment Initiative

Regional development agencies

Regional Delivery

Terms vary by region

LOAN

Regional Defence Investment Initiative (RDII)

MAXIMUM FUNDING

75%-90%

Of project cost

ELIGIBLE EXPENDITURES

Varies by region

The Regional Defence Investment Initiative provides repayable contributions to Canadian SMEs looking to scale operations and integrate into defence and security supply chains. Delivered through the regional development agencies, it supports military-focused, NATO-compliant projects that enhance production capacity, productivity, innovation, certification readiness and market growth, helping businesses adapt dual-use technologies and meet the needs of the Canadian Armed Forces, NATO and allied countries.

GRANT

Regional Defence Investment Initiative (RDII)

MAXIMUM FUNDING

90%

Of project cost

ELIGIBLE EXPENDITURES

Varies by region

The Regional Defence Investment Initiative provides non-repayable contributions to non-profit organizations that offer technical and business support to SMEs in Canada's defence and security sectors. Delivered through the regional development agencies, it supports projects that strengthen regional innovation ecosystems, help SMEs access defence supply chains and adapt dual-use technologies, and build expertise through research, technology transfer and specialized facilities. Projects must address a military or defence need.

Innovative Solutions Canada (ISC) Challenges

Innovation, Science and Economic Development Canada

Grant | All of Canada | Frequent, Short Intakes

ISC Challenge

MAXIMUM FUNDING

$300K - $2M

ELIGIBLE EXPENDITURES

Any

Innovative Solutions Canada turns specific federal government needs into challenges that Canadian SMEs compete to solve. Challenges cover both early-stage feasibility work (TRL 1 to 4) and later-stage prototype development and demonstration (TRL 5 to 9). New challenges are launched frequently with short application windows, so it's worth checking open opportunities regularly. Open to Canadian-incorporated, for-profit SMEs with 499 or fewer employees that conduct R&D in Canada.

StrongNorth Fund

Business Development Bank of Canada (BDC)

Equity | All of Canada | No Deadline

StrongNorth Fund

FUNDING AMOUNT NOT SPECIFIED

ELIGIBLE EXPENDITURES

Any

BDC's StrongNorth Fund is a dedicated venture capital fund investing in early-stage companies that develop deep technologies with defence-focused or dual-use applications. Part of a broader BDC initiative to advance Canada's defence innovation ecosystem through direct and indirect investments and ecosystem-building efforts, the fund aims to strengthen national sovereignty, help companies scale and position Canada as a global leader in defence innovation.

Funding Opportunities at a Glance

Industrial Resilience	New products or retooling due to tariffs	**Canada Strong Diversification Fund**
	Large-scale or collaborative projects	**Strategic Response Fund**
	Short-term cash needs or pivoting	**RTRI, BDC Pivot to Grow**
	Steel, aluminum or copper businesses	**BDC Steel and Aluminium Support Program**
	Trade infrastructure projects	**Trade Diversification Corridors Fund**
AI & Productivity	AI research with an academic partner	**Mitacs AI Advantage**
	Adopting AI or automation	**BDC Lift**
Defence & Dual-Use	Defence or dual-use technology	**DI Assist, BDC StrongNorth Fund**
	Joining defence supply chains	**RDII**
	Solving a government technology challenge	**ISC Challenge**

Finding the Right Funding Opportunities

From R&D projects to funding opportunities

1.

Look beyond R&D

Explore funding for commercialization, productivity, technology and market diversification.

2.

Identify complementary funding

Consider grants and contributions that can support different stages of your clients' innovation projects.

3.

Stay informed

Keep up with new programs, expansions

Discover more funding opportunities with Fundica.

fundica.com