

Legal person or entity	Who is directly undertaking the work?	What this means	Who claims the SR&ED?	Considerations
Scenario 1: Individual/ Independent Contractor (proprietor unincorporated business)	A) Physicians directly undertaking SR&ED work.	Physicians doing SR&ED work for themselves No contract to perform SR&ED behalf of another party	Individual physicians	SR&ED expenditures must be paid and incurred. Proprietors cannot receive a salary (T4 income) as qualified SR&ED expenditure.
	B) Physicians undertaking SR&ED work on behalf of another party	Physicians have a contractual relationship to perform SR&ED work.	Individual physicians	Qualified expenditures may be reduced by assistance and contract payments.
	C) Physicians undertaking SR&ED behalf another party AND ALSO for themselves	Physicians have a contractual relationship to perform SR&ED work on behalf of another party. However, physicians are also doing SR&ED work for themselves and incurring costs outside of contractual obligations.	Individual physicians	Qualified expenditures may be reduced by assistance and contract payments.
Scenario 2: MPC	A) MPCs directly undertaking SR&ED work	MPCs doing SR&ED work for themselves & incur expenditures No contractual obligation to perform SR&ED behalf another party	MPCs	SR&ED expenditures must be paid and incurred.
	B) MPCs undertaking SR&ED work on behalf of another party	MPCs have a contractual relationship to perform SR&ED work.	MPCs	Qualified expenditures may be reduced by assistance and contract payments.
	C) MPCs' employees undertaking SR&ED behalf another party AND only physicians named on contract as entity performing SR&ED	Physicians have a contractual relationship to perform SR&ED work. See Scenario 1 (b) for more information.	Individual physicians	Qualified expenditures may be reduced by assistance and contract payments.
	D) MPCs research behalf another party AND ALSO directly undertaking (and funding) themselves	Important contracts reflect SR&ED work performed behalf another party and directly undertaken (and funded) by the MPCs for themselves. See Scenario 2 (a) and 2 (b)	MPCs	Qualified expenditures may be reduced by assistance and contract payments.

Factors determining performance of SR&ED work

To help determine whether claimants are undertaking SR&ED work **for themselves or on behalf of another party**, the CRA will review factors such as:

1. Are there **written or verbal agreements** between the parties? Do these agreements include an **obligation to perform medical research**?
2. Are there written or verbal **agreements** between parties and the physician(s) describing **which entity paid the expenses** related to the provision of medical services and medical research?
3. **If the agreements were verbal**, is there **objective evidence** regarding the terms of such agreements and the moment of their formation? Emails or signed attestations may be acceptable to validate this information.
4. Do **corporate documents**, such as articles of incorporation, amendments thereto, resolutions, minutes of meetings of the directors and/or shareholders, etc. refer to:

The major business activity as the provision of medical services and medical research?

Any agreement with the health care entities?

Payments or compensation received or receivable for the provision of medical services and medical research?

Any agreement between the MPC and the physician?

What services the physician is to provide to the MPC?

How the physician is to be compensated for the work performed for the MPC?

How much of the physician's time should be spent on medical research?

How much of the physician's time should be spent on other activities?

What portion of the physician's remuneration pertains to the medical research performed?

What method was used to determine what portion of the physician's salary pertains to the medical research performed?

Documentation

The CRA recommends that all **agreements be in writing**. Where no written agreement exists, other evidence should demonstrate which party is legally bound to provide the medical services and perform the research. See Factors determining performance of SR&ED work for more information.

Research-related documents: Documents and records showing the work performed and the related expenditures should be kept and made available to the CRA should a claim be reviewed. Documents created when SR&ED work is performed are the best evidence to support a SR&ED claim because they provide a detailed account of the research, developments, and challenges throughout the project. Documents produced as a result of performing the work are also helpful to the CRA.

Relationship-contractual agreements: Contracts and other documents that show the legal relationships and terms of the agreement between the physicians and/or their MPCs and other parties should be made available to the CRA should a claim be reviewed. Contractual agreements with other parties should ideally be in writing, especially when all or part of the agreements relate to the medical research to be performed, the funding for the research, or the amount paid for the research. As well, these contractual agreements should describe the nature of the SR&ED work to be performed, the payments attributed to the SR&ED work, and who will perform the work.

Other documents: Although having written documents establishing contractual agreements is ideal and encouraged, other sources of information may be used to support a claim. Emails or signed attestations outlining the terms of the SR&ED work to be performed may also be submitted for consideration.