



Section IV

SR&ED Statistics & Covid-19 effects

SREDStakeholder.CA

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2021 ITC's BACK TO 2014 LEVEL

SR&ED claims processed			Variance	
<u>Year</u>	<u>Claims</u>	<u>ITC's ('000's)</u>	<u>Claims</u>	<u>ITC's</u>
2021	19,783	\$4,277,011	0.96%	40.38% 11 months
2020	19,595	\$3,046,754	-0.20%	-5.40%
2019	19,632	\$3,219,591	-1.10%	1.30%
2018	19,855	\$3,177,717	-4.80%	-1.70%
2017	20,867	\$3,231,128	-8.60%	-18.80%
2016	22,839	\$3,979,168	-6.00%	-5.50%
2015	24,302	\$4,211,057	-4.00%	-3.50%
2014	25,312	\$4,361,819	-11.20%	16.50%
2010	28,518	\$3,743,200	27.50%	-8.30%
2007	22,370	\$4,081,256		
2014 to 2020 changes			-22.60%	-30.10%
2014 to 2021 changes			-21.84%	-1.94%

Source: CRA Redbook

CRA SR&ED Red book

Mar 31, 2020 vs. Feb 28, 2021

SR&ED claim intake	Year end Mar 31, 2020		11 mo end Feb 28, 2021		Variance 2020-2021	
	<u>Claims</u>	<u>ITC's</u>	<u>Claims</u>	<u>ITC's</u>	<u>Claims</u>	<u>ITC's</u>
National	19,959	\$3,046,754	19,783	\$4,277,011	-0.9%	40.4%
Refundable (35%)	12,069	\$1,363,208	12,615	\$1,655,299	4.5%	21.4%
Refundable TPR (35%)	2,805	\$149,665	3,319	\$211,037	18.3%	41.0%
Non-Refundable (15%)	3,466	\$1,142,062	2,617	\$1,902,907	-24.5%	66.6%
Non-Refundable TPR (1	1,424	\$311,680	1,101	\$365,157	-22.7%	17.2%
Other	195	\$80,138	131	\$142,610	-32.8%	78.0%
	19,959		19,783			

Source: CRA Redbook

Total increase of \$1.23 Billion from 2020 to 2021.

Significant increase to all claimant types.

\$760 million to non-refundable claimants (66% over 2020 & 62% total increase)

Despite number of claims in category down 24.5%

Taking a deeper look

- Next 4 slides – SR&ED review results by region
- Comparison of 2020 vs. 2021
- Indicates 2021 reviews roughly $\frac{1}{2}$ of those in 2020
- Assessment times from 103 to 64 days
- Avg. adjustments 23% to 12% if reviewed
- If review timing likely around 1 year

Processing Outcomes Apr.1, 2019 to Mar. 31, 2020

ITC / CII

	Processing Type	Processed Claims	Percent of total processed claims by review type	ITC Claimed (\$, 000s)	ITC Allowed (\$, 000s)	ITC Adjusted (\$, 000s)
Atlantic	Coordinated Desk Review	8	1.2%	\$1,852	\$1,647	\$205
	Coordinated On-site Review	96	14.3%	\$16,986	\$9,399	\$7,587
	All Coordinated Reviews	104	15.5%	\$18,839	\$11,047	\$7,792
	Total	673	100.0%	\$63,917	\$55,813	\$8,104
Québec	Coordinated Desk Review	105	2.0%	\$50,909	\$47,421	\$3,488
	Coordinated On-site Review	884	16.7%	\$157,621	\$124,369	\$33,252
	All Coordinated Reviews	989	18.7%	\$208,530	\$171,790	\$36,740
	Total	5290	100.0%	\$792,814	\$753,924	\$38,890
Ontario Centre	Coordinated Desk Review	72	1.4%	\$18,015	\$13,422	\$4,592
	Coordinated On-site Review	561	11.2%	\$312,490	\$234,426	\$78,064
	All Coordinated Reviews	633	12.6%	\$330,505	\$247,848	\$82,656
	Total	5007	100.0%	\$977,425	\$884,846	\$92,579
Ontario West	Coordinated Desk Review	25	0.6%	\$10,996	\$10,303	\$693
	Coordinated On-site Review	496	12.5%	\$121,151	\$95,182	\$25,969
	All Coordinated Reviews	521	13.1%	\$132,147	\$105,485	\$26,662
	Total	3971	100.0%	\$622,392	\$587,408	\$34,984
Prairies	Coordinated Desk Review	28	1.2%	\$5,912	\$5,521	\$390
	Coordinated On-site Review	446	19.5%	\$165,680	\$113,014	\$52,666
	All Coordinated Reviews	474	20.7%	\$171,592	\$118,535	\$53,057
	Total	2287	100.0%	\$400,731	\$345,559	\$55,173
Pacific	Coordinated Desk Review	30	1.1%	\$28,753	\$27,689	\$1,065
	Coordinated On-site Review	325	11.9%	\$72,151	\$60,211	\$11,940
	All Coordinated Reviews	355	13.0%	\$100,905	\$87,900	\$13,005
	Total	2731	100.0%	\$433,093	\$419,204	\$13,889
All Canada/Tout le Canada	Coordinated Desk Review	268	1.3%	\$116,437	\$106,004	\$10,433
	Coordinated On-site Review	2808	14.1%	\$846,079	\$636,602	\$209,477
	All Coordinated Reviews	3076	15.4%	\$962,516	\$742,605	\$219,911
	Total	19959	100.0%	\$3,290,372	\$3,046,754	\$243,618

Processing April 1, 2020 to February 26, 2021

ITC / CII

	Processing Type	Processed Claims	Percent of total processed claims by review type	ITC Claimed (\$, 000s)	ITC Allowed (\$, 000s)	ITC Adjusted (\$, 000s)
Atlantic	Coordinated Desk Review	13	2.1%	\$1,768	\$1,658	\$109
	Coordinated On-site Review	23	3.8%	\$4,472	\$3,154	\$1,318
	All Coordinated Reviews	36	5.9%	\$6,240	\$4,813	\$1,427
	Total	612	100.0%	\$70,005	\$68,528	\$1,477
Québec	Coordinated Desk Review	115	2.3%	\$307,878	\$298,575	\$9,304
	Coordinated On-site Review	318	6.2%	\$447,880	\$391,716	\$56,164
	All Coordinated Reviews	433	8.5%	\$755,758	\$690,290	\$65,468
	Total	5098	100.0%	\$1,738,968	\$1,666,696	\$72,272
Ontario Centre	Coordinated Desk Review	120	2.4%	\$19,134	\$13,614	\$5,520
	Coordinated On-site Review	100	2.0%	\$30,549	\$22,852	\$7,697
	All Coordinated Reviews	220	4.5%	\$49,683	\$36,466	\$13,217
	Total	4912	100.0%	\$815,239	\$800,000	\$15,239
Ontario West	Coordinated Desk Review	139	3.7%	\$56,485	\$52,368	\$4,117
	Coordinated On-site Review	273	7.2%	\$150,407	\$115,486	\$34,921
	All Coordinated Reviews	412	10.8%	\$206,892	\$167,854	\$39,038
	Total	3806	100.0%	\$801,679	\$762,006	\$39,673
Prairies	Coordinated Desk Review	53	2.2%	\$14,041	\$13,276	\$764
	Coordinated On-site Review	204	8.6%	\$111,634	\$94,919	\$16,714
	All Coordinated Reviews	257	10.8%	\$125,674	\$108,195	\$17,479
	Total	2371	100.0%	\$531,326	\$505,153	\$26,173
Pacific	Coordinated Desk Review	60	2.0%	\$10,265	\$7,974	\$2,291
	Coordinated On-site Review	114	3.8%	\$22,165	\$19,260	\$2,905
	All Coordinated Reviews	174	5.8%	\$32,430	\$27,234	\$5,196
	Total	2984	100.0%	\$480,778	\$474,628	\$6,150
All Canada/Tout le Canada	Coordinated Desk Review	500	2.5%	\$409,570	\$387,464	\$22,106
	Coordinated On-site Review	1032	5.2%	\$767,107	\$647,387	\$119,720
	All Coordinated Reviews	1532	7.7%	\$1,176,677	\$1,034,852	\$141,825
	Total	19783	100.0%	\$4,437,995	\$4,277,011	\$160,985

April 1, 2019 to March 31, 2020		Adjustment Rate	Average Days /	Hours / Heures		
	Processing Type	Overall % ITC Adjusted	Average Total Days	Avg RTA Hours	Avg FR Hours	Avg Total Hours
Atlantic	Coordinated Desk Review	11.1%	918	30	41	71
	Coordinated On-site Review	44.7%	475	54	68	122
	All Coordinated Reviews	41.4%	509	52	66	118
	Total	12.7%	119	10	13	23
Québec	Coordinated Desk Review	6.9%	338	30	27	57
	Coordinated On-site Review	21.1%	359	54	38	93
	All Coordinated Reviews	17.6%	357	52	37	89
	Total	4.9%	99	11	8	20
Ontario Centre	Coordinated Desk Review	25.5%	372	37	32	69
	Coordinated On-site Review	25.0%	576	69	53	122
	All Coordinated Reviews	25.0%	553	66	50	116
	Total	9.5%	134	11	9	20
Ontario West	Coordinated Desk Review	6.3%	299	20	20	40
	Coordinated On-site Review	21.4%	418	65	48	113
	All Coordinated Reviews	20.2%	412	63	47	109
	Total	5.6%	99	11	8	19
Prairies	Coordinated Desk Review	6.6%	240	19	21	39
	Coordinated On-site Review	31.8%	276	57	51	108
	All Coordinated Reviews	30.9%	274	55	49	104
	Total	13.8%	97	13	13	26
Pacific	Coordinated Desk Review	3.7%	238	22	18	40
	Coordinated On-site Review	16.5%	281	60	45	105
	All Coordinated Reviews	12.9%	277	57	43	100
	Total	3.2%	64	9	7	16
All Canada/Tout le Canada	Coordinated Desk Review	9.0%	339	29	26	55
	Coordinated On-site Review	24.8%	395	60	47	107
	All Coordinated Reviews	22.8%	390	58	45	102
	Total	7.4%	103	11	9	20

April 1, 2020 to February 26, 2021

		Adjustment Rate / Taux	Average Days /	Hours / Heures		
	Processing Type	Overall % ITC Adjusted	Average Total Days	Avg RTA Hours	Avg FR Hours	Avg Total Hours
Atlantic	Coordinated Desk Review	6.2%	193	38	35	73
	Coordinated On-site Review	29.5%	306	59	55	113
	All Coordinated Reviews	22.9%	265	51	48	99
	Total	2.1%	63	5	6	12
Québec	Coordinated Desk Review	3.0%	383	30	28	58
	Coordinated On-site Review	12.5%	446	76	56	132
	All Coordinated Reviews	8.7%	429	64	48	112
	Total	4.2%	77	7	6	13
Ontario Centre	Coordinated Desk Review	28.8%	223	55	58	113
	Coordinated On-site Review	25.2%	403	81	66	147
	All Coordinated Reviews	26.6%	305	67	62	128
	Total	1.9%	51	5	5	10
Ontario West	Coordinated Desk Review	7.3%	218	35	31	66
	Coordinated On-site Review	23.2%	379	67	52	119
	All Coordinated Reviews	18.9%	325	56	45	101
	Total	4.9%	78	8	6	14
Prairies	Coordinated Desk Review	5.4%	183	47	44	92
	Coordinated On-site Review	15.0%	258	56	50	106
	All Coordinated Reviews	13.9%	243	54	49	103
	Total	4.9%	68	8	7	15
Pacific	Coordinated Desk Review	22.3%	199	51	44	95
	Coordinated On-site Review	13.1%	277	55	47	102
	All Coordinated Reviews	16.0%	250	54	46	99
	Total	1.3%	45	5	5	10
All Canada/Tout le Canada	Coordinated Desk Review	5.4%	250	42	40	82
	Coordinated On-site Review	15.6%	365	68	54	121
	All Coordinated Reviews	12.1%	328	59	49	108
	Total	3.6%	64	6	6	12

Advisory Service Results and Check-offs for the period April 1, 2019 to March 31, 2020

	Pre-Claim Consultation			Pre-Claim Review			Check-offs
	Opened during the period	Processed during the period	Inventory	Opened during the period	Processed during the period	Inventory	Processed during the period
Atlantic	10	9	4	0	0	0	142
Québec	40	34	18	0	0	1	5
Ontario Centre	41	54	13	0	0	0	405
Ontario West	32	33	8	1	2	8	951
Prairies	22	27	7	0	0	0	3,215
Pacific	71	67	15	1	3	0	8
All Canada/Tout le Canada	216	224	65	2	5	9	4,726



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Advisory Service Results and Check-offs for the period April 1, 2020 to February 26, 2021

	Pre-Claim Consultation			Pre-Claim Review			Check-offs
	Opened during the period	Processed during the period	Inventory	Opened during the period	Processed during the period	Inventory	Processed during the period
Atlantic	8	12	2	0	0	0	125
Québec	25	35	5	0	1	0	4
Ontario Centre	31	33	11	0	0	1	350
Ontario West	14	16	6	0	8	0	895
Prairies	26	28	5	0	0	0	3,294
Pacific	33	36	12	0	0	0	8
All Canada	137	160	41	0	9	1	4,676



SR&ED - Effects of COVID-19

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What's new – SR&ED Program

This Scientific Research and Experimental Development (SR&ED) Program "What's new" page is organized by date. For information listed by year and by topic, go to the [SR&ED Program archives](#).

[2021-02-19]

The [Guidance: How the Canada emergency wage subsidy affects SR&ED claims](#) is now available to help SR&ED claimants, who are also [Canadian emergency wage subsidy \(CEWS\)](#) recipients, determine how the CEWS might affect their SR&ED claim.

Example of the Canada emergency wage subsidy applied to an SR&ED claim

CEWS received for the SR&ED employees

Employees	Total salary (12-week period) a)	Total CEWS (12-week period) b)
Sarah	\$16,800	\$10,164
Jamaal	\$8,400	\$6,300
Total	\$25,200	\$16,464

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SR&ED salary calculation

SR&ED employees	SR&ED % time spent c)	Total SR&ED salary (12-week period) a)* c)	Total CEWS earned for SR&ED b)* c)	Net SR&ED salary
Sarah	100%	\$16,800	\$10,164	\$6,636
Jamaal	30%	\$2,520	\$1,890	\$630
Total		\$19,320	\$12,054	\$7,266

Form T661	Traditional method	Proxy method
SR&ED portion of salaries or wages of employees directly engaged in the SR&ED	\$16,800	\$16,800
Overhead and other expenditures	\$ 2,520	-
Total allowable expenditures	\$19,320	\$16,800
Less: government assistance (CEWS)	\$12,054	\$10,164
Pool of deductible SR&ED expenditures	\$7,266	\$6,636
Total allowable expenditures	\$19,320	\$16,800
Add: prescribed proxy amount (55%* SR&ED portion of salaries or wages of employees directly engaged in the SR&ED)	-	\$9,240
Less: government assistance (CEWS)	\$12,054	\$12,054
Qualified expenditures	\$7,266	\$13,986