



IWASAN
CONSULTING



SR & ED Update – Iwasan's Newsletter

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Need Ongoing Assistance with SR&ED Claim Development and Compilation?

As knowledge of the SR&ED program grows within the manufacturing and technology sectors we are finding our role as consultants is changing. Seldom are we making companies aware of the SR&ED program's existence. Companies are often familiar with the program, may have even claimed in the past, but are looking outside their firm for assistance with various aspects of the claim development and claim compilation process.

For example, some firms find it difficult to have development personnel stop their daily work to write the technical reports required for the SR&ED application; often there is inadequate information documented throughout the year to support the claim; and the year end scramble to piece together the costs results in missed expenditures.

Iwasan recognizes the need for a consulting service that is more of a "partnership" with companies performing R&D. As a result we have developed a program wherein we work with your firm on a monthly basis. This services includes:

- Evaluation of company projects for eligibility as SR&ED projects
- Meetings with development personnel to educate them regarding eligible work and associated costs
- Liaising with accounting personnel to ensure a system is in place to collect expenditures for eligible projects
- Monthly monitoring of the projects, including making technical progress reports and ensuring costs are collected
- Year end technical report writing
- Working with company Accountants to include the SR&ED claim in the year end tax return

Iwasan Consulting works exclusively with SR&ED claims, ranging in size from \$10K to several million. We have assisted 1000's of companies in determining whether they have an SR&ED claim; preparing the SR&ED financial and technical documentation for the application and managing the claim through the audit process to completion. Can we assist your firm with some part of the process?

How Can I Reduce My Time Spent with CCRA Reviewing the SR&ED Claim?

For many companies the thought of another "audit" is enough not to apply for substantial refundable SR&ED tax credits available from both the federal and provincial governments (not all provinces).

So the challenge becomes, how do we reduce our chances of being audited?

CCRA has recently stated that they are moving toward reviewing "the process used to develop the claim". This means that the process for identifying projects as SR&ED projects, reporting time and costs, and maintaining technical documentation is as important as the resulting application. Once a company has made their initial application (where CCRA is more lenient on documentation requirements) it does well to put a system in place for future claims. Then CCRA can be assured that the company has a good understanding of CCRA requirements for projects and cost eligibility and the result is a much lower incidence of "audits" or reviews.

How Can I Get Started?

How do you begin to put a system in place for SR&ED claims? **Iwasan can help.**

1. The first thing we do is review the current and past year (provided no claims have been made in these periods) for eligible projects. A claim will be filed for these prior periods bringing you up to date.
2. Next, a consultant will meet with technical and accounting personnel for training.
3. Following that meeting, a plan will be devised to gather, on a monthly basis, financial information and technical updates.
4. Iwasan will liaise with accounting and technical contacts on a monthly basis to develop claim documentation and costs.
5. An Iwasan science consultant will write the technical reports for the year end submission.
6. The financial side of the claim will be summarized and submitted to external accountants for inclusion in the tax return.

With these systems in place we believe the incidences of audits will be greatly reduced. In any case, should your claim be subject to review, your Iwasan consultant will be available to assist.

Please [contact us today](#) to discuss partnering with your firm in the SR&ED process.