



IWASAN
CONSULTING



SR & ED Update – Iwasan's Newsletter

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BC Tax Credit Announced

The BC Government recently announced that effective September 1, 1999 to August 31, 2004 there will be a 10% provincial credit on R&D expenditures. The eligible expenditures will be those expenditures eligible for the federal SR&ED tax credits, except that partnerships and trusts are not eligible. The credit is refundable to CCPC's and non-refundable for other corporations.

The provincial credit is much like the Ontario and Nova Scotia tax credits where the federal SR&ED expenditures are reduced by the provincial tax credit. Effectively, the provincial refund is an additional 6.5% of the expenditures. A good deal for BC companies.

Two New Associates for Iwasan

Iwasan has retained the services of two new associates:

Kevin Turnbull, CA has recently joined Iwasan's team in the preparation of the financial aspects of the claims.

Rob Jenkins, B.Sc, CGA. Rob has worked extensively with SR&ED claims in both the preparation of expenditures and the financial documentation.

Welcome Rob and Kevin!

For a free initial assessment & information package [contact us](#)

10 Tips for SR&ED Claims

1. At the outset of a project call Iwasan for a **project evaluation**. This evaluation will assist in determining whether the development project qualifies and if steps need to be taken to prepare for a SR&ED claim at the end of the fiscal period.
2. Make sure development staff have an **understanding of eligible activities**, e.g. attend CCRA seminars, read the CCRA guide, or call Iwasan.
3. Develop an **SR&ED project plan**. Then make SR&ED an agenda item for all development meetings. Update the activities each meeting. Keep minutes.
4. Keep all prototypes, archived versions of software, engineer or developer's notes – however informal, **in an SR&ED file**.

5. Write down the **state-of-the-art of the technology at the time of your project**, include references such as suppliers called, industry associations, internet sites checked, trade magazines, libraries.
6. Have personnel **account for time** on various activities they perform. Break out time to differentiate between product development and SR&ED time. Accounting for time can be useful for much more than SR&ED claims.
7. Periodically **note the issues that cause problems/ concerns/ difficulty** in your development work. List any alternatives available to resolve them. **SAVE** these notes.
8. Keep track of when the company product development project began and finished. Then, also note **SR&ED start and finish dates** within the company project.
9. If your accounting system permits, set up an **SR&ED account**. Code all purchases and allocate portions of salaries from the time sheets to this account on an ongoing basis. Copy invoices to your SR&ED file.
10. Remember for CCPC's **this could be a 35% or 58% investment** (57.75% on salaried wages eligible for the proxy).

Iwasan can assist your firm in implementing an SR&ED process.