



Research & Development A Worthwhile Investment

In order for businesses to grow and prosper over the long term, investment in research and development (R&D) activities are critical.

The importance of this fact has not been lost on the governments of Canada and Nova Scotia. Both levels of government have implemented Research and Development (R&D) tax credit programs which are designed to encourage and support private sector R&D projects.

The R&D programs are intended to provide financial support to businesses, of various sizes, operating in a wide range of industries. Incorporated and unincorporated businesses can claim the federal Scientific Research &

Experimental Development (SR&ED) tax credits, however the Nova Scotia R&D tax credits are only available to corporations carrying out eligible R&D activities within the province.

At NSBI, we feel that the R&D tax credit programs have the potential to provide new or existing businesses with significant financial support that will favorably impact their bottom lines. As such, we actively promote the R&D tax credit programs and provide our clients with access to professionals who have the experience and expertise to assist them in preparing and supporting R&D tax credit claims for their eligible projects.

Fast Facts

- » The SR&ED program promotes and supports the development of unique and advanced skills, knowledge and technological capabilities that will enable Canadian businesses to better compete in domestic and international markets.
- » There are three general categories of SR&ED:
 - a) **Basic Research**, namely, work undertaken to advance scientific knowledge without a specific practical application in view;
 - b) **Applied Research**, namely, work undertaken to advance scientific knowledge with a specific practical application in view; and
 - c) **Experimental Development**, namely, work undertaken to achieve technological advances for the purpose of creating new, or improving existing, materials, devices, products, or processes, including incremental improvements thereto
- » Depending on the size and nature of the business, federal SR&ED tax credits can be either 20% or 35% of the eligible expenditures. Canadian controlled private corporations may be eligible to have a portion (or all) of the 35% federal tax credits paid out in cash, even if no other taxes are payable.
- » Corporations that qualify for the 15% Nova Scotia R&D tax credits can also have a portion (or all) of credits paid out in cash, if there are no other taxes owing.



Nova Scotia Business Inc. is Nova Scotia's private sector-led business development agency. NSBI is the investment attraction arm of the province and helps businesses in Nova Scotia meet growth potential through advisory services, export development, financing and venture capital.

World Trade & Convention Centre
1800 Argyle Street, Suite 701
PO Box 2374 Halifax, Nova Scotia
CANADA B3J 3E4

Tel: 902.424.6650

Fax: 902.424.5739

www.novascotiabusiness.com

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