

How to Get More Buck for Your Bang! The Ins and Outs of SR&ED Credits

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What does SR&ED mean?

Scientific Research and Experimental Development (SR&ED).

What are SR&ED credits?

This is a Canadian tax credit program (also topped up by some provinces) that provides tax credits for:

1. Experimental development to achieve technological advancement to create new materials, devices, products, or processes, or improve existing ones;
2. Applied research to advance scientific knowledge with a specific practical application; and
3. Basic research to advance scientific knowledge without a specific practical application

Are SR&ED credits relevant to me?

Maybe. If you do research and are incorporated (note that a medical professional corporation does NOT qualify), you could be eligible to claim SR&ED credits. You have to have expenses and scientific work in your corporation. For instance, if you are in practice and want to join a registry (there are so many in Canada!), you can be eligible to offset some of the personnel resources of enrolling patients, data entry, etc. You need to keep very good records as to expenses and what they were for. You can also pay yourself for your work that is over and above the usual provincial billings for time spent completing forms, and other scientific work. You will need an accountant familiar with these credits as the process is very important.

What else can I claim for SR&ED credits?

You might be able to claim SR&ED credits if you hire a summer student to help with a chart audit or for your office staff's time when spent on research or to pay for your time. You may NOT claim capital expenses, such as rent, equipment, travel, etc.

Where do I get money to put into my corporation so I can pay these expenses?

Some registries give start-up costs or some money on a per patient basis. However, other money can be used. For instance, your honoraria for consulting, advisory boards, etc., can be deposited and then used to pay yourself for your scientific work. If you have a CIORA grant and work

in community practice, this grant can go into a corporation to help offset other costs. For instance, your time on a CIORA grant is not reimbursed in the grant but could be with the SR&ED claim. Your corporation does not have to make money, and it can even lose money, but there must be eligible expenses to make a claim.

What are some of the Canadian research groups/projects that may be SR&ED eligible?

- Phase IV studies – costs beyond what the contract reimburses
- Expenditures such as your time on a CIORA grant if you are in community practice
- The Spondyloarthritis Research Consortium of Canada (SPARCC)
- International Psoriasis & Arthritis Research Team (IPART)
- Canadian Early Arthritis Cohort (CATCH)
- Ontario Best Practices Research Initiative (OBRI) and other provincial registries
- Canadian Research Group of Rheumatology in Immuno-Oncology (CanRIO)
- The Canadian Scleroderma Research Group (CSRG)
- Canadian Inflammatory Myopathy Study (CIMS) group
- Canadian Network for Research on Vasculitides (CanVasc)
- Canadian Network for Improved Outcomes in Systemic Lupus Erythematosus (CaNIOS)

We invite you to get involved in some research in order to challenge your assumptions, have a change of scenery from clinical practice, and to satisfy your curiosity. We have become better rheumatologists due to participation in research. And, if you participate, applying for SR&ED credits may be a model to make this sustainable.

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