Ryan Tax Review

Quebec's SR&ED Tax Credit Overhaul: A Simpler, Stronger Incentive

Quebec has long been known for its generous tax incentives to promote innovation and the Scientific Research and Experimental Development (SR&ED) tax credit has been a cornerstone of that strategy, helping businesses offset the costs of research and development (R&D). However, with the release of its 2025 provincial budget, Quebec is turning the page on its old model in favor of a streamlined, modernized system that aims to do more with less. Whether your business is already benefiting from SR&ED tax credits or is just starting to explore these incentives, the announced changes could have a substantial impact on how much you can claim and the required documentation for qualifying expenditures in Quebec.

Quebec's New Program

Businesses in Quebec can leverage both federal and Quebec SR&ED tax credit programs to mitigate the financial impact of their R&D investments. For years, the Quebec program was comprised of a patchwork of credits that were effective, but also cumbersome. In this year's budget, the province announced a wholesale restructuring of these incentives, with a goal of streamlining the program and enhancing its efficacy, providing more focused support for innovation.

For taxation years beginning after March 25, 2025, Quebec will consolidate various previously existing R&D tax credits and eliminate those deemed less productive and administratively burdensome, creating a new Research, Innovation and Commercialization Tax Credit (CRIC) focused on three primary areas:

Salaries and Wages: As with the previous program, this is by far the largest component of the CRIC, providing a tax credit for wages and salaries paid to employees engaged in R&D activities. For example, a technology firm developing new software can include the salaries of its developers and engineers in eligible expenditures for the tax credit. Consistent with the prior rules, 50% of amounts paid to arm's-length contractors remain eligible for the tax credit.

University Research and Public Research Centers: Research conducted by universities, public research centers, or research consortiums will continue to be eligible for the credit. For instance, a pharmaceutical company collaborating with a university on drug development can benefit from this incentive. However, the eligible portion of amounts paid to these organizations will drop from 80% to 50%, bringing it in line with all other subcontracting expenses.

Private Partnership Pre-Competitive Research: The tax credit eligibility of private partnership pre-competitive research will also

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June 2025 | Volume 36 | Issue 2

remain intact. An example would be a consortium of automotive companies working together on developing new battery technologies.

The province will eliminate the previously existing tax credit for fees and dues paid to research consortiums and tax holiday for foreign researchers and experts. The government is betting that by consolidating and simplifying the system, it can deliver more predictable and effective support to businesses.

Simplified Tax Credit Rates

The CRIC rate structure offers a 30% refundable tax credit on the first $1 million of eligible expenses exceeding the exclusion threshold, and then a 20% refundable tax credit on eligible expenses over $1 million.

This simplifies the previous system, under which the tax credit rate varied between 14% and 30% based on the type of corporation and the value of its worldwide assets. The new rates apply to all corporations, irrespective of their ownership or assets, making it easier for businesses to budget cashflows and access the tax credit.

While the tax credit rate structure has been simplified, calculation of the exclusion threshold has become a little more complicated. The exclusion threshold is now the greater of $50,000 or the basic personal amount per employee, prorated based on an employee's time spent on R&D activities. For example, if a business has 10 employees working in R&D in 2025, and they are used 100% in R&D activities, then the exclusion threshold would be $18,751 (this year's basic personal amount) times 10 or $187,510. However, if any of those employees are less than fully utilized in R&D activities, then the basic personal amounts in the calculation will need to be prorated to reflect their work in R&D, reducing the excluded amount. Indeed, in many cases, the exclusion threshold will now be a moving target.

Given the scope of these changes, businesses will be forced to adopt a more strategic approach to their R&D planning.

Expansion of Eligible Expenditures

Traditionally, SR&ED tax credits in Quebec only applied up to the resolution of a technological uncertainty — often the end of a project's core R&D phase. However, businesses will now be able to claim expenditures related to various pre-commercialization activities, such as testing, technological validation, and studies conducted to meet regulatory or certification requirements. This includes pre-commercialization work on prototypes and pilot plant production processes. Even activities related to product design — formerly covered by the industrial component of a separate tax credit for design — are now eligible for the CRIC.

In addition, for the first time in many years, capital expenditures used in R&D, such as depreciable equipment used in labs and software development, are now eligible for tax credits. While there are certain exclusions, including land, buildings, and used equipment, this change should benefit companies investing heavily in R&D infrastructure. However, this shift in tax policy will also pose challenges.

For instance, Quebec's audit approach currently differs from that used under the federal SR&ED program, and the province may struggle to evaluate the eligibility of long-term assets without the addition of more technical expertise.

See Ryan's upcoming article, "A New Era for Quebec's SR&ED Program: Eligible Activities and Expenditures Expanded," for further discussion on the challenges posed by thismonumental change.

Implications for Business

The provincial government is optimistic that these structural changes to its incentives will reduce the administrative burden on businesses, provide more financial support for R&D, make Quebec more attractive for investment, and boost innovation, productivity, and economic growth in the province.

Unfortunately, while the consolidation of several different tax credits into the CRIC should simplify the application process, reducing the time and resources previously required to prepare multiple tax credit claims, any efficiencies gained might be offset by the challenge of correctly identifying and documenting newly eligible activities and related expenditures. Provincial government auditors may also find it difficult to verify and audit tax credit claims under the revamped program.

However, once eligibility has been established, the extension of the tax credit to pre-commercialization activities and capital assets should provide a much-needed boost in financial support for innovation to companies in Quebec. Furthermore, the simplified tax credit rates should provide businesses with a clear picture of the potential benefits, enabling more accurate financial planning.

Given the scope of these changes, businesses will be forced to adopt a more strategic approach to their R&D planning, aligning new project initiatives in Quebec with the CRIC eligibility criteria. Organizations are advised to undertake a comprehensive review of their R&D activities and documentation processes to ensure all eligible expenditures are captured and properly supported. By taking a proactive approach to funding R&D, organizations can take full advantage of Quebec's new program, optimize the amount of government support received, and maximize the impact of their total R&D spend.

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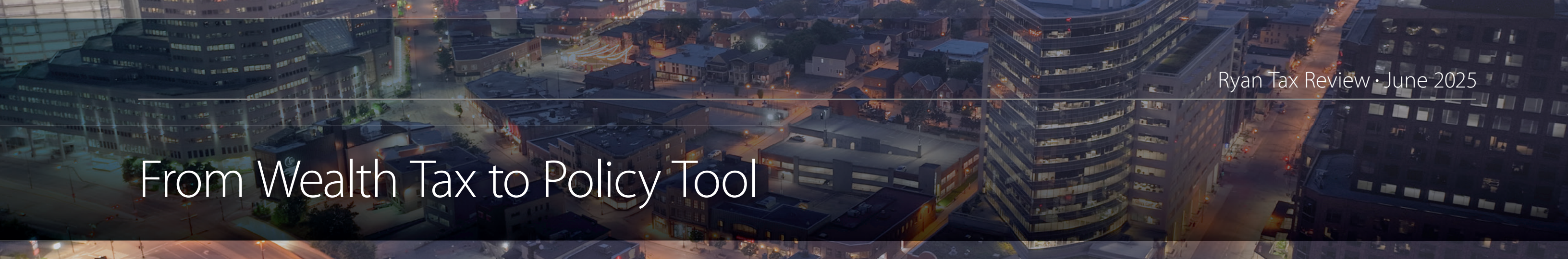

From Wealth Tax to Policy Tool

Part 1: The Evolving Role of Property Taxation

Property taxation is based on a simple premise: the value of property is an indicator of wealth and, therefore, one's ability to pay taxes. This idea — that property value reflects financial capacity — makes property taxation a form of wealth tax which has long shaped local taxation in Canada, where municipalities rely on property assessment values to determine property tax liabilities. Those who own more valuable properties contribute more to municipal revenues, funding services from parks to policing. Recently, however, many Canadian cities have taken steps to reposition property taxation from a straightforward wealth tax to a more complex mechanism.

> *New approaches that use property taxes as levers to achieve social and economic objectives have emerged over the past several years.*

Unlike income, which can fluctuate, property is a tangible and relatively stable asset. While there have always been debates about fairness (consider, for example, the impact of property taxes on elderly homeowners with high-value houses but low incomes), the fundamental link between property value and ability to pay has remained relatively intact. However, new approaches that use property taxes as levers to achieve social and economic objectives have emerged over the past several years. This represents a significant change to the traditional role of property taxation, moving it toward an instrument of policy.

Vacant Home Taxes

Cities struggling with housing affordability have implemented vacant home taxes with the intent of discouraging speculation and increasing the supply of available housing. If a residential property is left unoccupied for an extended period, the owner pays an additional tax. The goal is not primarily to generate revenue, but to push owners to occupy, rent, or sell empty units, thereby putting under-utilized homes back into the real estate market.

In British Columbia, Vancouver launched its Empty Homes Tax in 2017 after the provincial government amended the *Vancouver Charter* to give the city this power. In Ontario, Toronto followed suit with its own Vacant Home Tax on empty residences starting in 2022, and Ottawa implemented a similar vacancy tax around the same time. Early results show these taxes can raise substantial revenue while changing owner behavior. Vancouver's Empty Homes Tax generated approximately $39.4 million in its second year (2018), even as the number of taxed vacant properties dropped by 22% from the prior year.[1] Toronto's first year of the Vacant Home Tax collected roughly $54 million by mid-2023.[2] These figures, which represent funds that can be reinvested in affordable housing programs, are not insignificant, even if revenue generation is not the main goal.

As the number of properties subject to a vacant home tax steadily declines, other Canadian jurisdictions are taking note. British Columbia's provincial government introduced a Speculation and Vacancy Tax, which applies an annual levy on homes left vacant in urban areas of the province. While structured differently than most municipal vacancy taxes, its aim is similar: to encourage owners to rent out secondary properties or face a penalty for allowing homes to go unused.

Density-Based Taxation

Certain taxing authorities are exploring the idea of property tax rates that vary based on the density of the development, recognizing the potential impact on city finances and growth patterns. In some cases, denser developments, like apartment buildings, are believed to require more services or infrastructure, historically leading to higher tax rates on multi-unit properties. In other cases, cities are looking to lower the tax burden on higher-density housing to encourage more efficient land use and reduce urban sprawl.

Several major municipalities in Canada have traditionally taxed multi-residential buildings (e.g., rental apartment complexes) at higher rates than single-family homes. In the 2000s, it was not uncommon to find cities with property tax rates for apartment buildings that were nearly double those for detached houses, meaning tenants (via their landlords) paid more, per dollar of assessed value, for the same municipal services. Over time, reforms have encouraged reducing these gaps and the idea of using property tax incentives to promote density is gaining traction.

Industry stakeholders in Canada have proposed a land value tax or split-rate tax system — taxing land at a higher rate than the buildings situated on it — to encourage landowners to develop underutilized lots. While no Canadian city has implemented a land value tax to date, the concept is being considered as a tool to address ongoing housing shortages. Proponents suggest that a shift toward density-oriented taxation would curb speculation and promote the "highest and best use" of urban land.

[1] https://globalnews.ca/news/6197311/vancouver-empty-homes-tax-revenue-2019/?utm_source=chatgpt.com

[2] https://www.costar.com/article/239526789/toronto-triples-tax-for-owners-of-vacant-residential-units

Derelict Homes

Another emerging use of property tax as a policy tool focuses on discouraging property neglect and improving neighborhood vitality. Some Canadian municipalities are introducing derelict tax classes that impose higher tax rates on abandoned, unsafe, or severely neglected properties. The intent behind these tax classes is to address the problem of "urban blight" — vacant, deteriorating buildings that can lower surrounding property values, attract crime, and inhibit community development. By applying a distinct, often much higher, tax rate to derelict properties, municipalities aim to create a financial incentive for owners to address these neglected properties.

In municipalities that have introduced a specific property tax subclass for derelict residential buildings, these properties are subjected to a tax rate that is substantially higher than that applied to occupied, maintained homes. Derelict properties are typically identified through inspections and building condition assessments, ensuring only the most seriously neglected structures are captured by the higher tax class. Other municipalities have explored similar approaches through adjustments to vacant property tax programs or by introducing maintenance standards linked to taxation enforcement. In some cases, these policies are paired with grant or incentive programs to assist owners in rehabilitating older structures, offering both a "carrot and stick" approach.

By targeting neglect and abandonment, cities aim to preserve neighborhood quality, support housing renewal, and promote public safety — all through tools grounded in the property assessment and taxation system.

Short-Term Rentals

A growing number of Canadian municipalities are turning to property taxes as a means of regulating the use of residential properties as short-term rentals. Platforms like Airbnb and VRBO have facilitated a surge in short-term rental activity, especially in high-demand areas, prompting some local governments to respond with targeted taxation measures.

In communities facing acute housing pressures, often in tourist destinations, distinct tax classes are being introduced for properties used primarily as short-term rentals. These properties are taxed at a higher rate than owner-occupied or long-term rental homes, reflecting concerns about the disproportionate strain created by the former's impact on housing availability, the hotel/accommodation industry, and municipal services. The creation of a dedicated tax category allows municipalities to align taxation with housing policy. As housing affordability continues to dominate policy discussions across Canada, the taxation of short-term rentals is becoming an increasingly prominent part of the municipal fiscal toolkit.

A growing number of Canadian municipalities are turning to property taxes as a means of regulating the use of residential properties as short-term rentals.

Small Business Subclasses

Property taxation is also viewed as a mechanism to support local economic resilience, especially for small businesses, and some municipalities have begun implementing small business property tax subclasses as a tool to deliver targeted tax relief. Enabled by provincial legislation in several jurisdictions — including Ontario and Alberta — these subclasses allow municipalities to apply lower property tax rates to qualifying small business properties.

Traditional commercial property tax frameworks apply uniform rates to all properties within a non-residential category, meaning small, locally owned enterprises may pay the same rate per dollar of assessed value as multinational organizations. The small business subclass addresses this disparity by offering a differentiated rate based on specified criteria, such as property size, assessed value, or even number of employees.

Small business subclasses represent a major change in the perception of property tax. It is no longer simply a revenue mechanism, but a policy lever to support small-scale entrepreneurship, maintain commercial diversity, and ensure that taxation reflects capacity. With economic resiliency, "shop local", and affordability continuing to dominate municipal agendas, more Canadian cities may look to adopt this tool to better balance competitiveness with fiscal responsibility.

Conclusion

What began as a straightforward method to fund local services is evolving into a more dynamic policy instrument. Vacancy taxes, as seen in cities like Vancouver and Toronto, illustrate how property taxation can shape market behavior and encourage more efficient use of the housing supply. However, this shift raises important questions. Who ultimately bears the cost of these innovative policies? Are there unintended consequences for investment or affordability? And how do we ensure fairness across a diverse group of property owners and uses?

These questions are central to the next stage of this conversation. In "Part 2: The Implications of Property Tax as a Policy Tool," we will examine how these emerging strategies affect municipal finance, market dynamics, equity, and legal governance. As Canadian cities continue to innovate, understanding these broader impacts will be critical to ensuring that property taxation remains a fair, flexible, and effective public policy tool.

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RYAN MARKET TRENDS

Tips, Traps and Tidbits from Ryan Tax Experts in the Field

Ontario Budget Silent on General Property Reassessment

This year's Ontario budget did not announce a long-overdue general property reassessment and limited information was provided on the government's plans for property taxation in the province. For the time being, assessments for property tax purposes will continue to be based on a valuation date of January 1, 2016, further exacerbating concerns about fairness and fiscal sustainability.

With the recent re-election of a majority government, many Ontario taxpayers expected that this legislative session would include the announcement of a general property tax reassessment. However, the current sitting of the legislature has adjourned for the summer and no update has been provided.

The commercial real estate market in Ontario has experienced considerable turbulence since 2016, including the economic impact of the pandemic, the explosion of online retailing and remote work, the loss of several major department stores and other retailers, rising interest rates, and, more recently, the ongoing threat of U.S. tariffs. Owners of malls, office buildings, and small businesses have been struggling to pay property taxes based on assessment values that are, in some cases, more than double the current market value of the property.

In addition, the new tariffs are already having a negative impact on certain industrial taxpayers, bringing into question their ongoing viability and, by extension, the wisdom and fairness of frozen property assessments. Ryan's property tax experts continue to monitor the situation closely and, when applicable, challenge overstated valuations through the appeals process.

New Brunswick Freezes Assessments for 2026

New Brunswick has announced a one-year property value assessment freeze for the 2026 taxation year to allow the provincial government to continue to study property tax reform, an issue on which the newly elected government campaigned last fall.

As housing costs in the province have skyrocketed, residential property assessments have followed suit, and taxpayers whose assessments have risen by more than the average have seen significant tax increases. The government plans to freeze assessments at the 2025 level for one year, except in the case of new construction, improvements, errors, changes in use, decreases in assessment value, or properties sold in 2025.

The freeze will not necessarily reduce the property taxes otherwise payable, as municipalities facing rising costs may be forced to increase property tax rates if the assessed value of new construction does not raise the required amount of tax revenue to support municipal services. As is the case in Ontario, the freeze is expected to result in assessments that do not reflect true market value, exacerbating any potential inequities between taxpayers. However, the pause should give the government more time to implement meaningful tax reform.

CRA Moving to Online Mail for Business

As announced in January, the Canada Revenue Agency (CRA) is transitioning to online mail for business, making it the default delivery method for most business correspondence, including notices, letters, forms, account statements, and other important documents. Only a limited number of organizations will continue to receive CRA correspondence by paper mail.

Previously registered businesses that have authorized Ryan as a representative to view and/or modify their information will automatically be switched to online mail, effective June 16, 2025. Ryan clients are reminded to ensure they have access to My Business Account, verify that business correspondence is being received, and confirm all email addresses set up for notifications are up to date.

Businesses may opt out of online mail and receive paper correspondence from the CRA by making a request in My Business Account or submitting Form RC681 – Request to Activate Paper Mail for my Business.

Latest on Tariff Turmoil

The flurry of international trade announcements in the escalating global trade war spurred by import tariffs imposed by the U.S. continues, with the tariffs on steel and aluminum doubled on June 4, after both Canada and the U.S. announced 25% reciprocal tariffs on imported passenger vehicles in early April.

While the U.S. tariff is imposed on all imported passenger vehicles, including those made in Canada, it permits importers under the Canada-United States-Mexico Agreement (CUSMA) to have the tariff calculated on the value of the non-U.S. content, subject to a certification process. Canada's matching tariff applies to passenger vehicles imported from the U.S. that are not compliant with CUSMA, as well as the non-Canadian and non-Mexican content of any vehicles imported from the U.S. under CUSMA.

Canada has also introduced two duty remission programs to provide certain Canadian businesses relief from its own retaliatory tariffs and surcharges. Under one program, automakers will be permitted to import a specified number of CUSMA-compliant vehicles assembled in the U.S., free of Canada's surtaxes (through the remission process), provided they continue to manufacture vehicles and maintain their investments in Canada. A second program will provide six months of surtax relief on imports from the U.S. to a wide range of Canadian organizations, including manufacturers, food and beverage processors and packagers, and entities involved in providing public healthcare, safety, and security.

For further information on tariff developments impacting Canadian business, see Latest on Tariff Turmoil.

Tax Deferrals Still Available

While the GST/HST and QST remittance and corporate income tax payment deferrals offered by the federal government and Quebec in response to the impact of U.S. tariffs will end in June, along with Manitoba's PST remittance deferral, the six-month remittance deferral for businesses in Ontario remains available until October 1, 2025.

The Ontario deferral is available for most tax programs administered by the province, including:

- Employer Health Tax;
- Insurance Premium Tax;
- Gasoline Tax, Fuel Tax, and the International Fuel Tax Agreement;
- Mining Tax;
- Tobacco, Beer, Wine, and Spirits Taxes;
- Race Tracks Tax; and
- Retail Sales Tax on insurance contracts and benefit plans.

Under all the tax deferral programs, interest and penalties do not apply during the deferral period, but any required returns must still be filed by their respective due dates.

For more information on these and other recent tax developments, please visit our News & Insights page or contact Ryan *Tax*Direct® at taxdirect@ryan.com or 1.800.667.1600.

SR&ED Eligibility for Food Sciences Clarified

Canada's largest single source of research and development (R&D) funding for businesses comes from the Scientific Research and Experimental Development (SR&ED) tax credit program, the eligibility for which is routinely tested in the courts. For businesses undertaking food science and technology activities, a recent decision by the Tax Court of Canada (TCC) provides further clarity on the eligibility of certain types of projects for the tax credit.

Background

In *Biscuiterie Dominic Inc. and La Petite Bretonne Inc. v. R.*,[1] two related corporate food manufacturers (the "Appellants"), specializing in baked goods, appealed their 2017 and 2018 corporate income tax assessments denying SR&ED tax credit claims for expenditures related to six different projects to improve their products. While this case was heard under the informal procedure and has no precedential value, it nonetheless provides useful guidance on the importance of establishing the existence of technological uncertainty when making SR&ED tax credit claims.

The Minister of National Revenue ("Minister") disallowed the Appellants' SR&ED tax credit claims related to two and four projects in 2017 and 2018, respectively, on the basis that the activities did not meet the definition of SR&ED pursuant to subsection 248(1) of the *Income Tax Act* (ITA). In denying the claims, the Minister contended that the projects did not address a technological uncertainty and, while the Appellants increased their own knowledge, the activities did not advance food science knowledge within the industry.

The Appellants argued that the projects in question qualified as SR&ED, despite the results of individual activities in each project being known, advocating for a holistic approach in determining the existence of technological uncertainty and stressing the limitations on what is thought to be achievable in its industry. Whether there was technological risk or uncertainty — a key criterion to qualify as SR&ED — was the only issue to be decided by the TCC. There was no dispute regarding other material facts in the case.

[1] Biscuiterie Dominic Inc. and La Petite Bretonne Inc. v. His Majesty the King, 2024 TCC 97 (CanLII).

Projects in Question

The appeal centered around six projects over two taxation years, summarized by the TCC as Projects One to Six:

> **Project One** involved replacing sodium propionate as a preservative in mini-croissants with a fermented yeast spray to produce a more natural product without impacting shelf-life and the implementation of this additional step in the production process.
>
> **Project Two** involved developing a cookie product containing quinoa.
>
> **Project Three** involved improving the shelf-life and texture of a chocolatine product.
>
> **Project Four** involved developing a cinnamon-raisin-filled croissant and incorporating the filling step in the production process.
>
> **Project Five** was a continuation of Project One and involved further testing with fermented starch.
>
> **Project Six** was similar to Project Five but involved replacing sodium propionate as a preservative in a cake product with fermented wheat to produce a more natural product without impacting shelf-life.

Defining SR&ED Eligibility Criteria

To qualify for the SR&ED tax credit, a project must meet the requirements of subsection 248(1) of the ITA. In its analysis, the TCC relied on longstanding jurisprudence that has established five key questions in assessing SR&ED eligibility:

> 1. Was there a technological risk or uncertainty that could not be removed by routine engineering or standard procedures?
> 2. Did the person claiming to be doing SR&ED formulate hypotheses specifically aimed at reducing or eliminating that technological uncertainty?
> 3. Did the procedures adopted accord with the total discipline of the scientific method, including the formulation, testing and modification of hypotheses?
> 4. Did the process result in a technological advancement?
> 5. Was a detailed record of the hypotheses tested and results kept as the work progressed?

In their arguments, the Appellants described the work done in each of the six projects, asserting that there was uncertainty around controlling shelf-life while removing certain ingredients (in Projects One, Five, and Six) and how changes to product formulations (in Projects Two, Three, and Four) would impact organoleptic properties (i.e., product taste, colour, odour, and texture).

For example, in spraying fermented yeast to improve mini-croissant shelf-life in Project One, the Appellants believed they faced uncertainty regarding how this new ingredient would impact the croissant's texture and flavour profile due to the high-fat, layered structure of the product. In addition, there were questions about how to incorporate the spraying step into their existing process. However, the Appellants conceded that they often used external suppliers for guidance on how to overcome certain technological challenges in developing or improving the products associated with the six projects in question.

The Appellants also acknowledged that, during the years in which these projects were undertaken, their testing was primarily qualitative in nature (e.g., taste and texture), and they did not collect or analyze scientific data.

The Minister asserted that none of the projects in question met the SR&ED eligibility criteria because the products and ingredients used were already known in the industry and any changes to processes involved standard and well-known strategies and techniques.

The Court's Findings

In reviewing the evidence, the TCC found that there were similarities among the projects claimed as SR&ED and combined Projects Two, Three, Five, and Six into "Group One" and Projects One and Four into "Group Two." With regards to Group One, the TCC opined that these projects were more likely based on a lack of knowledge. Specifically, while these projects "presented challenges, unknowns, and uncertainties," the products already existed and the Appellants hoped to improve them, and the "…tools, methodology, processes, and ingredients were, on the whole, available to…" them.

The TCC further found that the Appellants attempted to use known methods to solve any problems encountered, which were often suggested by suppliers having more knowledge. In addition, ingredient adjustments based on quantity or volume were not considered sufficient to establish a technological uncertainty, since the "…ingredients used are known and the properties of the ingredients available." While the TCC admitted that this knowledge was not enough to eliminate risks and uncertainties, it also found that this fact was insufficient "to establish that the uncertainty cannot be removed by standard procedures."

With regards to Group Two, the TCC reached a similar finding, despite the distinction that the projects in that group also involved issues related to potential production line adjustments necessitated by the proposed recipe changes. In the court's view, the evidence did "… not support that the production line itself presented a technological uncertainty that could not be removed by standard procedures or routine engineering."

The TCC concluded that, based on the evidence adduced, a technological uncertainty had not been established by the Appellants for any of the six projects in question and, as a result, those activities did not qualify as SR&ED.

Lessons Learned

The ruling in this case serves as a reminder to taxpayers about the importance of establishing the existence of a technological uncertainty prior to claiming SR&ED tax credits. Ultimately, the onus is on claimants to substantiate the amount and eligibility of any expenditures challenged on audit.

Technological uncertainty is an uncertainty or risk that cannot be eliminated using standard procedures or routine engineering. The mere presence of uncertainty or risk is not sufficient for an activity to be eligible for SR&ED. If resolution is foreseeable using usual procedures or routine techniques, there is no technological uncertainty.

In food science, demonstrating eligibility for SR&ED often requires projects to place an emphasis on technological uncertainty related to the interactions of ingredients and, where applicable, how subsequent steps in the process are impacted by those interactions. In this regard, tracking quantifiable metrics and documenting the results associated with food science experimentation are crucial for establishing SR&ED eligibility. For instance, this might include analysis by accredited organoleptic testers. Maintaining detailed records as work progresses on the hypotheses tested and results obtained also serves to answer — in the affirmative — one of the five key questions considered when assessing SR&ED eligibility.

While involving suppliers and other external parties to help solve issues associated with recipe formulation and process development is not fatal to a SR&ED claim, the relationship between the claimant and the other parties needs to be collaborative in nature and focused on resolving a technological uncertainty. It is not sufficient for a claimant to learn from others with more knowledge or experience.

The Future of SR&ED

Recently, the federal government announced plans to enhance its SR&ED tax credit program, expanding eligibility, increasing the benefit, and reintroducing capital expenditure eligibility. While the legislative provisions to effect the proposed changes have yet to be introduced and passed, the expectation is that project eligibility will continue to depend on establishing the existence of technological uncertainty. Fortunately, the Canada Revenue Agency has updated its guidance on the SR&ED program, making it clearer for taxpayers to determine which projects qualify for tax credits.

Ryan continues to monitor the evolution of the SR&ED tax credit and other government funding programs. If you have any questions about how these programs can help fund innovation in your organization, please reach out to your Ryan representative.

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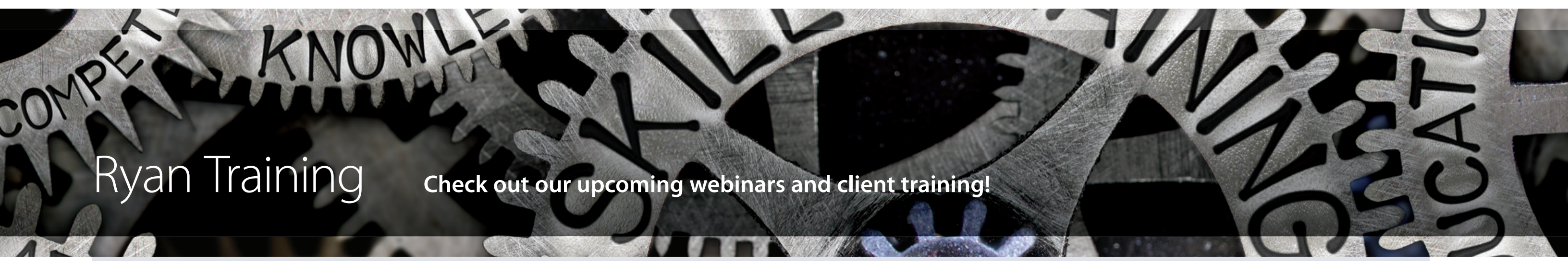

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JULY	7/17/2025	The Luxury Tax
AUGUST	8/21/2025	Value-Added Taxation in Canada – Fundamentals
	8/28/2025	Value-Added Taxation in Canada – Beyond the Basics

Webinars and Other Events

JUNE	6/18/2025	Top Canadian Government Funding Programs for Summer 2025

Course start times vary. All course dates and times subject to change. Additional sessions may be added to accommodate client demand. For the most up-to-date course descriptions and dates, please visit the Ryan website.

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