



British Columbia (BC) Scientific Research and Experimental Development Tax Credit

- To claim this tax credit, attach this form to the **top of the corporation's T2 Corporation Income Tax Return** for the year. This form must be filed within 18 months of the end of the tax year in which the corporation's scientific research and experimental development (SR&ED) qualified BC expenditures are incurred. **Late filed tax credit forms will not be processed.** Please refer to Part 6 of the *Income Tax Act* (British Columbia).
- This form is to be used by corporations that have made a **SR&ED qualified BC expenditure**. A corporation's **SR&ED qualified BC expenditure** for a tax year is the total of its **BC qualified expenditures** incurred in that year and its **eligible repayment** for that tax year. A corporation that is a member of a partnership, other than a specified member as defined in subsection 248(1) of the federal *Income Tax Act*, can use this form to claim its proportionate share of the partnership's British Columbia SR&ED tax credit earned on **BC qualified expenditures** incurred after February 20, 2007. A specified member includes any limited partner. The **credit amount from a partnership** is reported at line a of Part 5 and must not be included in Schedule A.
- Qualified expenditure** has the same meaning as subsection 127(9) of the federal Act, except government assistance does not include a British Columbia SR&ED tax credit or an investment tax credit under subsection 127(5) or (6) of the federal Act.
- BC qualified expenditures** include qualified expenditures made after August 31, 1999 (February 20, 2007 for partnerships) and before September 1, 2017 in respect of SR&ED carried on in British Columbia. The expenditure must have been incurred at a time when the corporation or partnership had a permanent establishment in British Columbia. Expenditures incurred by an individual or trust do not qualify. BC qualified expenditures do not include expenditures incurred in the course of earning income if any of the income is exempt income, as defined in subsection 248(1) of the federal Act, or is exempt from tax under Part 1 of the federal Act.
- A corporation's **eligible repayment** is the total of all amounts of designated assistance repaid in the tax year by the corporation or deemed repaid under subsection 127(10.8) of the federal Act, to the extent each amount is a repayment of designated assistance that reduced an amount of a BC qualified expenditure in the tax year or a previous tax year.
- The **refundable** tax credit may only be claimed by a **Canadian-controlled private corporation (CCPC)**. Any refundable credit to which the corporation is entitled will be offset against other income taxes payable (federal and provincial) and a refund cheque may be issued for any remainder. The refundable credit is limited to 10% of the lesser of the corporation's SR&ED qualified BC expenditure for the tax year and its expenditure limit as defined in subsection 127(10.2) of the federal Act. If a CCPC's expenditure exceeds the corporation's expenditure limit, the corporation may be able to claim a non-refundable credit.
- Other corporations, corporations claiming a credit amount from a partnership, and CCPCs whose expenditure exceeds their expenditure limit may claim a **non-refundable** tax credit to the extent of their British Columbia tax otherwise payable. Any remaining non-refundable tax credit, if not deductible in the year earned, may be used to offset British Columbia tax otherwise payable in any of the three previous years and ten subsequent years.

Freedom of Information and Protection of Privacy Act (FOIPPA)

The personal information on this form is collected for the purpose of administering the *Income Tax Act* (British Columbia) under the authority of paragraph 26(a) of the FOIPPA. Questions about the collection or use of this information can be directed to the Manager, Intergovernmental Relations, PO Box 9444 Stn Prov Govt, Victoria BC V8W 9W8. (Telephone: Victoria at 250-387-3332 or toll-free at 1-877-387-3332 and ask to be re-directed). Email: ITBTaxQuestions@gov.bc.ca

Part 1 – Corporate Information

Corporation's name	Partnership's filer identification number (If you are claiming an amount from a partnership)							
Business number	Tax year start	Year	Month	Day	Tax year end	Year	Month	Day
Contact person's name	Telephone number				Fax number			

Part 2 – Eligibility

Was the corporation exempt from taxation under section 27 of the *Income Tax Act* (British Columbia) or Part I of the federal Act? Yes No

Was the corporation at any time in the year controlled directly or indirectly in any manner whatever by one or more persons, all or part of whose income was exempt from taxation under section 27 of the *Income Tax Act* (British Columbia) or Part I of the federal Act? Yes No

Was the corporation at any time in the year:

a) a small business venture capital corporation registered under section 3 of the *Small Business Venture Capital Act*? Yes No

b) an employee venture capital corporation registered under section 8 of the *Employee Investment Act*? Yes No

If the answer to any of the above questions is "yes", the corporation is not eligible for a tax credit.

Part 3 – SR&ED Qualified BC Expenditure

To determine the amount of total current and capital BC qualified expenditures, complete Schedule A.

Total current BC qualified expenditures in the tax year	350	_____
Total capital BC qualified expenditures in the tax year	360	_____
Eligible repayment made in the tax year	370	_____
SR&ED qualified BC expenditure for the year (add lines 350 to 370)	380	=====

Part 4 – Refundable tax credit for Canadian-controlled private corporations

Protected B when completed

Corporation's expenditure limit as defined in subsection 127(10.2) of the federal Act	_____	A
Corporation's SR&ED qualified BC expenditure for the year (from line 380 in Part 3)	_____	B
Enter the lesser of amount A and amount B	_____	C
Applicable rate	_____	D
Refundable tax credit available (amount C multiplied by percentage D)	=====	E
Refundable tax credit claim (enter an amount up to amount E on line 674 of Schedule 5)	=====	F

Part 5 – Non-refundable tax credit for the year

Corporation's SR&ED qualified BC expenditure for the year (from line 380 in Part 3)	_____	G
Applicable rate	_____	H
Tax credit earned in the year (multiply amount G by percentage H)	_____	I
Tax credit allocated from a partnership	_____ a	
Deduct:		
Recaptured BC SR&ED tax credit allocated to the corporation from a partnership of which the corporation is a member	_____ b	
Subtotal (amount a minus amount b)	===== ▶	J
(if amount b exceeds amount a enter nil at line J and transfer the calculated amount to Part 10 of this form)		
Deduct:		
Refundable tax credit claimed (from amount F in Part 4)	_____ c	
Tax credit renounced for the current tax year (from amount Q in Part 6)	_____ d	
Subtotal (amount c plus amount d)	===== ▶	K
Annual non-refundable tax credit for the year (amount I plus amount J minus amount K)	_____	L
Add:		
Tax credit balance at the beginning of the tax year (from line 520 in Part 7)	_____ e	
Tax credit transferred on amalgamation or windup of a subsidiary	_____ f	
Subtotal (amount e plus amount f)	===== ▶	M
Total non-refundable tax credit available for deduction (Amount L plus amount M)	=====	N
British Columbia income tax otherwise payable	_____	O
British Columbia tax payable from line 240 on Schedule 5 less BC foreign tax credit, BC logging tax credit, BC political contribution tax credit, and BC small business venture capital tax credit.		
Non-refundable tax credit claim (enter this amount on line 659 of Schedule 5)	=====	P
Claim the amount that is the lesser of amount N and amount O or nil if the corporation has made a deduction for the BC two-year tax holiday for new small businesses.		

Complete Part 8 if the amount claimed at line P includes amounts carried forward from preceding years at line e. The non-refundable tax credit may be used to offset British Columbia tax payable for a three-year carry back (if not deductible in the year earned) and a ten-year carry forward.

Complete Part 9 to carry back any non-refundable tax credit if not deductible in the current year earned.

Part 6 – Renunciation of tax credit

The corporation hereby renounces, under subsection 100(1) of the *Income Tax Act* (British Columbia), all entitlement to the British Columbia Scientific Research and Experimental Development tax credit as follows:

Amount of non-refundable tax credit the corporation elects to renounce _____ Q

The amount renounced cannot exceed the total credit earned in the year less the refundable credit claimed in the year (amount I **minus** amount c from Part 5).

Part 7 – Summary of tax credits available for carryforward or carryback

Protected B when completed

Tax credit balance at the end of the previous year			R
Deduct: Tax credit expired after 10 years	504		
Tax credit at the beginning of the year (amount R minus line 504)	520		
Add			
Tax credit transferred on amalgamation or windup (from amount f in Part 5)	530		
Tax credit amount in respect of a partnership (from amount J in Part 5)	535		
Tax credit earned in the current year (from amount I in Part 5)	540		
Subtotal (add lines 530 to 540)		▶	S
Tax credit available (line 520 plus amount S)			T
Deduct:			
Tax credit renounced (from amount Q in Part 6)	580		
Refundable tax credit claimed (from amount F in Part 4)	610		
Non-refundable tax credit claimed (from amount P in Part 5)	560		
Non-refundable tax credit carried back to previous years (from amount X in Part 9)		g	
Subtotal (Add line 580, line 610, line 560, and amount g)		▶	U
Tax credit balance at the end of the year (amount T minus amount U)		▶	620

Part 8 – Request for application of tax credit from previous years

The corporation hereby requests the following tax credit to be applied to the current year tax payable.

	Year	Month	Day		
Year of origin				Amount to be applied	h
Year of origin				Amount to be applied	i
Year of origin				Amount to be applied	j
Year of origin				Amount to be applied	k
Year of origin				Amount to be applied	l
Year of origin				Amount to be applied	m
Year of origin				Amount to be applied	n
Year of origin				Amount to be applied	o
Year of origin				Amount to be applied	p
Year of origin				Amount to be applied	q
Total to be applied (add amounts h to q)				▶	W

Part 9 – Request for carryback of tax credit

The corporation hereby requests a carryback of the tax credit to be applied as follows:

	Year	Month	Day		
1st previous tax year ending on			 Credit to be applied	911
2nd previous tax year ending on			 Credit to be applied	912
3rd previous tax year ending on			 Credit to be applied	913
Total carried back (add lines 911 to 913)				▶	X

You will have a recapture of tax credit in a year when all of the following conditions are met:

- you acquired a particular property and the cost of the property was a BC qualified expenditure in a tax year;
- the cost of the particular property was included in computing your tax credit; and
- you disposed of the particular property or converted it to commercial use after March 31, 2000 (after February 20, 2007, in the case of partnerships), and within 10 tax years of the acquisition. This condition is also met if you disposed of or converted to commercial use a property which incorporates the property previously referred to. If, however, you sell the property to a non-arm's length purchaser who continues to use all the property, or substantially all for British Columbia SR&ED, the recapture does not apply.

You will also have a recapture if you have an excess of recaptured BC SR&ED tax credit allocated from a partnership transferred from Part 5 (amount b **minus** amount a, if greater than "0"). Enter the transferred amount in the calculation below as a positive number at line EE.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use.

If you have more than one disposition, please complete the columns for each disposition to which a recapture applies, using the calculation format below.

Calculation – if you meet all of the above conditions		
AA	BB	CC
Amount of tax credit in respect of the particular property you acquired	Amount calculated at the tax credit rate at the time the property was acquired on either the proceeds of disposition (if sold in an arm's length transaction) or, in any other case, the fair market value of the property	Lesser of amount AA and amount BB
700	710	

Subtotal (**add** all amounts from column CC) _____ DD

Corporate partner's share of the excess of the BC SR&ED tax credit (from Part 5, amount b **minus** amount a, if greater than "0")* . . . _____ EE

Total recapture of BC SR&ED tax credit (enter this amount on line 241 Schedule 5) (amount DD **plus** EE) _____ FF

* As a member of a partnership, a corporation will report its appropriate portion of the British Columbia SR&ED tax credit of the partnership after the BC SR&ED tax credit has been reduced by the amount of any recapture. If this amount is a positive amount, enter the amount on line J in Part 5. However, if the partnership does not have sufficient BC SR&ED tax credit otherwise available to offset the recapture, then the amount by which reductions to the BC SR&ED tax credit exceed additions (the excess) will be determined and added to the corporation's tax otherwise payable.

Schedule A – Current and capital BC qualified expenditure

	Current	Capital
Total current and capital expenditures for SR&ED (from lines 557 and 558 of Form T661)	a	A
Add:		
Qualified expenditures you transferred (from lines 544 and 546 of Form T661)	b	B
Government and non-government assistance (from lines 513, 514, 515, 516, 517 and 518 of Form T661)	c	C
Subtotal (add amounts a to c and enter the sum in d) (add amounts A to C and enter the sum in D)	d	D
Deduct:		
Qualified expenditures transferred to you (from lines 508 and 510 of Form T661)	e	E
Government assistance (defined in section 97 of the <i>Income Tax Act</i> (British Columbia))	f	F
Expenditures incurred in the tax year for SR&ED carried on outside British Columbia	g	G
Expenditures incurred at a time when the corporation had no permanent establishment in British Columbia	h	H
Current expenditures for SR&ED contract paid or payable to, or for the benefit of a person or partnership that is not a taxable supplier in respect of the expenditure	i	I
Expenditures for third-party payments made to entities outside British Columbia	j	J
Prescribed proxy amount on directly engaged salary and wages where the SR&ED was carried on outside British Columbia	k	K
Prescribed proxy amount on directly engaged salary and wages at a time when the corporation had no permanent establishment in British Columbia	l	L
Subtotal (add amounts e to l and enter the sum in m) (add amounts E to L and enter the sum in M)	m	M
BC qualified expenditures. In Part 3 of Form T666: Report on line 350 the amount n (amount d minus amount m), and report on line 360 the amount N (amount D minus amount M)	n	N