

Tax Credit for University Research or Research Carried Out by a Public Research Centre or a Research Consortium

Qualified taxpayer

This form must be filed by any taxpayer that wishes to claim the tax credit for university research or research carried out by a public research centre or a research consortium, in respect of qualified expenditures made by the taxpayer or by a partnership of which the taxpayer is a member.

If the qualified expenditures were incurred by the taxpayer, the taxpayer must:

- carry on a business in Canada;
- have entered into a university research contract with an eligible university entity, or an eligible research contract with an eligible public research centre or an eligible research consortium;
- have paid the research entity amounts related to scientific research and development (R&D) conducted **in Québec**; and
- not be a tax-exempt taxpayer.¹

If the qualified expenditures were incurred by a partnership of which the taxpayer is a member, **the taxpayer can claim the tax credit** as a member of the partnership based on the taxpayer's share of the partnership's qualified expenditures **for the partnership's fiscal period that ends in the taxpayer's taxation year**, if the following conditions are met:

- The partnership meets the first three conditions listed in the previous paragraph.
- The taxpayer is a member of the partnership at the end of the fiscal period.
- The taxpayer is not a specified member of the partnership in the fiscal period.
- The taxpayer is not a tax-exempt taxpayer.

In that case, enter the taxpayer's information in Part 1 and the partnership's information in parts 2 and 4, and then determine the taxpayer's share in Part 6.

Also complete form RD-222-V, *Deduction Respecting Scientific Research and Experimental Development Expenditures*.

Important information

- Complete Part 2 on a separate copy of this form for each research contract in respect of which the taxpayer is claiming the tax credit. Complete parts 3 through 7 on a single copy of the form for all the research contracts.
- If the qualified taxpayer is claiming the tax credit as a corporation or an individual and as a member of a partnership, complete a separate copy of this form for each claim.
- Enclose all completed copies of this form with the taxpayer's income tax return, along with a favourable advance ruling, if applicable,² and form RD-222-V. If, for any reason, you are unable to enclose the required documents with the return, you must send them to us within 12 months after the filing deadline for the return for the taxation year concerned.
- If the taxpayer was required to make instalment payments for the taxation year covered by this form, this tax credit will be used to reduce the amount of those payments.
- For more information, refer to sections 1029.8.1 to 1029.8.7 of the *Taxation Act*.

1 Information about the taxpayer

Québec enterprise number (NEQ) 01a 	Identification number 01b 	File IC 0001	Social insurance number 01c
Name of taxpayer 02 			End date of fiscal period 05 <small>Y Y Y Y M M D D</small>



2 Qualified expenditures related to a research contract

Complete this part for each research contract in respect of which the taxpayer is claiming the tax credit.

2.1 Information about the research contract

Type of contract: 108a University research contract 108b Eligible research contract

109 Check the following box if a linkage agency was given a mandate to enter into this contract.

109a Name of the agency (where applicable): _____ 109b Québec enterprise number (NEQ) _____

110 Check the following box if the research entity (university entity, public research centre or research consortium) was related to the taxpayer or to a member of the partnership, as the case may be, at the time the contract was entered into.

Provide the following information about the contract.

111a Name of research entity _____ 111b Québec enterprise number (NEQ) _____ 111c Date the contract was entered into _____
Y Y Y Y M M D D

111d Address _____ 111e Postal code _____ 111f Date of the advance ruling (if applicable³) _____
Y Y Y Y M M D D

2.2 Qualified expenditures

Amount paid to the research entity. The amount entered must not exceed the applicable limit. ⁴			<input type="checkbox"/> 127	
Assistance, ⁵ benefit or advantage, ⁶ or contract payment ⁷ related to the amount on line 127	<input type="checkbox"/> 143			
Contributions ⁸ received in respect of the R&D project	+ <input type="checkbox"/> 144			
Add lines 143 and 144.	=		<input type="checkbox"/> 149	
Subtract line 149 from line 127.			Qualified expenditures = <input type="checkbox"/> 150	

3 Qualified expenditures related to all the research contracts

Complete this part and parts 4 through 7 on a single copy of the form for all the research contracts entered into **by the taxpayer**. In column A, enter the qualified expenditures related to contracts entered into with a research entity related to the taxpayer. In column B, enter the qualified expenditures related to other contracts.

If the taxpayer is claiming the tax credit as a member of a qualified partnership, go to Part 4. In that case, you must complete parts 4 through 7 on a single copy of the form for all the research contracts entered into **by the partnership**.

Break down the qualified expenditures by entering them in columns A and B (total of the amounts on line 150 of all copies of the form completed for the taxation year).

Amount of reducible expenditures. If you have to complete Part 4, break down the amount from line 187 by entering it in columns A and B. (The amount entered in each column must not be greater than the amount on line 150a.) If you do not have to complete Part 4, enter 0 in columns A and B.

Subtract line 153 from line 150a.

Applicable percentage

Multiply line 154 by line 156.

	A Research entity related to the taxpayer	B Research entity not related to the taxpayer
<input type="checkbox"/> 150a		
- <input type="checkbox"/> 153		
= <input type="checkbox"/> 154		
× <input type="checkbox"/> 156	100%	80%
= <input type="checkbox"/> 156a		

Add the amounts in columns A and B on line 156a. If the result is negative, enter 0.

Qualified expenditures = 157 **H**



4 Amount of reducible expenditures

Do not complete this part if the qualified expenditures for the tax credit (line 127) were incurred, as applicable, by:

- the taxpayer for a taxation year that begins after March 10, 2020, in respect of R&D work conducted after that day;
- the partnership for a fiscal period that begins after March 10, 2020, in respect of R&D work conducted after that day.

If you do not have to complete this part, go to Part 5.

4.1 Exclusion threshold

If the taxpayer's total assets for the previous taxation year or the partnership's total assets for the previous fiscal period,⁹ as applicable, are \$50 million or less, enter \$50,000 on line 175. If they are \$75 million or more, enter \$225,000 on line 175. Then do the calculations on lines 176 through 177.

If the assets are more than \$50 million but less than \$75 million, complete lines 168 through 177.

Basic exclusion threshold		167	50,000
Taxpayer's total assets for the previous taxation year or partnership's total assets for the previous fiscal period	168		
Amount of total assets in excess of which the exclusion threshold increases	169	50,000,000	
Subtract line 169 from line 168	170		
Divide line 170 by line 171.	171	25,000,000	
	172		
Multiply line 172 by line 173.	173	175,000	
Increase in the exclusion threshold	174		
Add lines 167 and 174.	175		
Number of days in the taxation year ¹⁰	176		
Divide line 176 by line 176a.	176a	365	
Multiply line 175 by line 176b.	176b		
Exclusion threshold	177		

4.2 Amount of reducible expenditures

Qualified expenditures incurred in the taxation year or in the fiscal period, as applicable, in respect of which the tax credit for university research or research carried out by a public research centre or a research consortium may be claimed (total of the amounts on line 127 of all copies of the form completed for the taxation year)

Qualified expenditures incurred in the taxation year or in the fiscal period, as applicable, in respect of which the tax credit for private partnership pre-competitive research may be claimed (total of the amounts in columns A, B and C on line 130 of all copies of form RD-1029.8.16.1-V completed for the taxation year)

Qualified expenditures incurred in the taxation year or in the fiscal period, as applicable, in respect of which the tax credit for salaries and wages (R&D) may be claimed (total of the amounts in columns A, B and C on line 130 of the copy of form RD-1029.7-V completed for the taxation year)

Eligible fees or dues paid to a research consortium in respect of which the tax credit for fees and dues paid to a research consortium may be claimed (total of the amounts on line 142 of all copies of form RD-1029.8.9.03-V completed for the taxation year)

Add lines 178 through 181. **Reducible expenditures**

Enter the amount from line 177 or line 182, whichever is **less**. If the amount on line 182 is less than the amount on line 177, the taxpayer cannot claim the tax credit for the taxation year.

		178	
		179	
		180	
		181	
Reducible expenditures	182		
Enter the amount from line 177 or line 182, whichever is less. If the amount on line 182 is less than the amount on line 177, the taxpayer cannot claim the tax credit for the taxation year.	183		
Amount on line 183	Amount on line 178	Amount of reducible expenditures	
184	185	187	
×	186	▶	
	Amount on line 182		

If the taxpayer is a member of a partnership, break down the amount on line 187 on line 212f. Otherwise, break it down on line 153.



5 Qualified expenditures giving entitlement to the increased rate of the tax credit

Complete Part 5 only if the taxpayer is a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and whose assets (including those of any corporations associated with it) are less than \$75 million for the previous taxation year. In other cases, go to Part 7. A taxpayer claiming the tax credit as a member of a qualified partnership is not entitled to the increased rate of the tax credit. Go to Part 6.

The limit on qualified expenditures that give entitlement to the increased rate is \$3,000,000. Furthermore, if the corporation is associated with one or more other corporations, that limit must be allocated to one or more of the corporations. To do so, complete form RD-1029.7.8, *Entente concernant la limite de dépenses entre sociétés associées*. Then enter the amount allocated to each corporation on line 197 of its RD-1029.8.6 form. If the corporation is not associated with any other corporation, enter \$3,000,000 on line 197 of form RD-1029.8.6.

	Expenditure limit	×	Number of days in the taxation year ¹¹	
197			198	
			199	365 days
			▶	200

Amount of reducible expenditures (amount on line 187). If you did not complete Part 4, enter 0.	-	201	
Subtract line 201 from line 200.	=	202	

Enter either amount H or the amount on line 202, whichever amount is less.

Qualified expenditures giving entitlement to the increased rate of the tax credit		203	
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6 Taxpayer that is a member of a partnership

Complete this part only if the taxpayer is a member of a qualified partnership.

6.1 Taxpayer's percentage interest in the qualified partnership

If the taxpayer is directly a member of the qualified partnership, enter the information about the partnership on line 206 and carry the taxpayer's percentage interest¹² to line 207.

If the taxpayer is a member of an interposed partnership that is a member of the qualified partnership, provide the required information about both partnerships on lines 205 and 206, respectively. If there is more than one interposed partnership, you must provide the required information for all of them. If there are more than three interposed partnerships, provide the information for each additional interposed partnership on another copy of the form. (All copies of the form must be filed together.) Then complete line 207.¹³

	A Name of partnership	B Québec enterprise number (NEQ)	C Identification number	D End date of fiscal period <small>Y Y Y Y M M D D</small>	E Percentage interest
205	1. Interposed partnership				%
	2. Interposed partnership				%
	3. Interposed partnership				%
206	Qualified partnership				%

Multiply the percentages in column E (line 205). If you have completed more than one copy of the form, multiply the percentage interests in all the interposed partnerships from each copy completed. Then multiply the result by the percentage interest in the qualified partnership.

Taxpayer's percentage interest in the qualified partnership =		207	
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6.2 Qualified expenditures

Break down the qualified expenditures by entering them in columns A and B (total of the amounts on line 150 of all copies of the form completed for the taxation year).

		A Research entity related to a member of the partnership	B Research entity not related to a member of the partnership
Percentage on line 207	×	212a	212b
Multiply line 212a by line 212b.	=	212c	212d
Assistance ¹⁴ received by the member of the partnership that is related to the amount on line 212a	-	212e	212f
Subtract line 212d from line 212c.	=	212g	212h
Amount of reducible expenditures. If you have to complete Part 4, break down the amount from line 187 by entering it in columns A and B. (The amount entered in each column must not be greater than the amount on line 212a.) If you do not have to complete Part 4, enter 0 in columns A and B.		213	213a
Percentage on line 207	×	213b	213c
Multiply line 212f by line 212g.	=	213d	213e
Subtract line 212h from line 212e.		213f	213g
Applicable percentage	×	213h	213i
Multiply line 213 by line 213a.	=	213j	213k
Add the amounts in columns A and B on line 213b. If the result is negative, enter 0.		Qualified expenditures = 214	

7 Tax credit for university research or research carried out by a public research centre or a research consortium

The tax credit is calculated differently according to the type of taxpayer. If the taxpayer is:

- a corporation, **complete section 7.1**; or
- an individual, **complete section 7.2**.

In a future taxation year, if you find that the taxpayer should not have received all or part of the tax credit, the taxpayer will have to repay the excess amount they received by paying a **special tax**. When completing the taxpayer's income tax return for the year in question, enter the excess amount in the space provided for that purpose. For more information, refer to sections 1129.0.1 to 1129.0.10.10 of the *Taxation Act*.

7.1 Tax credit for a corporation

7.1.1 Increased rate of the tax credit

Complete this section if an amount is entered on line 203. Otherwise, go to section 7.1.2.

Maximum increased rate		216	30%
Corporation's total assets ¹⁵ for the previous taxation year		217	
Amount of total assets in excess of which the rate reduction applies	-	218	50,000,000
Subtract line 218 from line 217. If the result is negative, enter 0.	=	219	
Applicable rate	×	220	16%
Multiply line 219 by line 220.	=	221	250,000
Montant de la ligne 221 divisé par 250 000		222	
Rate reduction =		223	%
Subtract line 223 from line 216.		224	%
Increased rate of the tax credit =			



7.1.2 Tax credit

Complete all of this section if an amount is entered on line 203. Otherwise, enter the amount of the corporation's qualified expenditures (amount H or amount I, as applicable) on line 230 and complete lines 231 through 235.

Qualified expenditures giving entitlement to the increased rate of the tax credit (amount on line 203)		225		
Increased rate of the tax credit (rate on line 224)	×	226	%	
Multiply line 225 by line 226.	=	227		
Qualified expenditures (amount H)		228		
Qualified expenditures giving entitlement to the increased rate of the tax credit (amount on line 225)	-	229		
Subtract line 229 from line 228. If the result is negative, enter 0.	=	230		
Applicable rate. Enter 14%.	×	231	%	
Multiply line 230 by line 231.	=			232
Tax credit in respect of assistance, a benefit or an advantage that was repaid in the taxation year concerned and that is related to expenditures incurred in a previous taxation year ¹⁶	+			233
Add lines 227, 232 and 233. Carry amount V (or the total of amounts V) to one of lines 440p through 440y of form CO-17, <i>Déclaration de revenus des sociétés</i> , and enter code 03 in the appropriate box.	=			235
				V

7.2 Tax credit for an individual

Amount H or amount I, as applicable		241		
Applicable rate. Enter 14%.	×	244	%	
Multiply line 241 by line 244.	=	244a		
Tax credit in respect of assistance, a benefit or an advantage that was repaid in the taxation year concerned and that is related to expenditures incurred in a previous taxation year ¹⁷	+			244b
Add lines 244a and 244b. Carry amount V (or the total of amounts V) to line 462 of the personal income tax return and enter code 15 in box 461.	=			245
				V



Notes

1. The term “tax-exempt taxpayer” refers to:
 - a corporation exempt from income tax;
 - a Crown corporation or a subsidiary wholly-owned corporation of such a corporation;
 - a controlled corporation, that is, a corporation that for 24 months before the date the research contract is entered into, is controlled, directly or indirectly in any manner whatsoever, by one of the following entities:
 - an eligible university entity,
 - an eligible public research centre,
 - an eligible research consortium,
 - a corporation that operates a personal services business;
 - a corporation related to a controlled corporation.

The terms “eligible university entity,” “eligible public research centre” and “eligible research consortium” are defined in section 1029.8.1 of the *Taxation Act*. The term “personal services business” is defined in section 1 of the Act.
2. Effective March 26, 2021, you do not have to submit a favourable advance ruling to claim the R&D tax credits. However, you may have to provide information so that we can make sure that the conditions for the credits are met.
3. See note 2.
4. The limit only applies if the taxpayer is related to the research entity, in which case the limit corresponds to the expenditures that would have been qualified expenditures had they been made by the taxpayer under the same circumstances and conditions. In addition, overhead expenditures included in such expenditures cannot be more than 55% of the wages incurred.
5. The term “assistance” refers to any government assistance and any non-government assistance that the taxpayer or a research entity related to the taxpayer received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the taxation year covered by this form. The term does not include any amount received and repaid in the taxation year in respect of which the tax credit is claimed. “Government assistance” and “non-government assistance” are defined in section 1029.6.0.0.1 of the *Taxation Act*.
6. The phrase “benefit or advantage” refers to any benefit or advantage that the taxpayer obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the taxation year covered by this form. The phrase does not refer to any amount received and repaid in the taxation year in respect of which the tax credit is claimed. A benefit or advantage may be a reimbursement, compensation, guarantee or proceeds of disposition of property that exceed the fair market value of the property, or may be granted in any other form or manner. See section 1029.8.19 of the *Taxation Act*.
7. The term “contract payment” means:
 - an amount that the taxpayer or a research entity related to the taxpayer received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the taxation year covered by this form, for R&D work that the taxpayer or entity undertook on behalf of a person resident in Canada or on behalf of a person not resident in Canada that carries on a business in Canada; or
 - an amount, other than a prescribed amount, that the taxpayer or a research entity related to the taxpayer received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the taxation year covered by this form, for R&D work that the taxpayer or entity undertook on behalf of:
 - the Government of Canada or a provincial government,
 - a municipality,
 - a Canadian public authority, or
 - a person exempt from income tax.
8. No tax credit can be granted if the taxpayer or a person not dealing at arm’s length with the taxpayer obtained or is entitled to obtain a contribution:
 - in the form of a former, present or future right in the proceeds of disposition of all or part of the intellectual property arising from the project or contract, as the case may be;
 - in the form of property designated by the Minister as being a contribution; or
 - in any other form or manner (with exceptions).

For more information, refer to sections 1029.8.19.2 to 1029.8.19.7 of the *Taxation Act*.
9. Do not take into account the assets of any corporations that, at any time in the taxation year, were associated with the qualified taxpayer.
10. If the taxation year concerned has 357 days or more, enter 365 days.
11. See note 10.
12. The term “percentage interest” refers to the taxpayer’s share of the partnership’s income (or loss) for its fiscal period, divided by the partnership’s income (or loss) for its fiscal period. If the partnership has no income or loss for its fiscal period, do the calculation as if the partnership had income of \$1,000,000.
13. If the taxpayer is a member of a qualified partnership through a number of groups of interposed partnerships, calculate the taxpayer’s percentage interest in the qualified partnership separately for each such group, and complete the form as follows:
 - On line 205 (columns A to E), enter the required information about all the interposed partnerships in each group.
 - On line 206 (columns A to D), enter the required information about the qualified partnership.
 - On line 207, enter the taxpayer’s total percentage interest in the qualified partnership (the sum of the taxpayer’s percentage interests in the qualified partnership, calculated for each group).
14. The term “assistance” refers to any government assistance and any non-government assistance that the taxpayer received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the partnership’s fiscal period covered by this form. The term does not include any amount received and repaid in the year in respect of which the tax credit is claimed. “Government assistance” and “non-government assistance” are defined in section 1029.6.0.0.1 of the *Taxation Act*.
15. The assets of any corporation that, at any time in the taxation year, was associated with the corporation covered by this form must be taken into account.
16. To determine the amount to be entered on line 233 (where applicable), recalculate the tax credit for the previous year as if the taxpayer never received, in the previous year, the assistance, benefit or advantage repaid in the year concerned. Thus, you must redo the tax credit calculations done on the copy of form RD-1029.8.6 completed for the previous taxation year. The amount to be entered corresponds to the amount by which the recalculated tax credit exceeds the tax credit for the previous year.
17. See note 16.

