

## **Manitoba Research and Development (R&D) Tax Credit: Clarification on Renunciation Deadlines**

Some Manitoba claimants have been renouncing their Manitoba Research and Development tax credit at the time of claiming the federal Scientific Research and Experimental Development Investment Tax Credit (SR&ED ITC). While the SR&ED ITC may be claimed up to 18 months after a corporation's tax year end, both the federal and Manitoba *Income Tax Acts* require that taxpayers renounce the provincial R&D credit no later than six months after the end of their tax years.

For a temporary period ending March 31, 2009, Manitoba Finance and the Canada Revenue Agency have agreed to allow corporations to renounce the Manitoba R&D Tax Credit on or before the date that is 18 months after their tax year end. For SR&ED claims submitted after March 31, 2009, the renunciation deadline set out in Manitoba's *Income Tax Act* will be enforced. Taxpayers who have questions about the requirements should call the SR&ED Information Line at (403) 691-5890 or contact the Canada Revenue Agency office that has dealt with their previous SR&ED claims.

### **Background**

The Manitoba R&D tax credit is government assistance under the federal *Income Tax Act*. The federal SR&ED ITC is calculated based on qualified SR&ED expenditures less the government assistance amount. Renouncing the Manitoba R&D Tax Credit allows a corporation without taxes payable to maximize its qualified SR&ED expenditures and consequently its federal SR&ED ITC.

The government assistance received, receivable or entitled to be received, by a corporation is determined at six months from the end of its tax year. This is aligned with the six month filing deadline to renounce the Manitoba R&D tax credit. If a renunciation of the Manitoba R&D tax credit is not made on or before the six month filing deadline, the renunciation will be disallowed and the corporation will have a lower federal SR&ED ITC because the Manitoba R&D credit will be included as government assistance.

The six month filing deadline for renouncing Manitoba's credit and for determining government assistance under the federal SR&ED ITC rules applies despite the 18 month filing deadline for filing the federal SR&ED ITC under the federal *Income Tax Act* and the 18 month filing deadline for filing the Manitoba R&D Tax Credit under the Manitoba *Income Tax Act*.

SR&ED Information Line: Calgary Tax Services Office  
Phone number: 403-691-5890  
Fax number: 403-691-6625