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Ottawa Moves One Step Closer to Increased R&D Funding?

Finance Committee Heeds Pre-Budget Recommendations

On December 7 the House of Commons Standing Committee on Finance tabled its pre-budget report for 2006 entitled *"Canada: Competing to Win"*. It contained several notable recommendations on R&D funding.

The report contains a total of 43 recommendations which were distilled from input garnered at hearings conducted in September and October at which the Finance Committee heard presentations from over 400 industry groups on the topic Canadian economic competitiveness. Key excerpts from these hearings – pertaining to science and technology policy -were covered in our bulletin #23 earlier this week.

Specifically mentioned in the report were recommendations concerning enhanced treatment of SR&ED tax credits, increasing the small business tax limit, and establishing a fellowship program to increase interaction between business and academia.

Although the tabling of this report does not mean any immediate change in legislation or the imminent availability of any R&D additional funding, the chances are very good that many of these recommendations will find their way into the next Federal budget which is expected March 2007.

In press release issued yesterday Michael Tinkler a public finance analyst at Certified Management Accountants of Canada said:

"We are heartened by the extent to which the committee specifically acknowledged CMA Canada and included many of our recommendations in its pre-budget report aimed at building a more competitive Canada," said "We look forward to seeing how Finance Minister Jim Flaherty acts on these recommendations in his budget to move Canada up the competitive ladder."

Mr. Brian Pallister, M.P., Chair of the Committee, said:

"We have made recommendations about health, education, and incentives to work and to save that will ensure our people are productive. Recommendations about Canada's infrastructure and the environment, as well as about charitable giving, volunteerism and support for our arts and cultural sector will help to ensure competitive communities. **Finally, businesses would be more competitive with the adoption of our recommendations in such areas as corporate taxation, support for R&D and innovation, regulation and international trade.**"

According to various government press releases issued today, the full text of the report can be found at: www.parl.gc.ca/FINA or <http://cmte.parl.gc.ca/cmte>.

If not, try checking the Standing Committee on Finance home page at <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=186356>

For more information on this topic, contact:

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About Scitax...

Scitax Advisory Partners is a professional services firm with specialist expertise in Scientific Research and Experimental Development (SR&ED) tax credits.

We offer a team of senior technical consultants all of whom have ten or more years experience in the SR&ED field. All Scitax technical consultants have engineering or science backgrounds and at least twenty years industry experience in their particular field prior to consulting.

Our primary function is to produce a technical submission package that most effectively communicates your SR&ED claim to CRA in a way that highlights eligibility and expedites processing. We assist you in identifying and preparing all required documentation including project technical descriptions, cost schedules, and everything else your tax preparer needs to file the claim. Once your claim is filed, Scitax will advocate for you with CRA and help you negotiate fair settlement of your claim.

While we normally work with our client's existing tax advisors, our affiliated firm Cadesky and Associates can provide a full package of tax services if required.



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