

Winter 2016 Quarterly Newsletter

Editor's Welcome:

State of the Industry and the Winter Advantage

Written by: *Ela Malkovsky, Editor-In-Chief*



Canadians are well known for their resilience during the cold winter months. This resilience translates well to the business world, where Canadian manufacturers continue to push scientific boundaries even as the snow and cold linger.

As the calendar turns over, many businesses look to get organized for the year ahead. Identifying prospective R&D activities for inclusion in the Scientific Research & Experimental Development (SR&ED) tax credit program is one way to ensure you maximize your business' profitability for the coming year. This period can also provide a great opportunity to develop strategies for increasing company efficiency. If you lost valuable time during the last fiscal year in trying to allocate labour or locate and identify relevant records of activities performed, it may be worthwhile to revisit your existing activity tracking system, simplifying or strengthening it in order to save valuable time and reduce frustration down the road.

The new year also brings with it an excellent opportunity for businesses to better familiarize themselves with grant opportunities that may be relevant for ongoing and future projects. Whether you are looking to expand your facilities, increase access to global markets, further your workforce development, or integrate new technologies with your processes, obtaining government funding is key to realizing the full potential of your initiatives. In this edition of our newsletter, we have broken down select government funding opportunities by region in order to provide an overview of what programs are available across Canada. By getting organized and developing a plan for upcoming R&D activities, companies can gain the competitive edge they need to fine-tune operational strategies and increase competitiveness in 2016.



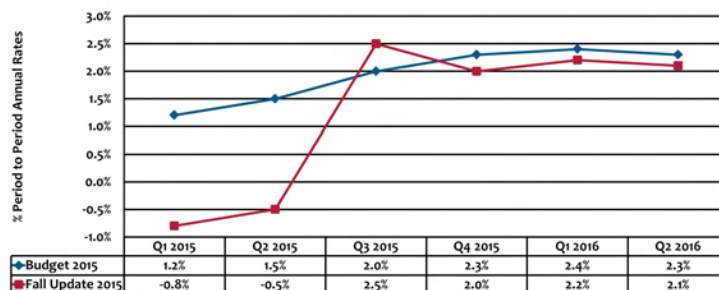
Fiscal Outlook for 2016

Government of Canada's Economic and Fiscal Outlook

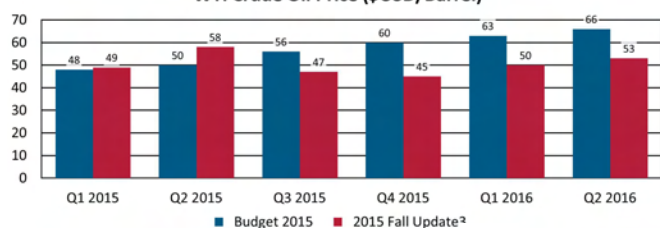
According to private sector economists, real GDP growth in Canada over the next four years is expected to average 1.9% per year, while global equity markets rebound despite persistent instability following high volatility in the summer of 2015.

Manufacturing sales and exports are expected to continue growing in 2016 with a lower Canadian dollar and strong demand from the U.S., which is anticipating a 0.3% real GDP growth in 2016 as compared to 2014.

Real GDP Growth



WTI Crude Oil Price (\$USD/Barrel)



Commodity pricing (agriculture, crude oil, base metals, and natural gas) has been subject to slower growth than anticipated at the beginning of 2015 as a result of high inventory levels and slower than expected global economic growth, with crude oil prices of less than US\$60 per barrel projected through 2020.

Fall Update 2015 Q1 2015 and Q2 2015 values are actual; all others are estimated/predicted
Source: "Update of Economic and Fiscal Projections: Chapter 2 - Economic Developments and Prospects", Government of Canada, www.budget.gc.ca

Canada's Western Provinces:

Select Government Funding Opportunities and Programs in British Columbia and Alberta

AgrilInnovation (AI)

AgrilInnovation is a **federal program** under the Growing Forward 2 initiative and includes two funding streams. The Industry-led Research and Development Stream offers non-repayable contribution **funding to support pre-commercialization R&D** and knowledge transfer. The Enabling Commercialization and Adoption Stream offers **repayable loans to accelerate commercialization and/or the adoption of innovation**.

Amount:	Industry-led Research and Development Stream — 50% of eligible costs up to \$5M; Enabling Commercialization and Adoption Stream — 50% eligible costs up to \$2M for pre-commercial demonstration and up to \$10M for commercialization or adoption;
Eligible Costs:	Industry-led Research and Development Stream — travel, administration, contracted services, capital/assets, salaries/benefits , etc.; Enabling Commercialization and Adoption Stream — capital assets, contracted services, salaries/benefits , etc.;
Criteria:	Industry-led Research and Development Stream — for-profit corporations ; Enabling Commercialization and Adoption Stream — must be for-profit corporation , including for-profit co-ops;
Additional Info:	This program is scheduled to close on March 31, 2018 . All projects must be finished by this date.

Western Innovation (WINN) Initiative

WINN is a **repayable contribution** that helps small- to medium-sized companies in Western Canada **transition their innovative technologies** (services, products, and/or processes) to the commercialization stage.

Amount:	50% of eligible costs up to \$3.5M per project;
Eligible Costs:	Labour, capital for equipment , quantifiable design, materials consumed/prototype development/prototype transportation, third-party involvement (e.g., QA, testing, certification), etc.;
Criteria:	Incorporated, 1+ year operation in Western Canada, less than 500 employees;
Additional Info:	Must have a business plan that shows how the new technology can be viably commercialized within three years of the date on which the project funding started . Announcements are made by Western Economic Diversification Canada to indicate the application deadline, with the possibility of there being multiple intake periods per annum.

Canada Job Grant (CJG)

The Canada Job Grant provides **funding for short-term training** and operates on a provincial basis.

Amount:	Two-thirds of eligible costs up to \$10,000 per employee;
Eligible Costs:	Third-party training costs , such as tuition, textbooks, necessary/required software, mandatory student fees, and examination fees;
Criteria:	Third-party training is provided for employees at private corporations, non-profit groups, First Nations councils, or training organizations;
Additional Info:	This program is scheduled to run until 2020.

British Columbia Interactive Digital Media Tax Credit (BCIDMTC)

The BCIDMTC is a **refundable tax credit** that **supports interactive digital media product development in BC** for the purpose of educating, informing, or entertaining the user using a combination of text, sounds, and/or images.

Amount:	17.5% of salary/wages (total eligible salaries/wages for the year must be over \$100,000);
Eligible Costs:	IDM product development (i.e. design/artwork/animation and project management);
Criteria:	Registered companies developing IDM products between Aug 31, 2010 & Sept 1, 2018 ; employees residing in B.C. on Dec 31 of the year preceding the end of the corporation's tax year; filed with tax return;
Additional Info:	Companies that apply for the BCIDMTC are not eligible to claim provincial SR&ED tax credits ; companies must register with the Ministry of Finance for each tax year that they want to claim the IDMTTC.

Please note that this list is not comprehensive and does not list all government funding programs available in these provinces. Some government funding programs that appear above are available in multiple provinces and their locational representation is for information purposes only. Please contact us to inquire about the availability of these and other programs in the province you are interested in.

Canada's Atlantic Provinces:

Select Government Funding Opportunities and Programs in NB, NL, NS, and PEI

Newfoundland and Labrador Interactive Digital Media Tax Credit (NLIDMTC)

The NLIDMTC offers **refundable tax credits** to eligible businesses in Newfoundland and Labrador for activities related to the **development of Interactive Digital Media products**.

Amount:	40% of eligible costs , up to \$40,000 per employee; up to \$2,000,000 in labour/remuneration claimable;
Eligible Costs:	Labour and remuneration expenditures incurred during product development;
Criteria:	Taxable Interactive Digital Media development companies; located in NL and registered with the NL Film Development Corp.; interactive product with the primary purpose to inform, educate, or entertain ; product information uses two of the following to present information: text, sound, and images; user can manipulate information; product adapts to user's needs; non-promotional; excludes interpersonal communication;
Additional Info:	The tax credit is offered to eligible companies that incur labour and remuneration expenditures between January 1, 2015, and December 31, 2019 .

Atlantic Innovation Fund (AIF)

The AIF offers conditionally **repayable contributions** to Atlantic Canadian companies for projects that focus on **scientific/technical product, process, or service development and commercialization**. Additionally, the AIF aims to foster partnerships relating to research and commercialization.

Amount:	75% of eligible costs up to \$3M;
Eligible Costs:	Wages/salaries, capital costs, operating expenses;
Criteria:	Incremental, sufficient financing for the scheduled project; high economic benefit to Atlantic Canada ; R&D-based projects; high commercialization potential ; technology adaptation to improve production, as well as support at least one strategic sector or technology;
Additional Info:	Projects that result in the development and commercialization of technologies (products, processes, and/or services) in humanities, social sciences, arts & culture, or natural & applied sciences may also be eligible for AIF funding.

AgriMarketing (SME Market Development Stream)

The SME Market Development Stream of the AgriMarketing program is a **federal grant** that assists farmers and food processors with **expanding export and domestic markets**.

Amount:	50% of eligible project costs up to \$50,000 per year;
Eligible Costs:	Travel, shipping, booth costs, marketing costs, and incoming/outgoing missions;
Criteria:	Less than 250 employees, less than \$50M in sales;
Additional Info:	This program is scheduled to close on March 31, 2018 . All projects must be finished by this date.

Canada Media Fund (CMF)

The CMF is a **federal program** that fosters innovative development under two streams: the Convergent Stream, for convergent television and digital media content, and the Experimental Stream, for interactive digital media content and applications.

Amount:	Convergent Stream — loans up to \$1M ; Experimental Stream — Development: up to \$500,000 repayable advance; Production — up to \$1M recoupable investment; Marketing and Promotion — up to \$500,000 recoupable advance;
Eligible Costs:	Experimental Stream — technology infrastructure, project audit fees, marketing and promotion, salaries and benefits/wages/contracts for project teams, etc.; Convergent Stream — costs vary under multiple sub-programs, please refer to specific program guidelines for details;
Criteria:	For-profit, HQ in Canada/Canadian broadcaster, Canadian-Controlled Private Corporation;
Additional Info:	Forms of funding include repayable contributions, equity investments, and licence fee top-ups .

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SR&ED from Coast to Coast

Federal SR&ED Tax Credits

Through the Scientific Research and Experimental Development (SR&ED) tax credit, qualified Canadian-Controlled Private Corporations (CCPCs) can receive a refund of up to 35% on eligible expenditures incurred in the development of new or improved products or processes. Foreign owned or public corporations can qualify for a 15% tax credit on eligible expenditures.

Additional provincial tax credits are available to qualifying companies that operate in conjunction with the SR&ED program.

Eligible Costs: SR&ED expenditures including wages, subcontracts, materials, and overhead costs;
Criteria: Companies performing SR&ED in a permanent establishment in the province during the year.

Eastern and Western Provincial SR&ED Tax Credit Amounts

Province	Credit Value	Filing Due
Alberta (AB)	10% refundable (up to \$4 million in eligible expenses)	15 months after year end
British Columbia (BC)	10% refundable for CCPCs up to 10% of expenditure limit (\$3 million); non-refundable for non-CCPCs	18 months after year end
New Brunswick (NB)	15% refundable (projects after 2003); 10% non-refundable (before 2003)	Not Applicable
Newfoundland and Labrador (NL)	15% refundable	12 months after year end
Nova Scotia (NS)	15% refundable	18 months after year end
Prince Edward Island (PEI)	There is not currently a provincial program for Prince Edward Island; however, companies in this province may still receive the federal credit.	

Please note that companies in Manitoba, Ontario, Saskatchewan, the Yukon, and Québec may be eligible for provincial/territorial SR&ED tax credits. The federal SR&ED tax credit is also available to all companies conducting SR&ED-eligible activities in Canada, including those in the Northwest Territories and Nunavut. For more details on provincial/territorial tax credits or for additional information about SR&ED tax credit eligibility, please contact us!



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About Us:

NorthBridge Consultants has been assisting companies access government funding for over 20 years. As one of the largest independent government funding consulting firms in Canada, our objective is to maximize our clients' funding potential.

