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GUIDE TO TAXATION OF R&D EXPENSES

Earl Viner

Release 1, July 2026

Publisher's Special Release Note 2025

The pages in this work were reissued in October 2025 and updated to reflect that date in the release line. Please note that we did not review the content on every page of this work in the October release. We will continue to review and updated the content according to the work's publication schedule. This will ensure that subscribers are reading commentary that incorporates developments in the law as soon as possible after they have happened or as the author deems them significant.

This release updates Chapter 1, New Matters and Chapter 11, Provincial Incentives in Volume 1; and Appendix A, R&D Legal Cases and Brief Commentary; and Appendix D, Federal Government Forms, Instruction Books and Guides in Volume 2.

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Highlights

Volume 1

New Matters

The following have been added:

- New SR&D Client Portal;
- SR&D Program's Quarterly Newsletter;
- SR&D Tax Incentive Program – New Rules;
- Annual Program Statistics;
- Launch of the new Pre-Claim approval process;
- Enhancements to the SR&D Tax Incentive Program; and
- Note for Dentistry Professionals.

Chapter 11 — Provincial Incentives:

- Quebec three forms have been updated: Form RD-1029.7-V, Salaries and Wages (R&D), and Form RD-1029.8.9.03-V, Tax Credit for Fees and Dues Paid to a Research Consortium; and Form RD-1029.8.16.1-V, Tax Credit for Private Partnership Pre-Competitive Research; and
- Alberta: Form AT1 Schedule 29, Alberta Innovation Employment Grant has been updated.

Volume 2

Appendix A—R&D Legal Cases and Brief Commentary

Four new case summaries and author commentary have been added:

- *Paveit Construction Inc. v. The King*, where the judge dismisses Paveit Construction Inc.'s SR&D claim for 2017, finding that the company's roller-compacted concrete work relied on established industry knowledge rather than experimental development, and failed to demonstrate technological uncertainty, formulate hypotheses, or follow scientific methodology as required under subsection 248(1) of the *Income Tax Act*;
- *Tuna Temple Inc. v. The King*, where the Court dismissed SR&D claims totaling over $1.8 million across five taxation years, finding that fish processing projects lacked evidence of technological uncertainty, systematic investigation, and proper documentation to meet the Northwest Hydraulic criteria for scientific research and experimental development;
- *Willowglen Systems v. The King* examines two software development projects to determine SR&D eligibility, allowing

claims for a Safety Integrity Level 4 train control system while rejecting a SCADA monitoring framework—emphasizing that claimants must clearly articulate technological uncertainties and maintain realistic research objectives to succeed in SR&D disputes; and

- *Éléments Chauffants Tempora Inc. v. The King* examines a Tax Court of Canada decision where SR&D claims for 2006-2009 were reassessed following discovery of plagiarized technical documentation and a fraudulent invoice, with Justice Lafleur allowing some projects while upholding penalties and statute-barred reassessments based on findings of neglect and misrepresentation.

Appendix D— Federal Government Forms, Instruction Books and Guides

- Form T2 Sch 31: Investment Tax Credit – Corporations (2023 and later tax years) has been updated;
- Form T2038(IND): Investment Tax Credit – Individuals has been updated; and
- Guide T4088, Scientific Research and Experimental Development (SR&D) Expenditures Claim, Guide to Form T661 has been updated.