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**2013 GUIDE TO CLAIMING THE  
ALBERTA SCIENTIFIC RESEARCH AND  
EXPERIMENTAL DEVELOPMENT  
(SR&ED) TAX CREDIT  
([AT1 Schedule 9](#) and [AT1 Schedule 9  
Supplemental](#))**

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April 2013

*Alberta*  Treasury Board  
and Finance

## **2013 GUIDE TO CLAIMING THE ALBERTA SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) TAX CREDIT (AT1 SCHEDULE 9 AND AT1 SCHEDULE 9 SUPPLEMENTAL)**

*Every effort has been made to ensure the contents of this guide are accurate and consistent with Alberta legislation. However, if a discrepancy should occur between this guide and Alberta legislation, Alberta legislation takes precedence.*

### **Introduction**

This guide contains information for completing the Alberta SR&ED Tax Credit forms – [AT1 Schedule 9](#) and [AT1 Schedule 9 Supplemental](#). A two-step calculation for claiming the Alberta SR&ED tax credit has been developed. The first step determines the SR&ED tax credit using the qualified corporation's eligible expenditures. The second step uses the Alberta SR&ED tax credit from the first step to calculate the federal qualified SR&ED expenditures on line 559 of federal form T661. The two-step calculation is necessary to avoid a circular calculation because the Alberta SR&ED tax credit reduces the federal qualified SR&ED expenditures on federal form T661.

Part of the Alberta SR&ED tax credit calculation includes a reduction to the credit based on the amount of federal investment tax credits for SR&ED in Alberta that were received in the prior year (the Grind). The Grind has been eliminated for taxation years ending after March 31, 2012. Therefore, SR&ED expenditures eligible for the Alberta SR&ED tax credit are no longer reduced by the amount of any federal SR&ED tax credit received in a preceding year. Additional technical changes have been made to the Alberta SR&ED tax credit program effective January 1, 2009.

As a result of the changes noted above, AT1 Schedule 9 has been revised. Use the revised form to claim the Alberta SR&ED tax credit for all taxation years. In addition to completing the AT1 Schedule 9, for taxation years ending on or before March 31, 2012, use AT1 Schedule 9 Supplemental to calculate the Grind. You do not need to complete AT1 Schedule 9 Supplemental for taxation years ending after March 31, 2012.

To correctly calculate the Alberta SR&ED tax credit for taxation years ending on or before March 31, 2012, recalculate your previously filed Alberta SR&ED tax credit claims on the most recent version of AT1 Schedule 9 and AT1 Schedule 9 Supplemental.

We have included some examples in the appendix at the end of this guide to illustrate how to complete the AT1 Schedule 9 and AT1 Schedule 9 Supplemental.

### **BEFORE COMPLETING AT1 SCHEDULE 9**

Before completing AT1 Schedule 9 and AT1 Schedule 9 Supplemental, if applicable, complete form [AT4960](#), "Listing of SR&ED Projects Claimed in Alberta".

## **LISTING OF SR&ED PROJECTS CLAIMED IN ALBERTA – [AT4960](#)**

This form shows, project-by-project, the portion of the SR&ED claim carried out by a qualified corporation through a permanent establishment in Alberta in the taxation year. Use additional forms if you require extra space.

If all the federal expenditures of the corporation for the taxation year were carried out in Alberta, do not file form AT4960, "Listing of SR&ED Projects Claimed in Alberta" with the AT1 Schedule 9. If the corporation has federal qualified SR&ED expenditures in Alberta and another province, the corporation should file form AT4960. In all cases, form AT4960 must be available for review, if requested.

### Identification Information

Enter the corporation's legal name, Alberta corporate account number and the taxation year-end in the lines provided.

For each Alberta SR&ED project provide the following information:

### Line 101: Project title

Enter the project title (and identification code, if applicable) as shown on line 200 of the federal form T661.

### Line 103: Project code

Enter the project code as shown on line 206 of the federal form T661.

### Line 105: Portion of federal T661 line 559 incurred in Alberta

For each project, enter the portion of federal qualified SR&ED expenditures from line 559 of the federal form T661 that were incurred in Alberta in the taxation year after December 31, 2008, calculated without the Alberta SR&ED tax credit.

### Line 107: Portion of federal T661 line 559 incurred outside Alberta

Enter the portion of federal qualified SR&ED expenditures from line 559 of the federal form T661 incurred outside Alberta in the taxation year after December 31, 2008.

### Line 109: Total salaries and wages incurred in SR&ED in Alberta

Enter the portion of the federal salary base from line 818 of the federal form T661 incurred in Alberta after December 31, 2008 for each project in the taxation year. This is the amount of salaries and wages for employees directly engaged in SR&ED incurred in Alberta. The amount excludes bonuses, remuneration based on profits, and taxable benefits. With certain limitations, the amount also includes salaries and wages of specified employees directly engaged in SR&ED incurred in Alberta.

### Line 111: Total prescribed proxy amount included in Alberta portion

Enter the portion of the federal prescribed proxy amount from the federal form T661 line 559 that is for SR&ED carried out in Alberta after December 31, 2008 for each project in the taxation year. Leave the line blank if you did not use the prescribed proxy method federally.

Line 113: Alberta proxy amount for each project

Enter the project's Alberta proxy amount on line 113. An Alberta proxy amount must be claimed if the corporation used the prescribed proxy method federally. The Alberta proxy calculation has the same limits as the federal prescribed proxy calculation and is calculated by multiplying line 109 by 65 percent.

Lines 135 to 161: Jurisdiction(s) where federal qualified expenditures were incurred

Enter the total federal qualified SR&ED expenditures from line 559 of the federal form T661 showing the jurisdiction(s) where the expenses were incurred.

Line 170: Total of all jurisdictions

Enter the total of lines 135 to 161.

## **COMPLETING AT1 SCHEDULE 9**

The calculation of the Alberta SR&ED tax credit is a two-step process. In the first step calculate the credit based on the federal expenditures **before** adjusting the federal amounts on federal form T661 to reflect the Alberta credit amount. Once you have calculated the Alberta credit, enter the amount of the credit on federal form T661 as provincial government assistance (at lines 513 and/or 514) and recalculate the respective federal totals on the federal form. In the second step, enter the recalculated federal amounts on Part 4 of federal form T661. To prevent a circular calculation, add back on AT1 Schedule 9 the Alberta SR&ED tax credit that was calculated in step 1.

Identification Information

Enter the corporation's legal name, Alberta corporate account number and the taxation year-end in the lines provided.

### **Step 1: Determining the SR&ED expenses eligible for Alberta SR&ED tax credit**

Line 003: Federal amount of total qualified SR&ED expenses

Leave this line blank until Step 2.

Line 005: Portion of line 559 of federal T661 carried out in Alberta

Enter the total of the column in line 105 of the "Listing of SR&ED Projects Claimed in Alberta" on line 005.

Line 007: Federal prescribed proxy amount (if any)

Enter the federal prescribed proxy amount included in the Alberta portion of federal form T661 line 559. This is the total of line 111 from the "Listing of SR&ED Projects Claimed in Alberta". Leave this line blank if the corporation did not use the prescribed proxy method federally.

Line 009: Alberta proxy amount (if any)

Enter the Alberta proxy amount. This is the total of line 113 from the "Listing of SR&ED Projects Claimed in Alberta". You are required to claim an Alberta proxy amount if the corporation used the prescribed proxy method federally.

Line 011: Alberta SR&ED tax credit that reduced the federal expense in line 559 of the federal T661

Leave this line blank until step 2, when you have calculated the Alberta SR&ED tax credit, as described below.

Line 025: Alberta portion of any repayment of assistance and contract payments made in the year

Enter the Alberta portion of any repayment of assistance and contract payments made in the year that relates to amounts included in line 005 in the current year, or any prior year. This is the portion of line 560 on the federal form T661 that relates to Alberta other than an Alberta SR&ED tax credit.

Line 031: Total eligible expenditures for Alberta purposes

Calculate the corporation's eligible expenditures for Alberta purposes. This amount is the result of line 005 minus line 007, plus line 009, plus line 011 (which is zero under this step), plus line 025.

Line 040: Primary field of science or technology

Enter the primary field of science or technology in which the corporation is engaged. Use Appendix 1 of the federal *Guide to Form T661* to determine the primary field of science or technology.

## **Determining the maximum expenditure limit**

Line 100: Association with one or more corporations

If the corporation claiming the Alberta SR&ED tax credit is associated with one or more other corporations claiming the credit, check "YES" on line 100 and proceed to line 102. If the corporation is not associated for SR&ED with one or more corporations, check "NO" on line 100 and proceed to line 104.

Line 102: Corporation is associated

Enter the amount of the maximum expenditure limit allocated to the associated corporation as shown on applicable line 240 of the AT1 Schedule 9, page 3. See the section on "Agreement among Associated Corporations" for details of the calculation. If the corporation is not associated with one or more corporations for SR&ED purposes, leave this line blank.

Line 104: Corporation is not associated

Calculate the non-associated corporation's maximum expenditure limit for the year. Maximum days in a year should be 365 (or 366, if the taxation year includes February 29.) If the corporation is associated for SR&ED purposes with other corporations, leave this line blank.

Line 108: Maximum expenditure limit for the year

Enter the amount from either line 102 or line 104, as applicable.

## **Calculating the Alberta SR&ED tax credit**

Line 110: Alberta SR&ED tax credit

Calculate the corporation's Alberta SR&ED tax credit using the lesser of line 031 (from page 1 of AT1 Schedule 9) or line 108, then multiply the amount by 10 per cent. Enter this amount on line 110. The Alberta SR&ED tax credit is considered to be provincial government assistance and should be included now in the amount reported on line 513 of the federal form T661.

Line 112: Amount of recapture

Calculate the amount of any recapture of the Alberta SR&ED tax credit if the corporation has disposed (or is deemed to have disposed) of any property for which a tax credit was received. Refer to [Information Circular SRED-1](#) for more information about recapture. Recapture of the Alberta SR&ED tax credit is considered to be a repayment of assistance and should be included in the amount reported on line 560 of the federal form T661.

Line 114: Subtotal Alberta SR&ED tax credit

Calculate the Alberta SR&ED tax credit by subtracting line 112 from line 110.

Line 116: Alberta portion of prior year federal investment tax credit

For taxation years ending on or before March 31, 2012, complete AT1 Schedule 9 Supplemental now (please refer to the instructions for this form on page 9). Enter the amount from line 428 of the AT1 Schedule 9 Supplemental. The Grind is considered to be a repayment of assistance and should be included in the amount reported on line 560 of the federal form T661.

For taxation years ending after March 31, 2012, enter "0" on line 116, as the AT1 Schedule 9 Supplemental is not required.

If the corporation has not previously submitted an Alberta SR&ED tax credit claim for any taxation year, enter "0" on line 116, as the AT1 Schedule 9 Supplemental is not required.

**If the corporation, in the immediately preceding taxation year, applied federal investment tax credits for SR&ED that originated in more than one taxation year, then a separate AT1 Schedule 9 Supplemental must be prepared for each year in which the federal investment tax credits originated. If more than one AT1 Schedule 9 Supplemental is required, combine the total of the amounts at line 428 of each AT1 Schedule 9 Supplemental and enter the combined total on line 116 of AT1 Schedule 9.**

**Line 120 – Net Alberta SR&ED tax credit or repayment**

Leave this line blank until step 2.

**Step 2: Final calculation of the Alberta SR&ED tax credit**

At this point, the amounts calculated at lines 110, 112 and 116 of the AT1 Schedule 9 should already have been entered on federal form T661 as provincial government assistance or repayments of assistance. **All instructions from this point forward assume that the Alberta SR&ED tax credit has been deducted at line 513 in the**

**federal form T661 calculation.** This section will refer only to the amounts that will change in step 2.

Line 003: Federal amount of total qualified SR&ED expenditures

Enter the total qualified SR&ED expenditures shown on line 559 of the federal form T661 after you have calculated the amount of the Alberta SR&ED tax credit and deducted that amount as government assistance (line 513) on the federal form.

Line 005: Portion of line 559 of federal T661 carried out in Alberta

Reduce the amount previously entered on line 005 of the AT1 Schedule 9 in step 1 by the amount calculated at line 110 of the AT1 Schedule 9 in step 1. Enter this amount on line 005.

Line 011: Alberta SR&ED tax credit that reduced the federal expense in line 559 of the federal T661

Enter the amount calculated at line 110 of the AT1 Schedule 9.

Line 025: Alberta portion of any repayment of assistance and contract payments made in the year

Enter the portion of line 560 on the federal form T661 that relates to Alberta. The amount reported on line 560 of the T661 will have changed if the corporation entered an amount on line 116 of the AT1 Schedule 9; however, line 025 should only include assistance other than the Alberta SR&ED tax credit.

Line 031: Total eligible expenditures for Alberta purposes

The amount calculated at line 031 in step 2 should be the same as it was in step 1. This amount is the result of line 005 minus line 007, plus line 009, plus line 011, plus line 025.

Amounts calculated in Step 2 replace the amounts previously calculated in Step 1 in the AT1 Schedule 9.

Line 120: Net Alberta SR&ED tax credit or repayment

Calculate the total Alberta SR&ED tax credit by subtracting line 116 from line 114. Enter this amount on AT1 page 2, line 081. If this amount is positive, the amount will reduce the corporation's tax liability or any other amounts owing to the Alberta government. Any remaining credit amount may be paid to the corporation. If the amount calculated is negative, this amount will increase taxes payable by the corporation to the Alberta government.

Enter the name, title, and firm (if applicable) of the person or firm that prepared this form at the bottom of page 2 of the AT1 Schedule 9. Enter the contact telephone number of the person or firm and the date the form was completed.

**Agreement among Associated Corporations**

If for the corporation claiming the Alberta SR&ED tax credit you checked the "Yes" box on line 100 of page 2 of the AT1 Schedule 9, then you will be required to complete page 3 of AT1 Schedule 9.



Complete page 3 of the AT1 Schedule 9 when two or more associated corporations have each claimed the SR&ED tax credit for Alberta in their taxation year ending in the same calendar year. File one copy of the completed agreement for each associated corporation with its AT1 Schedule 9 for the taxation year. File a new agreement for each taxation year. Use additional forms if you need extra space.

Identification Information

Enter the corporation's Alberta corporate account number and the taxation year-end in the lines provided.

Line 200: Alberta corporate account number of associated corporation with the longest taxation year

Provide the Alberta corporate account number of the Alberta SR&ED tax credit associated corporation with the greatest number of days in its taxation year.

Line 202: Taxation year beginning

Enter the date the taxation year begins for that corporation.

Line 204: Taxation year ending

Enter the date the taxation year ends for that corporation.

Line 206: Number of days in the longest year

Enter the number of days in the taxation year for that corporation. The maximum should be 365 (or 366, if the longest taxation year includes February 29.)

Line 208: SR&ED maximum expenditure limit

Calculate the SR&ED maximum expenditure limit to be allocated among the corporations associated for Alberta SR&ED tax credit. Multiply \$4,000,000 by line 206 and divide by 365, (or 366, if the longest taxation year includes February 29).

**Allocation of the maximum expenditure limit**

For each corporation associated for Alberta SR&ED tax credit purposes enter the following:

Line 220: Name of the corporation

Line 230: Alberta corporate account number

Line 240: Allocated amount

Enter the amount of the maximum expenditure limit allocated to the corporation for its Alberta SR&ED tax credit claim on line 102 of AT1 Schedule 9, page 2.

Line 250: Total allocated maximum expenditure limit

Calculate the total allocated maximum expenditure as the sum of all entries on line 240. The total allocated maximum expenditure limit calculated on line 250 cannot exceed the maximum expenditure limit entered on line 208 above.



## COMPLETING AT1 SCHEDULE 9 SUPPLEMENTAL

### Alberta Portion of Prior Year Federal Investment Tax Credit

Use AT1 Schedule 9 Supplemental, in combination with AT1 Schedule 9 for taxation years ending on or before March 31, 2012 to calculate the Grind. The AT1 Schedule 9 Supplemental is not required if the corporation has not submitted an Alberta SR&ED tax credit claim for a previous taxation year or for taxation years ending after March 31, 2012.

The appendix to this guide shows examples for completing AT1 Schedule 9 and AT1 Schedule 9 Supplemental.

Prior year line items of the AT1 Schedule 9 refer to the current version of AT1 Schedule 9. If you have submitted a claim for the Alberta SR&ED tax credit for a previous taxation year using a previous version of AT1 Schedule 9, then please recalculate amounts for the prior years using the current version of AT1 Schedule 9.

The AT1 Schedule 9 Supplemental is prepared in respect of federal investment tax credits claimed in the immediately preceding year to reduce federal taxable income. The federal investment tax credits claimed in the immediately preceding year may have originated in the immediately preceding taxation year or they may have been carried forward from another taxation year end. If federal investment tax credits applied in the immediately preceding taxation year originated in more than one taxation year end, a separate AT1 Schedule 9 Supplemental must be prepared for each year in which investment tax credits originated. Please enter the taxation year end in which the investment tax credits originated in the space designated.

The instructions for this schedule may change if the amount to be reported at line 424 of the AT1 Schedule 9 Supplemental includes investment tax credits applied in the previous taxation year, but originated in taxation years other than the immediately preceding taxation year.

When completing the AT1 Schedule 9 Supplemental for a taxation year other than the immediately preceding taxation year, replace all references to the “prior year” or “immediately preceding taxation year” with “the year in which the respective federal investment tax credits originated”. Please refer to the specific instruction for line 424 when preparing the AT1 Schedule 9 Supplemental for a year other than the immediately preceding taxation year.

Line 400: Prior year eligible expenditures less prior year Alberta SR&ED tax credit

Enter the prior year amount of eligible expenditures for the Alberta SR&ED tax credit reported on line 031 of AT1 Schedule 9 in the **prior year** minus the Alberta SR&ED tax credit reported on line 110 on the AT1 Schedule 9 in the prior year.

Line 402: Prior year maximum expenditure limit less prior year Alberta SR&ED tax credit

Enter the amount of the maximum expenditure limit reported on line 108 of the prior year AT1 Schedule 9 minus the Alberta SR&ED tax credit reported on line 110 of the AT1 Schedule 9 in the prior year.

Line 404

Enter the lesser of the amounts from line 400 and line 402.

Line 406

Enter the amount calculated by the formula  $A \times B / C$  where:

- A = the prior year federal expenditure limit reported on line 410 of federal T2 Schedule 31 in the prior year,
- B = the amount of prior year eligible expenditures minus the prior year Alberta SR&ED tax credit as reported on line 400 above,
- C = the prior year federal expenditures of the corporation reported on line 559 of the federal form T661 in the prior year.

Line 408

Enter the lesser of the amounts from line 404 or line 406.

Line 410

Enter the amount calculated by multiplying the amount on line 408 by 35 per cent.

Line 412: Prior year eligible expenditures less prior year Alberta SR&ED tax credit

Enter the amount of the prior year eligible expenditures minus the prior year Alberta SR&ED tax credit reported on line 400 above **minus** line 406.

Line 414

Enter the greater of the amount on line 412 or zero.

Line 416 – Prior year maximum expenditure limit minus prior year Alberta SR&ED tax credit

Enter the amount of the prior year maximum expenditure limit minus the prior year Alberta SR&ED tax credit reported on line 402 above, **minus** line 406.

Line 418

Enter the greater of the amount on line 416 or zero.

Line 420

Enter the lesser of the amounts from line 414 or line 418.

Line 422

Enter the amount calculated by multiplying the amount on line 420 by 20 per cent.

Line 424 – Federal SR&ED investment tax credits for the preceding year deducted from federal tax payable

Enter the amount of the federal investment tax credits for SR&ED for the immediately preceding taxation year that were deducted from federal tax payable in that year as reported on line 435 of the current year federal form T661.

If the amount reported on line 435 of the current year federal form T661 originated in more than one taxation year, complete a separate AT1 Schedule 9 Supplemental for each taxation year in which the investment tax credits originated. The amount entered

on line 424 of each AT1 Schedule 9 Supplemental should relate to the investment tax credits originating in a single taxation year. For example, if in the immediately preceding taxation year the corporation deducted federal investment tax credits originating in 2009 and 2010, an AT1 Schedule 9 Supplemental form will be prepared in respect of the 2009 taxation year investment tax credits, and a second form will be prepared in respect of the 2010 taxation year investment tax credits. When completing the AT1 Schedule 9 Supplemental form for the 2009 investment tax credits, at line 424, enter only the portion of the federal investment tax credits deducted from federal tax payable in the immediately preceding year that originated in 2009.

If any portion of the amount reported on line 435 of the federal form T661 was incurred before January 1, 2009, do not include this portion on line 424.

Line 426 – Amount of federal SR&ED investment tax credits for the preceding taxation year

Enter the amount of federal SR&ED investment tax credits for the immediately preceding taxation year as reported on line 540 of the federal T2 Schedule 31 in the prior year.

Line 428

Add together the amounts on line 410 and line 422. Divide the amount on line 424 by the amount on line 426. Multiply these two amounts by each other, then multiply the resulting amount by 10 per cent. Enter this final amount on line 428 and on line 116 on page 2 of AT1 Schedule 9.

**If completing more than one AT1 Schedule 9 Supplemental because in the immediately preceding taxation year the corporation applied federal investment tax credits for SR&ED that originated in more than one taxation year, combine the total of the amounts at line 428 of each AT1 Schedule 9 Supplemental and enter the combined total on line 116 of AT1 Schedule 9.**

The appendix at the end of this guide shows an example of how to complete AT1 Schedule 9 and AT1 Schedule 9 Supplemental when more than one AT1 Schedule 9 Supplemental is required.

**FILING THE [AT1 SCHEDULE 9](#) and [AT1 Schedule 9 Supplemental](#)**

The AT1 Schedule 9, AT1 Schedule 9 Supplemental (if applicable) and form [AT4960](#), “Listing of SR&ED Projects Claimed in Alberta” (if applicable) must be received by Alberta Treasury Board and Finance, Tax and Revenue Administration (TRA) within 15 months of the corporation’s filing due date for the corporate income tax return for the year (or within 21 months of the taxation year-end in which the Alberta SR&ED eligible expenditures were incurred). Submit the forms to TRA by CIT Netfile using approved software, or by mail or courier to TRA at 9811 109 Street, Edmonton, AB T5K 2L5.

If the AT1 is filed on time and accepted by TRA, but is filed late with the Canada Revenue Agency (CRA), no Alberta SR&ED tax credit will be allowed.

The Alberta SR&ED tax credit will be determined only after the federal claim is accepted and processed by the CRA.

## **FUNCTIONAL CURRENCY**

The amount of any Alberta SR&ED tax credit paid to a corporation reporting in functional currency will be converted from the functional currency to Canadian dollars at the average exchange rate for the taxation year as defined in the Regulation.

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## **ADDITIONAL INFORMATION**

If you require more information on claiming the Alberta SR&ED tax credit, please contact Information Services

- by email at:  
[tra.revenue@gov.ab.ca](mailto:tra.revenue@gov.ab.ca)
- by mail at:  
9811 109 ST  
EDMONTON AB T5K 2L5
- or
- by telephone at:  
780-427-3044 (for Alberta toll-free, dial 310-0000, then enter 780-427-3044)