

# 8 Business Incentives

- Canada offers the most favorable tax treatment for R&D among the G-7 countries
- Combined Federal & Provincial tax credits can cut R&D expenditures up to 65%!

Net After-Tax Cost of Performing Research & Development			
Small Corporations*	Ontario*	Large Corporations~	Ontario~
<b>Federal Tax Savings</b>		<b>Federal Tax Savings</b>	
R&D expenditures	\$ 1,000	R&D expenditures	\$ 1,000
Provincial ITC	\$ (149)	Provincial ITC	
	<u>\$ 851</u>		<u>\$ 1,000</u>
Federal ITC @ 35%	\$ (468)	Federal ITC @ 20%	\$ (297)
Federal tax deduction	\$ 383	Federal tax deduction	\$ 703
Federal taxes saved	\$ 50	Federal taxes saved	\$ 155
<b>Provincial Tax Savings</b>		<b>Provincial Tax Savings</b>	
R&D expenditures	\$ 1,000	R&D expenditures	\$ 1,000
Federal ITC		Federal ITC	
Provincial ITC	\$ (149)	Provincial ITC	
Provincial tax deduction	\$ 851	Provincial tax deduction	\$ 1,000
Provincial taxes saved	\$ 47	Provincial taxes saved	\$ 140
<b>Total Tax Savings</b>		<b>Total Tax Savings</b>	
Federal tax savings	\$ 518	Federal tax savings	\$ 452
Provincial tax savings	\$ 196	Provincial tax savings	\$ 140
Total savings	\$ 714	Total savings	\$ 592
<b>Net after-tax cost of R&amp;D</b>	<b>\$ 286</b>	<b>Net after-tax cost of R&amp;D</b>	<b>\$ 408</b>

