



Canada Revenue Agency
Agence du revenu du Canada

CLAIM FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) CARRIED OUT IN CANADA

Prepared without audit from information supplied by the taxpayer.

- Use this form to claim SR&ED carried out in Canada during the year. File it with your return of income.
- If you are filing a T2 corporation return of income, place this form on top of the return so that we can identify your SR&ED claim quickly.
- Use a separate form to support SR&ED expenditures incurred by each partnership of which you are a partner.
- Use Guide T4088, *Claiming Scientific Research and Experimental Development Expenditures*, to help you fill out this form. You can also consult our Web site at www.cra.gc.ca/sred/ for an online help guide.
- If the SR&ED was performed in the province of Newfoundland and Labrador, Nova Scotia, New Brunswick, Québec, Ontario, Manitoba, Saskatchewan, or British Columbia, or in the Yukon Territory, you may be entitled to a provincial or territorial tax credit.
- Complete schedules A, B, C, D, E and F, if they apply to your situation.
- Prepare and retain schedules to support the breakdown for each expenditure claimed in this form and on the required attachments.
- On this form, references to the Act are to the *Income Tax Act*. References to the Regulations are to the *Income Tax Regulations*.
- All the information requested in this form including the attachments, schedules and any other document supporting your expenditures is prescribed information. You have to file the information that applies to your claim, along with Schedule T2 SCH 31 or Form T2038(IND), within 12 months of the filing-due date of your return of income for the year you incurred the expenditures. If you do not meet this reporting deadline, we may reject your claim.

Part 1 – General Information

Name of claimant Enwin Powerlines Ltd.		Claimant's business address and postal code 4545 Rhodes Drive P.O. Box 1625, Station A Windsor N9A 5T7 Claimant's Web site (if available) http://www.enwin.com	
Business Number, social insurance number, or partnership identification number 88246 0124 RC0001		Return for tax year from: 2005-01-01 to: 2005-12-31 <div style="text-align: center; font-size: small;">Year Month Day Year Month Day</div>	
100 Name of contact person Victoria Zuber		142 Is the claim filed for a partnership? 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>	
105 Telephone number/extension (519) 255-2888	110 Fax number	145 If yes, what is the name of the partnership?	
130 Is this the first time you are claiming for SR&ED? <div style="text-align: center;">1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/></div>		150 Percentage of SR&ED investment tax credits allocated from the partnership <div style="text-align: center;">%</div>	
132 If not, when was the last claim? Year 		155 Name of the person or firm who prepared this claim Deloitte & Touche LLP	

Certification and Election

I certify that I have examined the information provided on this form, and on the related schedules and attachments and it is true, correct, and complete.

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for the year. I understand that my election (choice) is irrevocable for this year.

- 160** I elect to use the proxy method under clause 37(8)(a)(ii)(B) 1 Yes ☒
- 162** I choose to use the traditional method 1 Yes ☐

165 Victoria Zuber **170** 2007-06-29
 Name of authorized signing officer of the corporation, authorized partner, or individual Signature Date

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490 _____	491 _____	492 _____
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Part 2 – Scientific or Technological Project Information

Provide the information requested in Step 1 on separate sheets of paper for each project, and attach them to this form. If you have more than 20 projects, you only need to provide project descriptions for the 20 that are largest in term of dollar value. For step 2, provide the information requested on this form and complete Schedule E. For more information, see Guide T4088, *Claiming Scientific Research and Experimental Development*.

Step 1 – Detailed project description

Identify each of the projects you are claiming and use questions A to E below to help you provide the information we need to process your claim. If the project is continuing from last year and the objective has not changed or been achieved, you can use the same information that you provided last year for questions A, B and C. Include sufficient information to show how your project work meets the requirements of the SR&ED Program.

We recommend that you read Guide T4088 before you answer questions A to E. This will help you understand the type of information the Canada Revenue Agency needs to process your claim and will reduce or eliminate the need for you to submit more information. It will also help you avoid preparing unnecessary information. Most projects can be described in four pages or less. It would be helpful to take into account whether your project involved experimental development work or scientific research work, because the eligibility requirements for these are different. In general, **experimental development** work is done either in or outside a laboratory in order to achieve a technological advancement for creating new, or improving existing materials, devices, products, or processes. Scientific research work is done mostly in a laboratory setting to obtain new scientific knowledge.

- A. Scientific or technological objectives** – What is the scientific or technological objective of your project? Does this project involve scientific research or experimental development?
- B. Technology or knowledge base or level** – If your project work is mostly experimental development, what were the technological limitations of the products or processes before you started your project? If your project work is mostly scientific research, what was the extent of existing scientific knowledge in this area?
- C. Scientific or technological advancement** – What advancement in technology is being sought? What were the problems or challenges that could not be solved using commonly available techniques requiring you to seek an advance in the underlying technology to achieve the objective in A above? or what was the new scientific knowledge sought in your work? To what field of science or technology would the advance contribute?
- D. Description of work in the tax year** – Describe the work, including experiments and analyses, that you did in this tax year to achieve the technological or scientific objectives above. If all or part of the work that you are claiming was performed by contractors, include a description of the work performed on your behalf by the contractors or a copy of the statement of work from the contract.
- E. Supporting information** – What technical records or documents generated over the course of the work, such as records of trials, test results, progress and final reports, minutes of meetings, employee activity records, prototypes, and new products, are available to support your claim?

Step 2 – Project summary information

Total number of projects you are claiming in this tax year. **200** 1

If you received an amount under the Industrial Research Assistance Program (IRAP) for SR&ED type work, please indicate the amount you received. **206** _____

Complete Schedule E to provide a list of all SR&ED projects for which you are claiming expenditures this year.

Part 3 – Summary of SR&ED Expenditures (nearest dollar)

Step 1 – Allowable SR&ED expenditures for SR&ED carried out in Canada

SR&ED portion of salary or wages of employees directly engaged in SR&ED:

• employees other than specified employees	300	+	133,723
• specified employees (do not include bonuses or remuneration based on profits) (see guide)	305	+	

Amounts deemed incurred in the year under subsection 78(4) (salary or wages)

310 +

Unpaid amounts deemed not incurred in the year under subsection 78(4)

315

Cost of materials consumed in the prosecution of SR&ED

320 +

Cost of materials transformed in the prosecution of SR&ED

325 +

SR&ED contracts performed on your behalf (complete Schedule F):

• arm's length contracts	340	+	8,850
• non-arm's length contracts	345	+	

Lease costs of equipment used:

• all or substantially all (90% of the time or more) for SR&ED	350	+	
• primarily (more than 50% but less than 90% of the time) for SR&ED. Enter only 50% of the lease costs if you use the proxy method. If you use the traditional method, enter "0".	355	+	

Overhead or other expenditures (enter "0" if you use the proxy method)

360 +

Subtotal (add lines 300 to 360; do not add line 315)

365 = 142,573

Third-party payments (complete Schedule A)

370 +

Total current SR&ED expenditures (add lines 365 and 370)

380 = 142,573

Capital expenditures (for ASA equipment, see guide)

390 +

Total allowable SR&ED expenditures (add lines 380 and 390)

400 = 142,573

Step 2 – Pool of deductible SR&ED expenditures

Amount from line 400

142,573

less

• government and non-government assistance for expenditures included on line 400	430	–	
• SR&ED ITC claimed last year (other than ITC on shared-use equipment)	435	–	
• sale of SR&ED capital assets (see guide) and other deductions	440	–	

add

• previous year's ending balance in the pool of deductible SR&ED expenditures	450	+	
• amount of ITC recaptured in the preceding tax year	453	+	
• adjustments to the pool of deductible expenditures (complete Schedule B, Section 1)	454	+	

Amount available for deduction (If the amount is negative, enter "0" and add to income in the year)

455 = 142,573

Deduction claimed in the year

460 – 142,573

Current year's balance of deductible SR&ED expenditures applicable to future years

(line 455 minus line 460)

470 =

Step 3 – Qualified SR&ED expenditures for ITC purposes

Enter the breakdown between current and capital expenditures for ITC purposes.

		Current Expenditures	Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	142,573	496
add			
• unpaid amounts (other than salaries or wages) from previous years that were paid in the year under subsection 127(26)	500	+	
• prescribed proxy amount (complete Schedule D); enter "0" if you use the traditional method	502	+	86,920
• expenditures on shared-use-equipment (See Note 1)			504
• qualified expenditures transferred to you (from Form T1146)	508	+	510
less			
• government and non-government assistance, and contract payments	534	–	536
• amounts from lines 552 and 554 of Schedule B, Section 2	552	–	554
• amounts from lines 555 and 556 of Schedule C	555	–	556
Subtotal	557	=	229,493
SR&ED qualified expenditure pool (add lines 557 and 558)			559
add			
• Repayments of assistance and contract payments made in the year			560
Total SR&ED expenditures that qualify for ITC purposes (add lines 559 and 560)*			570

*To claim an ITC on this amount, you must complete Schedule T2 SCH 31 – *Investment Tax Credit – Corporation*, or Form T2038(IND), *Investment Tax Credit (Individuals)*, whichever applies.

Note 1

The expenditure is deemed to be 1/4 of the capital cost of the equipment. Certain adjustments may be required if the equipment was purchased from a non-arm's length supplier (see the explanations for lines 522 and 524 in the guide).

Part 4 – Background Information

This information is used to administer the SR&ED program.

Expenditures for SR&ED performed by you (line 400 minus lines 340, 345, and 370)	605	133,723
A. Sources of funds for SR&ED		
From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization		
	Canadian (%)	Foreign (%)
Internal	600	100.000
Parent companies, subsidiaries, and affiliated companies	602	604
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606	
Federal contracts	608	
Provincial funding	610	
SR&ED contract work performed for other companies on their behalf	612	614
Other funding (e.g., universities, foreign governments)	616	618
B. Business personnel		
Total number of employees	630	400
SR&ED personnel (full-time SR&ED staff, plus full-time equivalent for staff engaged part-time in this activity):		
Scientists and engineers	632	Technologists and technicians
Managers and administrators	636	Other technical supporting staff
C. Nature of SR&ED work		
From the total you entered on line 605, estimate the approximate distribution of your SR&ED effort:		
Basic research (no specific application in view)	650	Applied research (specific practical application in view)
Development of new: product	654	process
Improvement to existing: product	660	process
		technical services
		technical services
D. Specialized field of research		
Indicate, if applicable, the percentage of the amount on line 605 attributed to the following fields of research:		
Software development	670	Biotechnology
		Environmental protection

Complete Claim Checklist

To speed up the processing of your claim, make sure you have:

- | | |
|--|-------------------------------------|
| 1. Used the current version of Form T661 if you are filing a current-year claim | <input checked="" type="checkbox"/> |
| 2. Signed the "Certification and Election" section in Part 1 of Form T661 | <input checked="" type="checkbox"/> |
| 3. Indicated the method you have chosen for reporting your SR&ED expenditures in fields 160 or 162 of Part 1 | <input checked="" type="checkbox"/> |
| 4. Provided a summary of information for each project, with a breakdown of expenditures (labour, materials and contracts) as per Schedule E | <input checked="" type="checkbox"/> |
| 5. Submitted a detailed project description of your 20 largest projects in terms of their dollar value | <input checked="" type="checkbox"/> |
| 6. Retained documents prepared to support the SR&ED expenditures claimed in Part 3. If you forget to claim an expenditure, you have up to 12 months after the filing-due date of your tax return for the year to submit an amended Form T661 | <input checked="" type="checkbox"/> |
| 7. Completed Part 4 - Background Information | <input checked="" type="checkbox"/> |
| 8. Completed schedule A, B, C, D, E and F, if they apply to your situation, and attached to form T661 | <input checked="" type="checkbox"/> |
| 9. Filed a completed Schedule T2 SCH 31, <i>Investment Tax Credit – Corporations</i> , or Form T2038 (IND), <i>Investment Tax Credit (Individuals)</i> , to claim ITCs on your qualified SR&ED expenditures | <input checked="" type="checkbox"/> |

All the information requested in this form including the attachments, schedules and any other document to support your expenditures is prescribed information. You have to file the information that applies to your claim, along with Schedule T2 SCH 31 or Form T2038(IND), within 12 months of the filing-due date of your Income tax return for the year you incurred the expenditures. If you do not meet this reporting deadline, your claim may be rejected.

Schedule A – Third-Party Payments for SR&ED

You must complete a Schedule A for each third-party payment for SR&ED (attach to Form T661)

Schedule B – Special Situations (attach to Form T661).

Section 1 – Adjustments to the pool of deductible SR&ED expenditures incurred in Canada

- | | | | |
|--|-----|---|--|
| • Repayments of government and non-government assistance (include only the repayments of assistance that previously reduced the deductible SR&ED expenditure pool) | 445 | + | |
| • SR&ED expenditure pool transfer from amalgamation or wind-up | 452 | + | |
| Total (add lines 445 and 452) | 454 | = | |

Report on line 454 in Part 3, Step 2 of Form T661

Section 2 – Adjustments to the qualified SR&ED expenditures for ITC purposes

- | | | Current Expenditures | | Capital Expenditures |
|---|-----|----------------------|-----|----------------------|
| • Unpaid amounts (other than salary or wages on line 315) deemed not to be incurred in the year under subsection 127(26) | 520 | – | | |
| • Current expenditures for SR&ED contract paid or payable to, or for the benefit of a person or partnership that is not a taxable supplier in respect of the expenditures | 528 | – | | |
| • Prescribed expenditures (Section 2902 of the <i>Regulations</i>) | 530 | – | 532 | – |
| • Other deductions (see guide) | 548 | – | 550 | – |
| Total (add lines 520, 528, 530, and 548, also add lines 532 and 550) | 552 | = | 554 | = |

Report on lines 552 and 554 respectively in Part 3, Step 3 of Form T661

Schedule C – Non-Arm's Length Transactions (attach to Form T661).

Adjustments to the qualified SR&ED expenditures for ITC purposes

- | | | Current Expenditures | | Capital Expenditures |
|--|-----|----------------------|-----|----------------------|
| • Purchases of goods and services from non-arm's length suppliers (except for shared-use-equipment) (see note 1) | 522 | – | 524 | – |
| • Expenditures for non-arm's length SR&ED contracts (from line 345) | 526 | – | | |
| • Assistance allocated to you (from Form T1145) | 538 | – | 540 | – |
| • Qualified expenditures you transferred (from Form T1146) | 544 | – | 546 | – |
| Total (add lines 522, 526, 538, and 544, also add lines 524, 540, 546) | 555 | = | 556 | = |

Report on line 555 and 556 respectively in Part 3, Step 3 of Form T661

Note 1

Subsections 127(11.6) to (11.8) provide rules for determining a taxpayer's expenditures to services rendered by, or property acquired from, a non-arm's length supplier. On line 522, enter the difference, if any, between the amount included in your SR&ED expenditure pool for the purchases of goods and services from non-arm's length suppliers and the expenditure's deemed amount under subsection 127(11.6) (read the Guide).

T661 Schedule D – Calculation of Salary Base and Prescribed Proxy Amount

If you are using the proxy method, complete this calculation table and attach it to Form T661.

This table will help you to calculate the prescribed proxy amount (PPA) to enter on line 502 of Form T661. You can only claim a PPA if you elected in Part 1 of Form T661 (line 160) to use the proxy method for the year.

The PPA is 65% of the salary base determined in Section A. The salary base is the total of salary or wages paid to and incurred for the employees directly engaged in SR&ED in Canada during the year.

Special rules apply for specified employees. Calculate your salary base in Section A, the PPA in Section B, and the salary or wages of specified employees eligible to be included in the salary base in Section C.

Section A – Salary base

Salary or wages of employees directly engaged in SR&ED, other than specified employees
(from line 300) **810** + 133,723

Less:

Remuneration based on profits, bonuses, and taxable benefits under sections 6 and 7 of the Act, included
on line 810 above **812** –

Subtotal (line 810 minus line 812) **814** = 133,723

Plus:

Total salary or wages of specified employees directly engaged in SR&ED
(per Section C, total of column 6 below) **816** +

Salary base (total of lines 814 and 816) **818** = 133,723

Section B – Prescribed Proxy Amount

Calculate 65 % of the salary base per line 818 **820** = 86,920

Report the PPA on line 502 of Part 3, Step 3 of Form T661.

In certain situations, an overall cap on the PPA may limit the amount otherwise determined (see Table 7 in the guide).

Section C – Determining the salary or wages of specified employees

Special rules apply to restrict the amount of salary or wages of specified employees that you can include in the salary base. Use the chart below to calculate this amount.

850	852	854	856		858	860
Column 1	Column 2	Column 3	Column 4	Column 4a	Column 5**	Column 6
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED)*	Percentage of time spent on SR&ED in Canada (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	Number of days in taxation year employed (maximum 365 days)	2.5 x A x B ÷ 365	Amount in column 4 or 5, whichever amount is less
Total (enter total of column 6 amounts on line 816 in Section A above).						

* Do not include bonuses, remuneration based on profits, or taxable benefits under sections 6 and 7 of the Act.

** A is the year's maximum pensionable earnings (section 18 of the *Canada Pension Plan*) for the calendar year in which your tax year ends. The year's maximum pensionable earnings for 2007 are \$43,700 (total \$43,700 x 2.5 = \$109,250), for 2006 they are \$42,100 (total \$42,100 x 2.5 = \$105,250), for 2005 they are \$41,100 (total \$41,100 x 2.5 = \$102,750), and for 2004 they are \$40,500 (total \$40,500 x 2.5 = \$101,250).

B is the number of days in the taxation year that you employ the individual.

T661 Schedule E – List of All SR&ED Projects Claimed in the Year

For each project you are claiming, provide the following information using the table below. Expenditures should be recorded and allocated on a project basis.

210	212	214	216	218	220
Project identification: code or name	Start date (yyyy/mm/dd)	Finish date (yyyy/mm/dd) Actual or expected	Total labour expenditures in tax year	Total expenditures of materials in tax year	Total contract expenditures in tax year
1. EP-01	2005-01-01	2008-12-31	133,723		8,850
Total			133,723		8,850

Use copies of this schedule if you have more than 50 projects and attach them to Form T661.