Agenda

- Company Growth/Evolution Curve
- Three Step Process
- Federal Government Assistance Programs
- Provincial Government Assistance Programs
- Other / Independent Assistance Programs
- Benefits of Stacking
- KPMG Assistance
Current Programs and Incentives:
Understanding How to Align Government Assistance Programs with Your Goals

<table>
<thead>
<tr>
<th>Current (cash flow – now)</th>
<th>Growth (bricks and mortar)</th>
<th>Future Expansion (new markets / products)</th>
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</thead>
</table>

- **R&D**
- **Training Infrastructure**
- **INVESTMENT ($ / Time)**

**Growth/Evolution Curve**

**Scientific Research & Experimental Development (SR&ED) Program**

- Federal
- Provincial
- Other
Current Programs and Incentives:
Realization through a Three Step Process

- **STEP 1:** You need to understand your situation
  - Company Profile
    - Investment Life Cycle
    - Knowledge base
    - Resources
Current Programs and Incentives: Realization through a Three Step Process

- **STEP 2:** You need to link your needs (company profile) to the various government assistance programs
  - Broad understanding (numerous programs – see [www.investinontario.com](http://www.investinontario.com))
    - Scope
    - Criteria
    - **Stacking**
Current Programs and Incentives: Realization through a Three Step Process

- **STEP 3:** Once the linkage has been completed, you need to develop and execute your government assistance realization plan
  - Prioritize
  - Maximize
  - Tax efficient
Current Programs and Incentives: 
Which programs apply to your situation?

Current (cash flow – now)

Future Expansion (new markets / products)

Growth (bricks and mortar)

R&D

Training Infrastructure

INVESTMENT ($ / Time)

PRODUCT/PROCESS DEVELOPMENT

Commercialization

Federal

Provincial

Other

Growth/Evolution Curve

???
Programs and Incentives: Federal Government

Current (cash flow – now)
- SR&ED
- IRAP
- ecoENERGY Funds

Growth (bricks and mortar)
- SADI
- FedDev

Future Expansion (new markets / products)
- Tariff Relief

Indicates benefits throughout investment period

PRODUCT DEVELOPMENT CYCLE
- R&D
- Training
- Infrastructure

INVESTMENT ($ / Time)
Southern Ontario Development Program (FedDev)

**Description:**
- Repayable contributions for all Industries
- Grants for Non-profit Orgs, remainder in form of a repayable loan
- Projects that meet Fed Dev Objectives
  - Competitiveness & Productivity
  - Innovation & Commercialization
  - Community Development & Diversification

**Criteria:**
- Must exhibit need for funding and have Job Creation

**Funding:**
- Provided by the Government of Canada, Federal Economic Development Agency for Southern Ontario
- 2009/2010 General Intake closed… but watch for future intake announcements as on August 27th, 2010, The Honourable Gary Goodyear, Minister of State for FedDev said that over the coming months, FedDev Ontario will launch a number of initiatives to build a *Southern Ontario Advantage* and position southern Ontario to compete in the global, knowledge-based economy.

[www.feddevontario.gc.ca](http://www.feddevontario.gc.ca), or call 1-866-593-5505
Strategic Aerospace and Defense Initiative (SADI)

- **Description:**
  - Supports private sector industrial research and pre-competitive development (R&D) in Canada’s aerospace, defence, security, and space industries.
  - Contribute up to 30% of projects total costs.
  - Repayable over 15 years and flexible/negotiable (i.e. principal and/or royalty based on business revenue).

- **Criteria:**
  - Open to all Canadian companies (application based)

- **Funding:**
  - Provided by the Government of Canada, specifically Industry Canada.

- **Industrial Technologies Office** [www.ito.ic.gc.ca](http://www.ito.ic.gc.ca)
ecoENERGY for Industry Assessment Incentives

- **Description:**
  - Two types of assessments
    - Process Integration Study (PI) – funding up to 50% or $50,000
    - Computational Fluid Dynamics Study (CFD) – funding up to 50% or $30,000

- **Criteria:**
  - Proposal must be approved prior to the assessment taking place.

- **Funding:**
  - Provided by Natural Resources Canada

ecoENERGY Retrofit – Small and Medium sized organizations

- **Description:**
  - Energy saving retrofits
  - 25% of project costs to a maximum of $50,000 per application and $250,000 per corporate entity.

- **Criteria:**
  - Application once every 12 months
  - Less than 500 employees

- **Funding:**
  - Provided by Natural Resources Canada

Tariff Relief on Machinery & Equipment

- **Description:**
  - Lowers the cost for Canadian producers in a variety of sectors that purchase specialized equipment from overseas to modernize their operations and enhance their competitiveness.
  - Manufacturers

- **Criteria:**
  - Any importer that has imported or will import machinery and equipment covered by the measure on or after January 28, 2009.

- **Funding:**
  - Provided by the Federal Government.
  
  For more information, visit the Canada Border Services Agency [www.cbsa-asfc.gc.ca](http://www.cbsa-asfc.gc.ca)
Industrial Research Assistance Program (IRAP)

- **Description:**
  - Angelo Del Duca to discuss in detail
Programs and Incentives:
Provincial Government

INVESTMENT ($ / Time)

Current (cash flow – now)
- OTEC
- IDF
- OBRITC
- OITC & ORDTC
- OETF
- CETC
- ATTC

Growth (bricks and mortar)
- AMIS
- MRA
- IAF

Future Expansion (new markets / products)
- EMA

Indicates benefits throughout investment period
Advanced Manufacturing Investment Strategy (AMIS)

- **Description:**
  - $500 million available as repayable loans, interest free for up to five years
  - Encourage companies to invest in leading-edge technologies
  - Open to Manufacturing companies in Ontario
  - Up to 30% of project costs or $10M
  - Potentially interest free

- **Criteria:**
  - Must create and retain (over 5 years) 50 high value jobs or have a minimum total investment of $10M

- **Funding:**
  - Provided by Ministry of Economic Development
    - [www.omafra.gov.on.ca/english/food/industry/amis-program.htm](http://www.omafra.gov.on.ca/english/food/industry/amis-program.htm)
Co-operative Education Tax Credit (CETC)

**Description:**
- Refundable tax credits for businesses hiring students enrolled in recognized post-secondary co-operative education programs
- % of eligible expenditures up to $3,000 per student.

**Criteria:**
- Corporation must have permanent establishment in Ontario and be subject to Ontario tax

**Funding:**
- Provided by the Ministry of Revenue through T2
Apprenticeship Training Tax Credit (ATTC)

- **Description:**
  - Max up to $10,000 each year per eligible apprentice over the first four years of training.
  - Receive a 25% tax credit on salaries, wages and benefits paid to apprentices after May 18, 2004; small businesses receive a 30% tax credit

- **Criteria:**
  - Corporations must have permanent establishment in Ontario and be subject to Ontario tax

- **Funding:**
  - Provided by the Ministry of Revenue
Export Market Access (EMA)

- **Description:**
  - Assist SME’s by funding Direct costs, Marketing tools, Marketing research and Foreign bidding projects associated with increasing export sales of Ontario goods and services.
  - 50/50 cost sharing up to $30,000 - $35,000.

- **Criteria:**
  - Minimum 5 employees to a maximum of 500;
  - Minimum annual sales of $500K;
  - Established and operating in Ontario.

- **Funding:**
  - Provided by Ontario Chamber of Commerce
  - [www.occ.on.ca/initiatives/ema](http://www.occ.on.ca/initiatives/ema)
Ontario Business Research Institute (OBRITEC)

- **Description:**
  - 20% Refundable Tax Credit

- **Criteria:**
  - Must be a qualifying eligible contract payment to a Research Institute (i.e., approved Universities, Colleges, Centres of Excellence)

- **Funding:**
  - Provided by the Ministry of Revenue
  
Innovation Demonstration Fund (IDF)

- **Description:**
  - Discretionary, non-entitlement funding program focusing on the commercialization and initial technical demonstration of globally competitive, innovative Green technologies, process and/or products. (ie. hydrogen)
  - Not aimed at routine engineering, upgrading, or improvements to existing processes, designs or products.
  - Up to 50% of project costs (ceiling to be negotiated)

- **Criteria:**
  - Ontario company with Eligible Projects undertaken in Ontario with full scale commercialization in Ontario.

- **Funding:**
  - Provided by the Ministry of Research and Innovation
Ontario Centers of Excellence (OCE)

- **Description:**
  - Ontario Corp. funded by the Province who is committed to bridging the gap between Academia and Industry
  - A variety of programs to promote collaborate research partnerships from brief 6 month to multi-year initiatives

- **Criteria:**
  - Ontario based.
  - Matching of contributions through monetary or in-kind commitments

- **Funding:**
  - Provided by the Ministry of Research and Innovation
  - [www.oce-ontario.org/Pages/Home.aspx](http://www.oce-ontario.org/Pages/Home.aspx)
Ontario Emerging Technologies Fund (OETF)

- **Description:**
  - Co-investment with qualified venture capital funds and other private investors directly into companies working in the following areas
    - Clean technologies
    - Life sciences and advanced health technologies
    - Digital media and information and communications technologies

- **Criteria:**
  - Must be a qualified investor
  - Approval of potential investment opportunity (application based)

- **Funding:**
  - Provided by the Ontario Ministry of Research and Innovation
Ontario Tax Exemption for Commercialization (OTEC)

- **Description:**
  - Provides for a refund of taxes (Provincial) for a qualifying corporation’s first ten years.

- **Criteria:**
  - Must relate to the commercialization of intellectual property developed by qualifying Canadian Universities or Colleges
  - New corporation and Eligibility checklist

- **Funding:**
  - Provided by the Ontario Ministry of Research and Innovation
Programs and Incentives:
Other / Independent

PRODUCT DEVELOPMENT CYCLE

- Current (cash flow – now)
- Growth (bricks and mortar)
- Future Expansion (new markets / products)

INVESTMENT ($ / Time)

- MITACS
- Tech Dev Fund
- SDTC
- EDC

Indicates benefits throughout investment period
Additional Independent Funding

- AIME – Upgrade skills/training for new tools/processes/software that will support innovation
- MITACS – Graduate Level Interns (i.e. a 4 month internship receives a $7,500 matching company contribution from MITACS)
- SDTC – Invests in late-stage development and pre-commercial demonstration of clean technologies by Canadian companies.
- EDC - Export Development Canada
Case Study: Stacking of Government Assistance Programs on a $200k Business Project

- Assume nature of development is SR&ED eligible and located in Ontario
- SME eligible as a CCPC
- Apply to the following programs/credits:
  - OBRI – 20% credit on eligible contracts
  - Export Market Access – 50% of costs for attending trade show
  - AIME – up to $50,000 to support training to use new development software
  - IRAP – 100% of eligible labour / 75% of contracts
  - Tariff Relief – Eliminated tariff on machinery and equipment
- IRAP targeted towards commercialization efforts
### Case Study: Stacking of Government Assistance Programs on a $200k Business Project

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<th></th>
<th>labour $130,000</th>
<th>contracts $10,000</th>
<th>materials $10,000</th>
<th>equipment $20,000</th>
<th>marketing $30,000</th>
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<td>$ 19,000</td>
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Stacking Topics

- Do your homework!
- Plan your programs based on the phase of your projects and needs of your company. i.e. loans/grants can reduce SR&ED, but you get cash up front versus after the fact.
- Some programs are for early stage companies and others are for late stage companies
- Target your applications to projects which do not qualify for other more lucrative programs
  - i.e. IRAP assistance on an SR&ED project reduces eligible expenditures
  - Use IRAP funding for Non-SR&ED activities
KPMG Support with Determining Potential Government Assistance

How can KPMG assist?

- Document an accurate company profile to fully comprehend your company’s (or proposed project’s) current situation and operating environment;
- Strategize an approach (stacking) given the position and status of your company that aligns your goals, needs and objectives to the Government Assistance programs;
- Use company profile details and leverage our government program knowledge and experience to complete the application process;
- Guide and follow-up with the government agencies and representatives so the assistance is provided promptly.

KPMG offers sessions where we will look at your company and recommend programs that may be worth investigating.
Thank You!

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