



# **Simplifying Government and Non-Government Funding Assistance Programs**

TAX

**Bob Waterworth, CA  
Associate Partner, KPMG LLP  
R&D Tax Incentives Practice  
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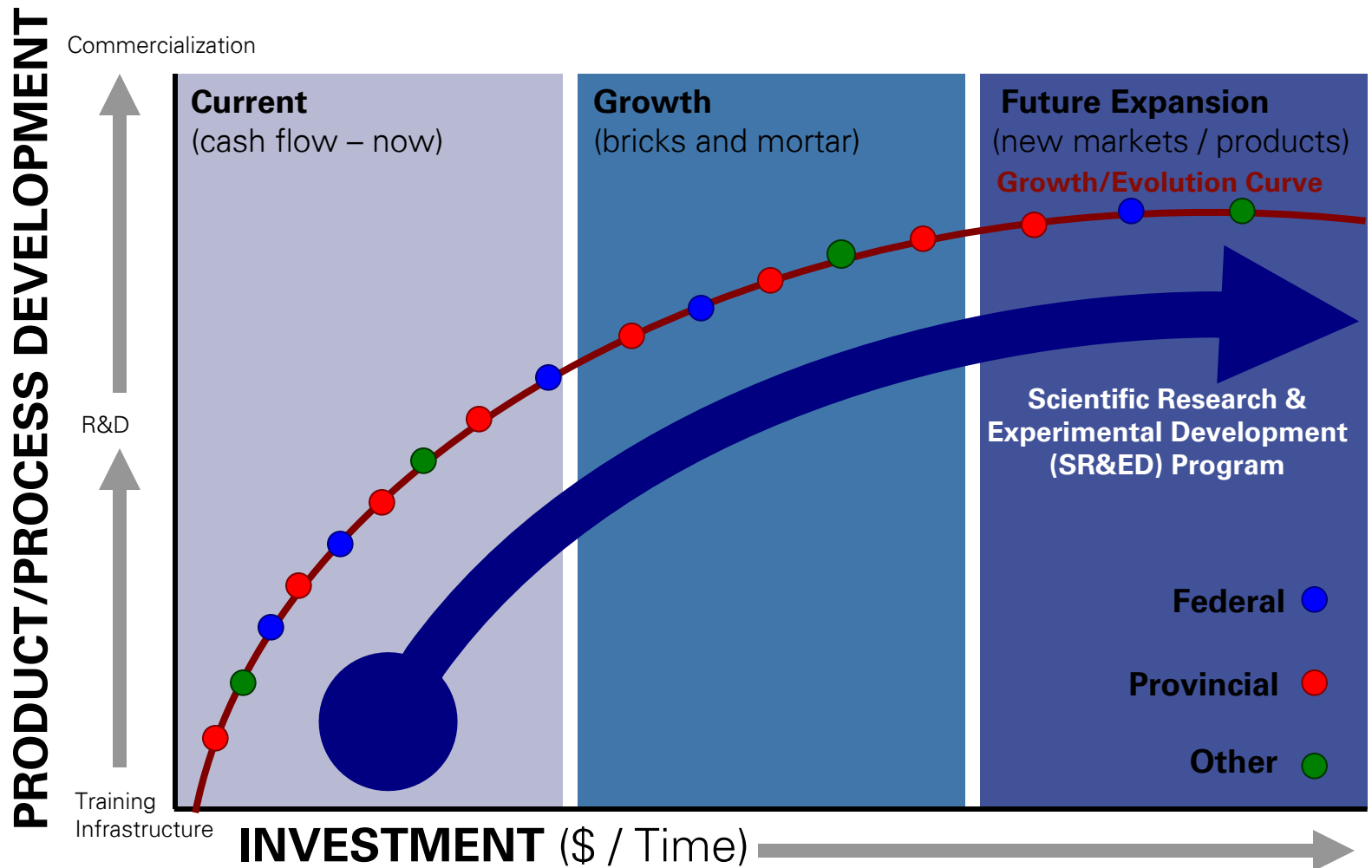
# Agenda

- 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





# 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***)
    - Scope
    - Criteria
    - **Stacking**

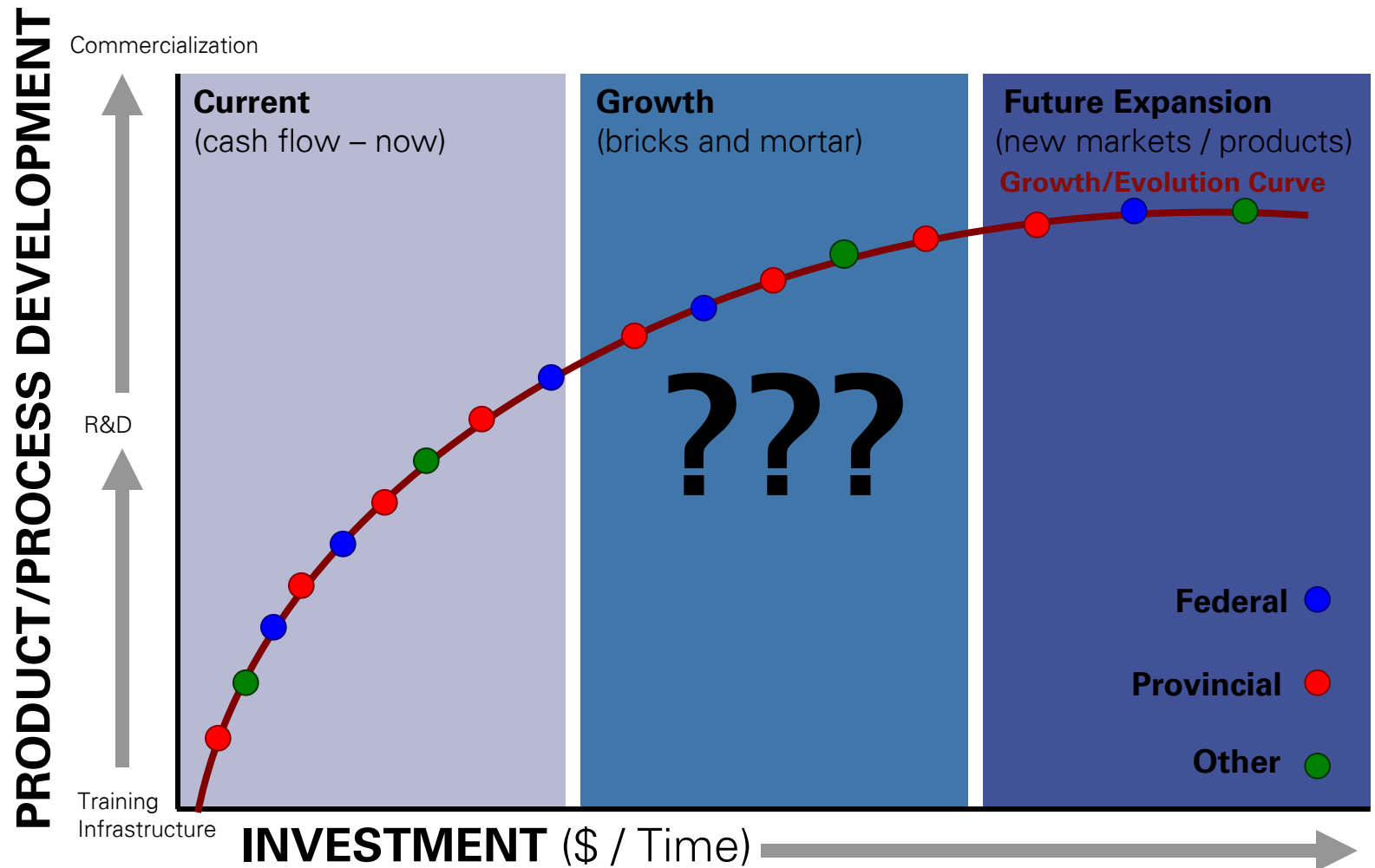


# Current Programs and Incentives: Realization through a Three Step Process

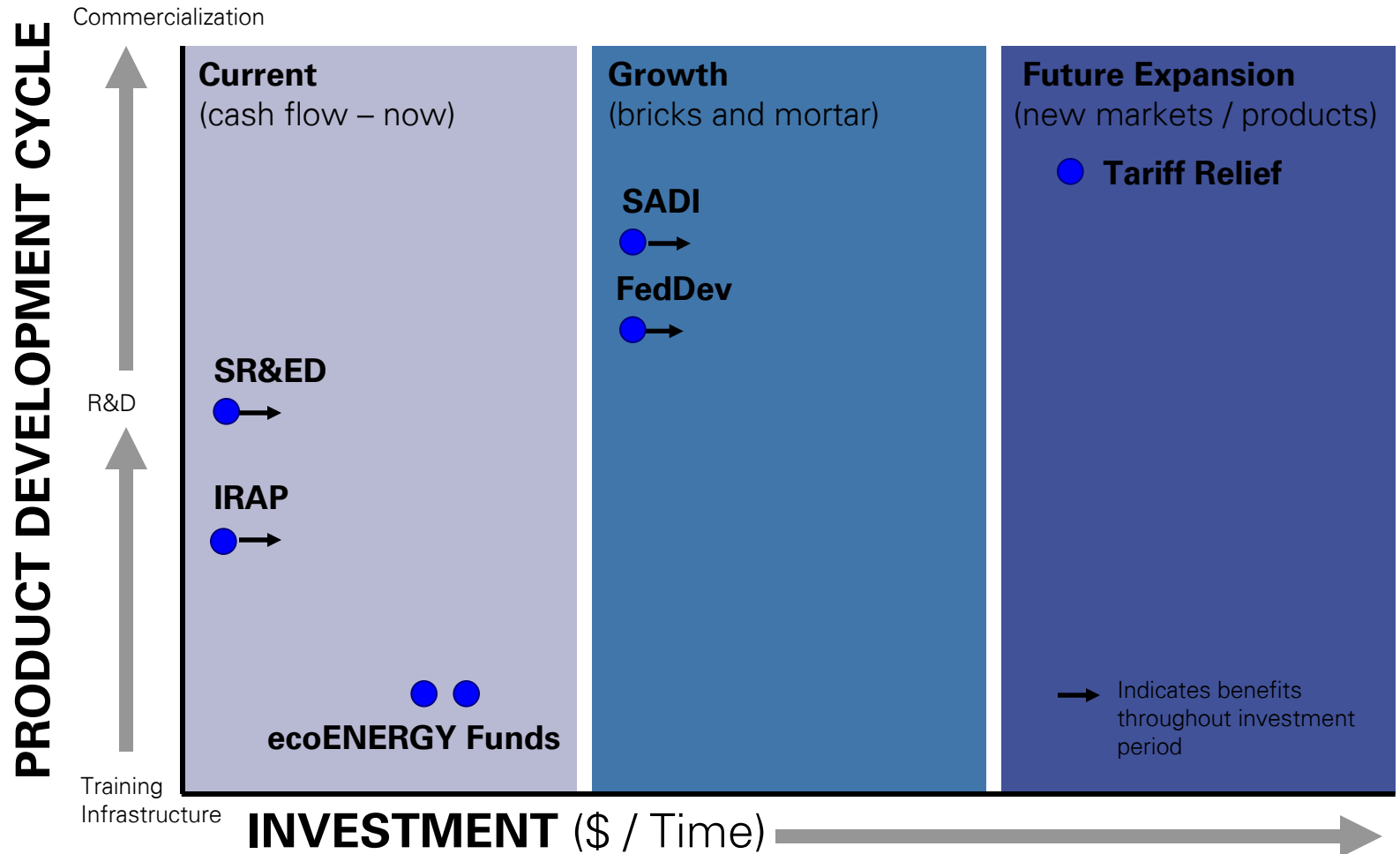
- **STEP 3:** Once the linkage has been completed, you need to develop and execute your government assistance realization plan
  - Prioritize
  - Maximize
  - Tax efficient

# Current Programs and Incentives:

## Which programs apply to your situation?



# Programs and Incentives: Federal Government







# 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 27<sup>th</sup>, 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

## ■ <http://oee.nrcan.gc.ca/industrial/financial-assistance/assessment/index.cfm>



# 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

- <http://www.omafra.gov.on.ca/english/food/industry/ecoEnergy-retrofit.htm>



# 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)

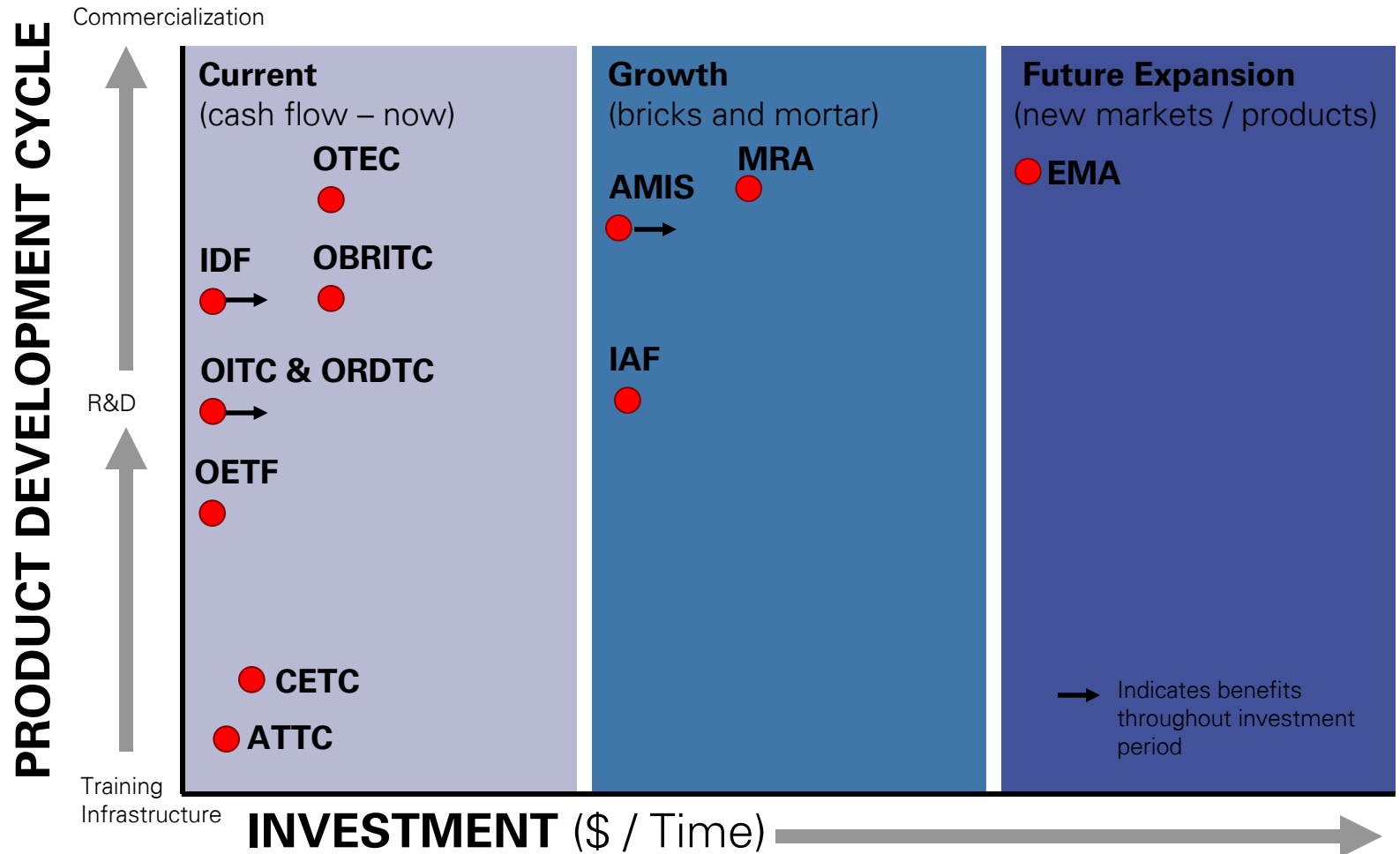


# Industrial Research Assistance Program (IRAP)

- **Description:**

- Angelo Del Duca to discuss in detail

# Programs and Incentives: Provincial Government





# 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 (OBRITC)

## ■ **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

[www.rev.gov.on.ca/en/credit/obritc/index.html](http://www.rev.gov.on.ca/en/credit/obritc/index.html)



# 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

[www.mri.gov.on.ca/english/programs/idf/guidelines.asp](http://www.mri.gov.on.ca/english/programs/idf/guidelines.asp)



# 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

[www.mri.gov.on.ca/english/programs/oetf/program.asp](http://www.mri.gov.on.ca/english/programs/oetf/program.asp)



# 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:**

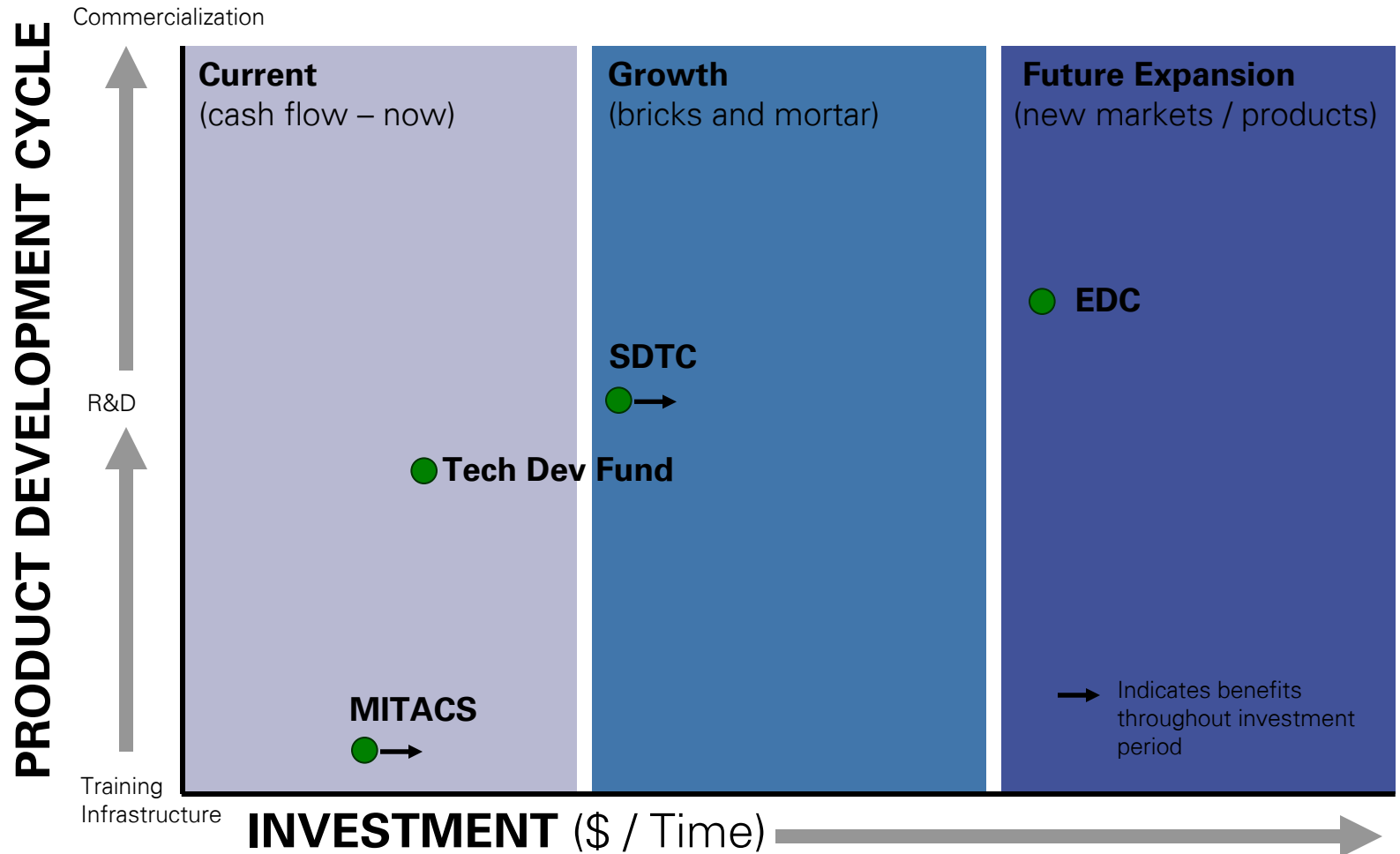
- Provided by the Ontario Ministry of Research and Innovation

[www.mri.gov.on.ca/english/programs/TaxExemptionCommercialization.asp](http://www.mri.gov.on.ca/english/programs/TaxExemptionCommercialization.asp)



# Programs and Incentives:

Other / Independent ●





# 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

	labour \$ 130,000	contracts \$ 10,000	materials \$ 10,000	equipment \$ 20,000	marketing \$ 30,000	total \$ 200,000
OBRI		\$ (2,000)				\$ (2,000)
MITACS	\$ (7,500)					\$ (7,500)
AIME	\$ (25,000)					\$ (25,000)
Tarrif Relief				\$ (1,000)		\$ (1,000)
EMA					\$ (15,000)	\$ (15,000)
IRAP	\$ (55,000)	\$ (7,500)				\$ (62,500)
<b>Total GA</b>	\$(87,500)	\$ (9,500)		\$ (1,000)	\$ (15,000)	\$(113,000)
<b>Net Cash Outlay</b>	\$ 42,500	\$ 500	\$ 10,000	\$ 19,000	\$ 15,000	<b>\$ 87,000</b>



# 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.**





## Presenters' Contact Information

# Thank You!

Bob Waterworth, CA  
Associate Partner, KPMG LLP  
R&D Tax Incentives Practice  
(416) 228-7018  
[bwaterworth@kpmg.ca](mailto:bwaterworth@kpmg.ca)

