

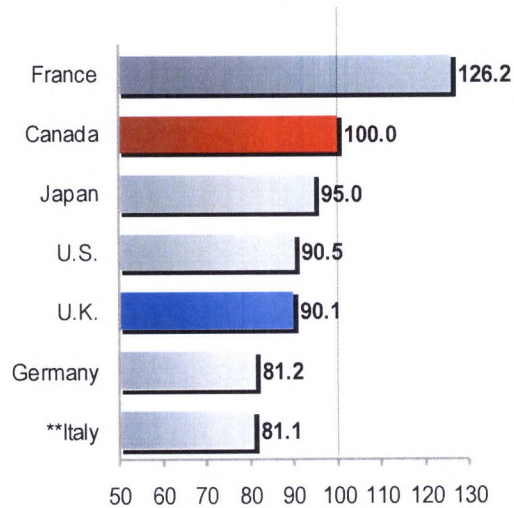


Canada Benefits by Having One of the Best R&D Tax Treatments in the G-7

- Canada currently offers one of the most favorable tax treatments for R&D among the G-7.
 - Canada provides a system of tax credits and accelerated tax deductions for a wide-variety of R&D expenditures.
 - Eligible costs include: salaries, overhead, capital equipment, and materials.
- These tax-based treatments permit firms to significantly reduce R&D costs through direct investment or sub-contracting in Canada.

Relative Generosity of R&D Tax Treatments*

(Index: Canada = 100.0)



Source: Warda, Jacek, *Assessing changes to SR&ED and related policy instruments on Canada's competitiveness for Foreign Direct Investment*: November 22, 2013.
 Note: Relative generosity is determined by dividing the after tax cost of performing \$1.00 of R&D by 1 less the corporate tax rate.
 Results are indexed to the relative generosity of Canada's system of tax-based support for R&D. The higher the ratio the more competitive the tax system.
 * Calculations based on large firms, ** Pending new legislation proposal.

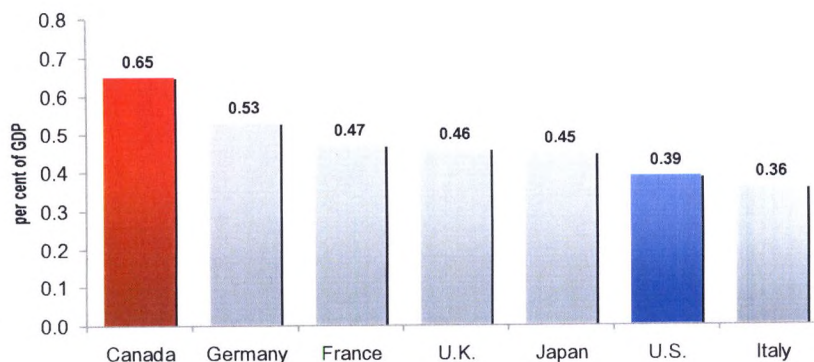
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...and a High Level of R&D Investment in Higher Education

- Canada is a world leader in post-secondary research, outpacing other G-7 countries on higher education investment.

R&D Investment in the Higher Education Sector, 2012



Source: OECD Main Science and Technology Indicators, 2014, Volume 1, June 2014.

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