

pense deduction; the size of the R&D tax credits available; and the ability to access the R&D credits.

Comparison of Tax Incentives in Canada and the United States

Canada

- R&D capital expenditures can be written off immediately
- There is an option to defer a claim
- The total cost of contracted R&D is eligible
- Equipment costs qualify
- Canadian travel costs qualify
- Employee benefits are eligible in certain circumstances

United States

- Assets are depreciated
- Only immediate write-offs are permitted
- Only 65% of contracted R&D is eligible
- Equipment costs do not qualify
- Travel costs do not qualify
- Only direct salary is eligible

The current Canadian system of R&D tax incentives provides Canadian corporations with a significant cost advantage over U. S. firms, when vying for R&D work to be performed in Canada.