

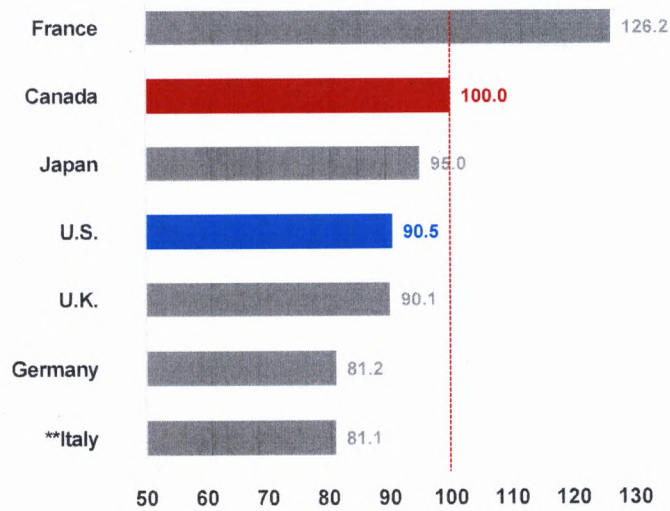
## Canada has one of the best R&D tax treatments in the G7...



- Canada currently offers one of the most favorable tax treatments for R&D in the G7.
  - Canada provides a system of tax credits and accelerated tax deductions for a wide variety of R&D expenditures.
  - Eligible costs include: salaries, overhead and materials.
- These tax policies permit firms to significantly reduce R&D costs through direct investment and sub-contracting in Canada.

### Relative Generosity of R&D Tax Treatments\*

Index: Canada = 100



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.

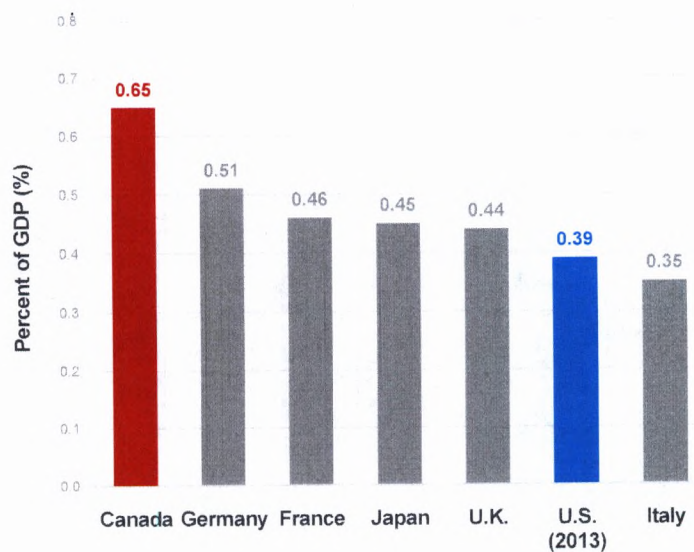
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## ...and a high level of R&D investment in higher education...



- Canada is a world leader in post-secondary research, outpacing other G7 countries on higher education investment.

### R&D Investment in the Higher Education Sector 2014



Source: OECD Main Science and Technology Indicators 2016 Volume 1 July 2016.

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