

Income Tax

IMP. 1029.8.1-1 University Research Contract for Scientific Research and Experimental
Development

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Reference(s): *Taxation Act* (R.S.Q., c. I-3), sections 1029.8.1 to 1029.8.9

This bulletin presents the requirements to be met by a university research contract in respect of the 40% refundable tax credit for university research.

Requirements

A contract is a university research contract if it meets the following requirements:

1. it is entered into between a taxpayer or partnership and an eligible university entity, i.e. a Québec university, a prescribed university hospital medical research centre or any other prescribed body; or
2. it is entered into between a prescribed linkage agency commissioned by a taxpayer or partnership and an eligible university entity mentioned in 1 above;
3. it is entered into before January 1, 1994;
4. the eligible university entity mentioned in paragraph above binds itself to undertake directly, in Québec, before January 1, 1996, scientific research and experimental development related to a business of the taxpayer or partnership;
5. the results of the scientific research and experimental development may be exploited by the taxpayer or partnership;
6. a favourable advance ruling is rendered by the Ministère in respect of the contract before any amount is paid to the eligible university entity mentioned in 1 above pursuant to the contract, or where an amount has been paid to a university entity before a favourable advance ruling is rendered by the Ministère in respect of the contract, an application for an advance ruling in respect of the contract has been filed with the Ministère within 90 days following the date on which the contract was entered into.
7. For the purposes of 1 above, a Québec university is a university referred to by *An Act respecting educational institutions at the university level* (R.S.Q., c. E-14.1), namely:

- (a) the Université Laval;
- (b) the Royal Institution for the Advancement of Learning (McGill University);
- (c) Bishop's University;
- (d) the Université de Montréal;
- (e) the École Polytechnique de Montréal;
- (f) the École des Hautes Études Commerciales de Montréal;
- (g) Concordia University;
- (h) the Université de Sherbrooke;
- (i) the Université du Québec and its constituent universities;
- (j) any faculty, school or institute of any of the institutions contemplated in paragraphs a to i which is managed by a corporation separate from that which administers such institution;
- (k) any institution of higher education affiliated with, incorporated in or annexed to an institution contemplated in any of paragraphs a to i pursuant to an agreement approved by the Minister of Higher Education and Science;
- (l) the Collège militaire Royal de Saint-Jean;
- (m) any establishment of higher education constituted by an Act of another Canadian province and recognized by the Gouvernement du Québec, upon the recommendation of the Conseil des universités.

8. For the purposes of 1 above, the university hospital medical research centres currently recognized are:

- (a) the centres affiliated with McGill University:
 - i. the Douglas Hospital Centre Research Institute;
 - ii. the Montreal Neurological Institute;
 - iii. the Lady Davis Institute, Sir Mortimer B. Davis Jewish General Hospital;
 - iv. the McGill University and Montreal Children's Hospital Research Centre;
 - v. the Montreal General Hospital Research Centre;
 - vi. the Royal Victoria Hospital Research Centre;
- (b) the centres affiliated with the Université de Montréal:
 - i. the Institut du cancer de Montréal;

- ii. the Centre de recherche de l'Institut de cardiologie de Montréal;
- iii. the Institut de réadaptation de Montréal;
- iv. the Institut de recherches cliniques de Montréal;
- v. the Centre de recherche de l'Hôpital Louis-H. Lafontaine;
- vi. the Centre de recherche de l'Hôpital Maisonneuve-Rosemont;
- vii. the Centre de recherche de l'Hôpital Notre-Dame;
- viii. the Centre de recherche de l'Hôpital du Sacré-Coeur;
- ix. the Centre de recherche clinique André-Viallet de l'Hôpital Saint-Luc;
- x. the Centre de recherche de l'Hôpital Sainte-Justine;
- xi. the Centre de recherche de l'Hôpital Côte-des-Neiges;
- xii. the Centre de recherche de l'Hôtel-Dieu de Montréal;
- (c) the centres affiliated with Université Laval:
 - i. the Centre de recherche du Centre hospitalier de l'Université Laval;
 - ii. the Centre de recherche de l'Hôpital de l'Enfant-Jésus;
 - iii. the Centre de recherche de l'Hôpital Laval;
 - iv. the Centre de recherche de l'Hôtel-Dieu de Québec;
 - v. the Centre de recherche de l'Hôpital Saint-François d'Assise;
- (d) the Centre de recherche du Centre hospitalier universitaire de Sherbrooke;
- 9.** For the purposes of 1 above, the prescribed organizations are the following:
 - (a) the Centre de recherche en informatique de Montréal;
 - (b) the Centre canadien d'automatisation et robotique minière;
 - (c) the Institut de recherche en exploration minérale;
 - (d) the Centre de caractérisation microscopique des matériaux;
 - (e) the Société de microélectronique industrielle de Sherbrooke;
 - (f) the Institut de recherche en pharmacie industrielle;
 - (g) the Centre de recherche Université Laval Robert-Giffard;
 - (h) the Institut de recherche en biologie végétale de Montréal;

10. For the purposes of 2 above, the linkage agencies currently recognized are:

- (a) the Centre de recherche industrielle du Québec;
- (b) the Centre québécois de valorisation de la biomasse; and
- (c) the Centre francophone de recherche en informatisation des organisations.

Exclusions

A contract is not a university research contract if, among others,

11. it contains a clause to the effect that the scientific research and experimental development that the eligible university entity binds itself to undertake is the object of a sub-contract in favour of a third party;

12. it contains a clause to the effect that the scientific research and experimental development that the eligible university entity binds itself to undertake is to be performed outside Québec;

13. the commitment of the university entity to undertake scientific research and experimental development does not pertain to specific work to be undertaken, rather it grants the right to gain knowledge of and exploit the results of work performed by the university entity that is related to a business of the taxpayer.

Particularity

14. For the purposes of 11 above, when a specific portion of the scientific research and experimental development that the eligible university entity binds itself to undertake must be the object of a sub-contract, the contract will be a university research contract solely as regards the portion of the work that is not the object of a sub-contract and for which the university entity remains the project manager.

The work performed under a sub-contract, though, does not constitute a university research contract even if it is performed by an eligible university entity.

This bulletin applies to a university research contract entered into starting with taxation year 1988. Where it contains a reference to the Institut de recherche en biologie végétale de Montréal as a prescribed organization, though, it applies to a university research contract entered into after May 2, 1991.