SR&ED

The MSN Process to Prepare an SR&ED Claim

P6 - VERSION 1.0 | REVISED: FEB 06, 2014

msn

management
support network

The following outlines the typical MSN process to prepare an SR&ED claim

Our goal is to

- Be as proactive as possible and have the claim prepared in "real time"
- Educate your SR&ED team
- Improve your SR&ED activity tracking system

1. Assigning the SR&ED Team

An Account Manager will act as a quarterback to co-ordinate the visits and to help ensure all of the client stakeholders are satisfied. A senior consultant with the appropriate technical background is assigned to work with one of your locations. This consultant will work with your staff "front-to-finish" to gather the necessary information to prepare the technical reports and related SR&ED costing. If CRA wishes to do an on-site review, the same consultant will provide audit support. During the preparation of the SR&ED claim, the consultant will help as required to improve the SR&ED activity tracking system.

Depending on the nature of the activities at this location, a second consultant may be involved if the claim is large, or if there are different technologies involved in the claim (usually our software consultant may be involved if there are IT/programmers doing SR&ED work at the location). Also if required, one of our "university professor partners" will be involved in the claim to confirm SR&ED eligibility, or to help with a CRA audit, as required.

2. Training

Before the kick-off is scheduled, we'll send your SR&ED team leader a checklist to help prepare for the first visit. We prefer to kick-off each new client with a plant tour, and then run a 1-2 hour session with representatives from engineering, maintenance, production, quality and finance. The first visit is scheduled as early as possible in the fiscal year. The purpose of the session is to:

1. Educate the core SR&ED team on the (new) CRA requirements, including the work that doesn't qualify anymore
2. Brainstorm for eligible projects
3. Identify the subject matter experts for each project
4. Meet with each subject matter expert to begin gathering the information to prepare the technical & financial portions of the claim

3a. If the Previous Claim is in Audit

MSN contacts the CRA auditors, and works with them to put the claim back into the "good books", which may involve:

1. Assisting with the audit on the old claim, as required
2. Identifying the root cause of the auditors concerns and, as required:
3. i. Help improve the SR&ED activity tracking system
   - ii. Re-word reports to better describe the work
   - iii. Remove portions of the work that doesn't qualify
   - iv. Train staff
   - v. Educate the auditor with our technical subject matter experts

3b. Gather Information to Prepare the Claim

Our consultant sets up a visit schedule (monthly, quarterly, etc) with your subject matter expert/ SR&ED team to gather information throughout the year, as required. The goal is to have the claim done 90 days after the year end. Using our approach, the costing will be completed in time to be included in the financial statements.

3c. Improve the SR&ED Activity Tracking System

As necessary, the consultant assists each location to make their SR&ED activity tracking system as CRA compliant as possible.

There are two critical elements to a successful SR&ED tracking system:

1. A system to record the information (it could be paper-based, excel or word templates, database or web-based)
2. Employees to establish a consistent habit to record this information

During the preparation of the claim, if the existing SR&ED activity tracking system is not functioning, we'll suggest improvements to the system, or suggest methods to make the recording habits for the employees more consistent.

4. Peer Review

When our consultant finishes the claim, it is sent to another consultant in the group (or to our "university professor partner") for a peer review, to:

- Identify unnecessary risky text in the report
- Identify costs that may not qualify
- Suggest areas where additional costs could be included

5. Integrate the Claim with the T2

When the claim is complete, and approved by the team, our tax department co-ordinates the filing of the claim, and we track the claim through the CRA process. We have licenses for Profile, TaxPrep and CanTax to make it easy to work with your accountant or internal tax department to integrate the SR&ED with the T2.

Want more information?

For more information about SR&ED or any of our other government programs contact us today.

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