

**AGREEMENT TO ALLOCATE ASSISTANCE BETWEEN PERSONS NOT DEALING AT ARM'S LENGTH FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT EXPENDITURES (SR&ED) CARRIED ON IN CANADA**

Do not use this area

- For use by a person or a partnership (the "transferor") and another person or partnership with whom the transferor does not deal at arm's length (the "transferee"), to allocate to the transferee under subsection 127(20), an amount that is government assistance, non-government assistance or a contract payment ("assistance") of the transferor in respect of SR&ED.
- The transferor can only allocate an amount of assistance to the transferee if subsection 127(19) does not apply to the particular amount for the year and if the SR&ED was performed by the transferee at a time when the transferee was not dealing at arm's length with the transferor.
- The transferor and the transferee have to file one completed copy of the agreement or amended agreement at the Tax Centre where they would normally file their return of income under Part I.
- A separate agreement is required for each transferee to whom the assistance is being allocated to under subsection 127(20).
- The agreement or amended agreement has to be filed:
  - on or before the transferor's filing-due date for the particular taxation year to which the agreement relates,
  - in the period within which the transferor may serve a notice of objection to an assessment of tax payable under Part I for the particular year, **or**
  - in the period within which the transferee may serve a notice of objection to an assessment of tax payable under Part I for its first taxation year that ends at or after the end of the transferor's particular year.
- The transferor and the transferee corporation should attach certified copies of the resolutions of the directors (or the documents of persons legally entitled to administer the affairs of the corporation) authorizing such an agreement, or a Directors' resolution delegating authority to an authorized officer of each corporation should be attached to Form T1146 signed by the designated authorized officers of each corporation. The Directors' resolution will be in effect for all subsequent years until it is rescinded. Where two corporations are controlled by a sole shareholder, such a transfer signed by authorized officers of each corporation will be accepted provided that a signed confirmation by the shareholder is filed with Form T1146 stating that he is the sole shareholder of both corporations, and that he has authorized the transfer of the qualified expenditures from one corporation to the other corporation. A directors' resolution will not be required.
- Parts and subsections referred to in this form are those of the *Income Tax Act*.

**AGREEMENT**

The transferor and the transferee identified below hereby agree that assistance for SR&ED in the amount of \$ \_\_\_\_\_ is allocated to the transferee under subsection 127(20).

The breakdown of the allocated assistance is: \$ \_\_\_\_\_ for current expenditures and \$ \_\_\_\_\_ for capital expenditures.

The transferee has to report the allocated amount on line 538 and/or 540 of Form T661 as applicable.

**Note:**

The amount of assistance that may be allocated is limited by the qualified expenditures

(i) that were incurred by the transferee in its taxation year that ended in the transferor's taxation year and

(ii) that can reasonably be considered to be in respect of the SR&ED in respect of which the assistance was received, receivable or expected to be received, and to the extent that the SR&ED was performed by the transferee at a time when the transferee was not dealing at arm's length with the transferor.

Is this an amended agreement? Yes  No  If yes, attach a copy(ies) of the immediately previous agreement(s).

|                                       |  |  |
|---------------------------------------|--|--|
| Name of taxpayer (transferor) (print) |  | Business Number, Social Insurance Number, or partnership identification number |
|---------------------------------------|--|--|

|   |                  |   |      |       |     |
|---|------------------|---|------|-------|-----|
| Address (head office if corporation)  |                  | Taxation year ended<br><table border="1"> <tr> <td>Year</td> <td>Month</td> <td>Day</td> </tr> </table> | Year | Month | Day |
| Year  | Month            | Day   |      |       |     |
| Name of person to contact   | Telephone number | Fax number  |      |       |     |
| Signature of individual, authorized signing officer of the corporation, or authorized partner | Title            | Date  |      |       |     |

|                            |  |  |
|----------------------------|--|--|
| Name of transferee (print) |  | Business Number, Social Insurance Number, or partnership identification number |
|----------------------------|--|--|

|   |                  |   |      |       |     |
|---|------------------|---|------|-------|-----|
| Address (head office if corporation)  |                  | Taxation year ended<br><table border="1"> <tr> <td>Year</td> <td>Month</td> <td>Day</td> </tr> </table> | Year | Month | Day |
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