

## DEFINITIONS

### 1) RESEARCH GRANTS (see [Income Tax Folio: S1-F2-C3, Scholarships, Research Grants and Other Education Assistance](#))

Research grants for the purposes of paragraph 56(1)(o) (Income Tax Act) are taxable as income in the year of receipt to the extent that the grant received exceeds the research expenses incurred to carry out the research. Budget submissions should be prepared with reference to the eligible expenses outlined in the Canada Revenue Agency *S1-F2-C3: Scholarships, Research Grants and Other Education Assistance*. The following are **NOT** recognised as deductible expenses:

- (I) personal or living expenses of the taxpayer, except travelling expenses (including the entire amount expended for meals and lodging) incurred by him/her while away from home in the course of carrying out the work,
- (II) expenses in respect of which he/she has been reimbursed, or
- (III) expenses that are otherwise deductible in computing his/her income for the year.

The grant will be administered by the researcher, and the responsibility for dealing with the Canada Revenue Agency on any tax-related matters shall be the researcher's alone.

### 2) “RESEARCH”:

Income Tax Act, 3.59: Research involves a critical or scientific inquiry aimed at the discovery of new facts, or the development of new interpretations or applications. In *Ghali v The Queen*, 2004 FCA 60, 2005 DTC 5472, the Federal Court of Appeal stated that “the words “research or any similar work” in paragraph 56(1)(o) may be defined as: a set of scientific, literary and artistic works and activities having as its purpose the discovery and development of knowledge.”

Income Tax Act, 3.60: It does not include research carried out for the sake of acquiring the experience or skill of conducting research, as may be the case with research carried out by undergraduate students. In order for a payment to be considered a research grant, the terms of the payment must establish that its primary purpose is to enable the recipient to carry out research (see the comments in [3.32](#)). The following factors may be helpful in this context:

- If only one of the major purposes of the grant is to enable the recipient to carry out a research project, this does not in itself establish the primary purpose. The comments in [3.33](#) should be referred to in cases where a grant has more than one major purpose;
- The term or terms relating to the research requirements for the grant must be specific. Vague and general references, such as including research, do not of themselves bring the grant within paragraph 56(1)(o);
- Generally, awards to undergraduates are taxed under paragraph 56(1)(n), even though some research for essays, projects, etc., is required as part of the course requirements; and
- If the terms of the grant do not mention research, paragraph 56(1)(n) applies, even if a great deal of research is in fact done.

It goes without saying that the capacity of the researcher to undertake the proposed research and their ability to do it within the timeframes stipulated are key considerations.

## PROGRAM INFORMATION

### **Purpose:**

This program permits researchers (faculty members or professional librarians) to receive a research grant in lieu of salary, which may be used for all the purposes of a grant-in-aid, except salary for the principal investigator. As such, this program covers only research activities, and is not intended to cover projects directed at teaching or the development of teaching-related skills.

**Value:** Faculty members may apply to have up to 100% (less benefits) of their sabbatical salary paid as a research grant. For more information, please see section 20.3 of the [CUASA Collective Agreement](#).

*Note that once the grant is approved, the applicant's salary shall be reduced by the amount of the award, and the award will be paid in equal monthly instalments (e.g. July, October, January and April) along with the remaining salary payment, over the funding period, i.e. the amount of the SRG amount is no longer considered to be salary.*

*Furthermore, SRG awards are regarded as taxable income; however, the grant payment(s) will be treated as T4A income for tax purposes and accordingly, no income tax will be deducted by the University. The award recipient is responsible for reporting the income to Revenue Canada and declaring eligible expenditures against it.*

**Applicant Eligibility:** CUASA faculty members and professional librarians.

**Deadlines:** February 1, May 1, August 1 and November 1.

**Results:** within two weeks of application via email

*(If successful, the applicant must submit a letter formally requesting reduction of the salary payment to payroll at least three weeks before the grant payments are to begin.)*

## ELIGIBLE EXPENSES

All direct costs of research compliant with Research Financial Services Guidelines, including but not limited to the following categories:

### **1) TRAVEL**

Travel costs will be allowable for purposes essential to the research outlined. The nature and limits of travel expenditures must conform to the University's travel policy.

**3.76** If a taxpayer is temporarily residing in a place, amounts paid for meals and lodging in that place are considered to be personal and living expenses rather than travelling expenses. As such, they are not allowable research expenses. A taxpayer in receipt of a research grant is entitled to claim his or her own expenses for:

- travel between home and the place of temporary residence while engaged in the research work;
- travel from one temporary residence location to another; and
- travel on field trips connected with the work.

## 2) PAYMENT OF RESEARCH PERSONNEL

Payments to individuals from the grant may be subject to statutory deductions such as income tax, unemployment insurance and Canada Pension Plan premiums. Personnel must be hired as independent consultants, with receipts or invoices submitted for time worked. No salary payments may be made to the applicant.

## 3) EQUIPMENT

Ownership of equipment purchased with funds awarded through this program vests in the individual. Purchase of this equipment is a personal transaction, and the Director of Finance has, therefore, indicated that these purchases should **not** be made through the University's Purchasing Department.

**\*\*Note: Expenditures incurred shall primarily fall in the year payment is received.\*\***

*3.77 Paragraph 56(1)(o) provides that, in order for research expenses to be deductible from the grant, the research expenses must be incurred in the same year in which the research grant is received. In some cases, research expenses may be incurred in the year immediately before or immediately after the year in which the grant is received. While those expenses cannot be deducted in the year in which they are incurred, they are considered to be deductible in the year in which the grant is received. However, for any expenses incurred in the year before the grant is received, those expenses incurred before the taxpayer is notified that the grant will be paid are not deductible from that grant. Research expenses incurred more than one year before, or more than one year after, the year in which the grant is received are not deductible from that grant.*

## APPLICATION REVIEW

One original application should be submitted to the Chair/School Director. The Chair/School Director and Faculty Dean will approve it in accordance with the following criteria:

1. Merit of the proposal
  - Clarity of the goals and objectives
  - Appropriateness of the theoretical framework/methodology
  - Comprehensiveness of the literature review
  - Feasibility of the workplan and timeline
  - Potential for the project results to have influence/impact within and beyond academia
2. Knowledge, expertise and experience of the researcher in relation to the proposed research
3. Budget soundness (costs appear reasonable and justifiable)

## APPLICATION PROCESS

1. **Application Form:** download and complete the application form.  
***The application must be signed by your Chair/School Director & Dean.***
2. **References (max 1 page)- optional**
3. **CV:** must include currently active and applied for research grants, publications, student supervisions and record of knowledge mobilization activities. An NSERC, SSHRC or CIHR CV is preferable.

Save application form, CV and Reference list as SINGLE PDF file, using naming convention:  
***Applicant last name.Applicant first name.SRG.pdf*** (i.e. Bailduster.Starburst.SRG.pdf)

- Submit the application to [coris@carleton.ca](mailto:coris@carleton.ca)

## TERMS and CONDITIONS

### **Award Administration**

The researcher is not required to submit an accounting for these funds to the University, but since it is the responsibility of the researcher to support claims for deductions to Revenue Canada, researchers should keep detailed records of research expenditures. Receipts should be retained in the event that substantiation is requested by Canada Revenue Agency. **The University is unable to provide any tax information in addition to S1-F2-C3: Scholarships, Research Grants and Other Education Assistance. Requests for additional information should be directed to Canada Revenue Agency.**

### **Termination of Employment**

If, at any time during the term for which the grant has been made, the grantee ceases to be a member of the University, and his or her salary ceases, the grant arrangement will terminate, and the salary and the grant amount are to be reconciled between the researcher and the University.