



A Model
For Minimizing
The Costs Of
Preparing SR&ED
Submissions
Enhancing Productivity
And Achieving Compliance

Looking Forward For A Smooth Audit !

Why Should You Pay Huge Consulting Fees !

Maximize Your Net Benefits Of Your Earned ITCs



Executive Summary

We are introducing to you a novel concept that will change the ancient way of preparing the SR&ED submissions.

In the ancient approach, which we invented by the way, a consultant will be sitting down with your technical staff interrogating them about what they have done. The discussion will be audio recorded and transcribed. The transcriptions will provide the consultant with the essential material to compose the technical report to be filed with your T2 & T661 forms.

The incompetent consultant will focus on the grammar and choice of words that will be soon shrugged off by a competent Science Advisor from CRA. Subsequently, the audit process will become an expensive venture. It is not an English language contest.

We do much more than that. We first establish the Scientific and Engineering grounds of the facts that have been deposed by your staff. That is why we do not accept to participate in preparing a claim that is not in the area of our expertise. Fundamentally, we are professionally responsible for what is being presented to CRA or IRS and we stand by it on solid grounds. In some cases we conduct literature survey to assess what is publicly known and the current base of the technology relevant to your claim.

Yes we take it very serious. We are responsible taxpayer citizens and we would like to ensure that our tax dollars are well earned by those with the novel ideas and not given away to the ones with the strongest language, or connections.⁽¹⁾

Our new approach is based on AUTOMATIC COLLABORATION and SUBSTANTIATION to comply with CRA changing position with respect to filing requirements and documentation.

Paramountly, our new approach focuses on PRODUCTIVITY in presenting the FACTS in a systematic method, which will significantly reduce your **costs** in preparing and defending the SR&ED submission and MAXIMIZING your BENEFITS.

(1) There are several ex CRA employees acting as consultants on the market.



INTRODUCING VIRTUAL COLLABORATION



With the advent of the internet, the virtual meetings, the mobile text messaging and many other communication tools it becomes almost embarrassing to stick to the old way of communicating and collecting data.

The above picture depicts the exact model that we have developed in the last few years and has been used by some of our clients (clientele).

The background of the picture represents the cloud, or the media, which is the internet domain, or the local network domain.

The two screens represent independent computers that are not, or are, connected through a local network or geographically in two different places and have access to the internet. Each computer is running a different module of EasyT661. The computers do not have to be running at the same time, or they can also be.

The group of icons in the middle represent a tax manager of an organization and a team of collaborators. The collaborators can be a combination of the technical staff working for the same organization or CONSULTANT(s). The contributions of the collaborator are **automatically** transferred to the tax manger's computer and assembled with the T661 form of the tax year being prepared.

EasyT661 will also perform most of the calculations for the tax manager based on the project costs as input by the collaborators. The tax manager is still being able to modify their input and adjust/edit/modify any of the input. At the end, the tax manager may print the T661 form as a PDF and also export the data to the accounting package to complete the tax return.

Eventually, the system will become a normal practice within an organization and very minimal, if any, outside help will be required.



PRODUCTIVITY AND SUBSTANTIATION

We trust by now you have identified most of the benefits our model has to offer.

We have not yet told you about other features that come with the package. The complementary features are essential for successful claim and smooth audit.

General Information

R&D TIME TRACKING AND SUBSTANTIATION

Company Name: SR&ED Engineering Inc. Person's Name: SR&ED Engineering Inc.
Business Number: SR&ED Engineering Inc. Tax Manager: Demo Tax Manager

Print Report Show New Entry Last 7 Days Last 30 Days This Year Show Only Selected Date
 Range From: April -04-11

| Date | HRS | Project | Description of Work Done |
|-------------------------------------|-----|-----------------------------|--|
| <input type="checkbox"/> 04/04/2011 | 8 | Type here the project name. | Type here the description of the work done for this entry. |
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| | | | |

New Entry

Select Project: Administration

Enter Hours:

Enter New Project

Browsing Mode Data Entry Mode

Please do not forget to select the date for this entry. The default is the date that is displayed.

Cancel Save Spell Check Copy Displayed To Library Copy From Selected

The above picture depicts the time tracking and substantiation module of EasyT661. It is not just a normal time sheet program. It is a very simple time sheet and substantiation program. It helps the organization to become PROACTIVE and PRODUCTIVE.

Every entry using this module will serve many requirements. It will serve the normal purpose for time records, which can be linked to the payroll software. It will definitely serve as a proof of the R&D work done. And most of all the text of the entry can be automatically saved in the local knowledge base to be used in preparing the T661 project descriptions. A link can be easily added, by drag and drop, to a laboratory document or any other technical, or financial memorandum.

Nowadays, the claimed expenditures of consumed material is becoming an issue during a CRA audit. The problem is how to proof that the material was really used for R&D work. The answer is provided by this module by adding a note to one of the entries, or many.

PRODUCTIVITY AND SUBSTANTIATION (continued)

We have mentioned above a KNOWLEDGE BASE. This is the most productive module of EasyT661. It makes available to the user a comprehensive summary of generic text of statements to be used in describing the R&D work. The text of the library comes from actual experience of over 20 years preparing SR&ED submissions. The knowledge base has more than 14 different libraries covering more than 16 different industries.

The objective is to provide your technical staff with generous references to the nature of the topics to be discussed in the project descriptions. Some staff have the tendency to think of the project descriptions to serve as an application for a grant. They spend a lot of efforts emphasizing the COMMERCIAL or SOCIAL benefits of the outcome of the project, if successful.

We also mentioned earlier that the text of the knowledge base can be complemented by the entries of the time tracking module. This way the submission will really become **FACTUAL**.

The screenshot displays the EasyT661 software interface for a project information form. The main window is titled "T661 - [Part 2, Project information, Section B - Experimental development]". The interface includes a menu bar with "File", "Form T661", "Add / Delete", and "Help", along with "Collaboration" and "Import" options. The header section identifies the user as "Canada Revenue Agency" and the project as "Project NO 1".

The form is titled "Part 2 - Project information" and "Section B - Experimental development". It contains a table for selecting technological advancements:

| | Materials, devices, or products | Processes |
|-----------------------------|---------------------------------|---|
| The development of new | 235 <input type="checkbox"/> | 236 <input checked="" type="checkbox"/> |
| The improvement of existing | 237 <input type="checkbox"/> | 238 <input type="checkbox"/> |

Below the table, there is a section for "240 What technological advancements were you trying to achieve? (Maximum 350 words)". This section includes a "Spell Check" button, a "Save To Local" button, and a "Use Library" button. A "Knowledge Base Selection Menu" dialog box is open, allowing the user to select a knowledge base library (currently "Manufacturing") and a subject (currently "Advancement"). The dialog box also provides a list of pre-defined text snippets for selection, such as "Advancement <--> Successfully developing a new product line which complies with NRC and STC standards and req..." and "Advancement <--> As a spin off the work carried out, we also developed a new connecting mechanism to fasten the...".



HOW WILL YOU REDUCE YOUR COSTS?

Typically the costs of preparing an SR&ED submission range between 25% and 35% of the earned ITC amount. The price of EasyT661 ranges between \$499 and a maximum of less than \$5000 per installation, organization wide. The price is not calculated per seat. One installation means one tax manager. Thus the estimated maximum \$5000 gives you UNLIMITED number of collaborators, but one tax manager. The price is calculated for you by the software itself depending on the configuration you selected and installed.

As an example, for a very small business it would be sufficient to configure EasyT661 as stand alone one seat and the price will be as little as \$499. This would be typically the demo module on our website. It is fully functional and configured for one seat.

The above is also applicable to Accounting Firms and R&D Practitioners. The firm may use EasyT661 to assume the role of either a tax manager or a collaborator.

EasyT661 may also be used as a stand alone application without collaboration to prepare unlimited number of SR&ED submissions.

We are currently pursuing a ruling from CRA to consider the costs of this software as eligible SR&ED expenditure.

WHAT ABOUT REMOTE CONSULTING OPTION?

This is the way we operate now with most of our clients (clientele). It is the client's option to act as the tax manager and we assist as collaborators, or the opposite. Generally, the determining factor is the size of the business.

For selected small businesses in the start up phase we mostly play the role of the tax manager to ease the burden on the client. We certainly hope that the client will prosper and grow to be able to take back the control and assumes the role of the tax manager. Eventually the client will become independent and will use us, if needed, as collaborators.

In either situation, the EasyT661 software is FREE of charge to the active client.

Should you require further information, please do not hesitate to give us your feedback through this link: <http://www.srmed.com/contactus.html>