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# Qualitative Research on Scientific Research and Experimental Development (SR&ED) Client Portal

## Executive summary

### Prepared for the Canada Revenue Agency

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Canada

## Qualitative Research on Scientific Research and Experimental Development (SR&ED) Client Portal Executive summary

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Supplier name: Environics Research  
March 2023

The Canada Revenue Agency (CRA) commissioned Environics Research to conduct qualitative research with small to medium sized Canadian businesses focusing on their behaviours, motivations and experiences with SR&ED claims to inform future initiatives in the digital space, including the SR&ED Client Portal.

Cette publication est aussi disponible en français sous le titre : Recherche qualitative sur le portail clients du Programme de la recherche scientifique et du développement expérimental

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## Executive summary

### 1. Background and objectives

The Scientific Research and Experimental Development Program (SR&ED) is the largest Government of Canada program supporting research and development in Canada, providing more than \$3 billion in tax credits to over 16,000 businesses annually.

The Canada Revenue Agency (CRA) aims to create digital services that are user-friendly, accessible, and efficient for SR&ED claimants in obtaining information and support to claim the credits to which they are entitled, as well as meeting their compliance obligations. The program required direct insight into the needs, motivations, and behaviours of SR&ED claimants, including what they need to fill their SR&ED claims on their own without the assistance of professional claim preparers.

Thus, the objectives of this qualitative research were to explore:

- Habits, behaviours, and motivations of potential and existing SR&ED claimants, including their actual or intended use of third-party claim preparers
- The needs of potential and existing SR&ED claimants, such as whether they are confident that they have the information and tools to prepare a SR&ED claim
- Potential gaps in service delivery of the SR&ED program and potential barriers to claim SR&ED investment tax credit
- Potential changes and improvements to help claimants access the CRA's services and digital tools and encourage the use of self-service tools and options

### 2. Methodology

Environics conducted individual interviews with 35 small or medium-sized businesses (less than 100 employees) across Canada, representing one of three key audiences:

1. New claimants (between 1 to 3 claims) or potential claimants (i.e., businesses who do research and development and may be eligible for SR&ED) (Segment A)
2. Experienced claimants (4 or more claims) who prepare their claims in-house and have not used a third-party claim preparer (ever or consistently) (Segment B)
3. Experienced claimants (4 or more claims) who consistently use a claim preparer to prepare their claims (Segment C)

**For simplicity, this report uses the term “claimants” to refer to all interview participants, including both potential and existing claimants.**

The CRA initiated the recruitment, reaching out to a list of organizations (by email and phone) and providing them with a link to a screening survey hosted by Environics. Claimants who completed the screening survey, met the eligibility criteria and provided their contact information were contacted by Environics to schedule an interview. Interviews were held with a company representative who (a) is directly involved in claim preparation, either from a technical or financial perspective, or (b) has some SR&ED decision-making responsibilities within their organization.

Interviews were conducted virtually (by Zoom, Teams or Google Meet) or by telephone, depending on participant preference, between January 12 and February 24, 2023. They ranged between 30-60 minutes in length depending on participants' responses. Thirty-three (33) interviews were completed in English and two (2) in French.

Since the CRA's initial email outreach included a large proportion of new or potential claimants who had participated in CRA webinars or other information opportunities, the interviews subsequently skewed to this group of claimants. The phone outreach focused on addressing the recruitment gaps. The following table summarizes the final distribution of the interviews:

**Summary of completed interviews**

Region	SEGMENT A New or potential claimants	SEGMENT B Experienced claimants who have not used a claim preparer (consistently or ever)	SEGMENT C Experienced claimants who consistently use a claim preparer
West	9	3	1
Ontario	12	5	1
Quebec	2	0	0
Atlantic	2	0	0
Total	25	8	2

More information about the study methodology is included in Appendix A.

**Statement of limitations:** Qualitative research provides insight into the range of opinions held within a population, rather than the weights of the opinions held, as measured in a quantitative study. The results of qualitative research should be viewed as indicative rather than projectable to the population.

### 3. Key findings

The SR&ED claimants who participated in the interviews are highly motivated to submit SR&ED claims. Although they represent many different types of companies, the common thread was their reliance on the SR&ED claim to support their continued business operation and growth – especially since there are limited funding opportunities for innovation in Canada.

The research confirms that the claim process is, broadly speaking, meeting claimants' expectations. In some cases, the claim process even exceeds expectations, when the CRA is seen to go the extra mile by giving personalized direction through its First Time Claimant Advisory Service (FTCAS) and, for experienced claimants, when the process is consistently dependable year-over-year.

However, claimants continue to see room for improvement in addressing the pain points in their claim preparation journey:

- **Gathering information to educate themselves about what the claim involves (typically prior to a first-time claim)**
- **Determining if their firm has a viable SR&ED claim**
- **Identifying what is acceptable evidence to support their claim and developing a process to systematically gather that evidence (documentation)**
- **Filling in the forms, particularly the appropriate level of detail for the project description**
- **Tracking claim status, to avoid uncertainty about the timing of the return**
- **Navigating a review/audit, due to the delay caused in receiving their return, the frequency of reviews, and concerns about inconsistency in the application of the CRA's own rules.**

The CRA has created tools and services like the Pre-Claim Consultation Service (PCC) and the Self-Assessment and Learning Tool (SALT) to address some of these known pain points. The limited take-up of these tools among interview participants suggests the goal should now be to promote the tools and services more widely and make them easy to find.

The CRA is also developing a SR&ED workspace to help claimants compile the financial and technical information needed to complete the T661 claim form. Initial impressions are that the workspace is a step in the right direction, but its value will largely hinge on the **tips and information** accessed through the question mark icon.

A key finding of this research is that many pain points are more prominent for **first-time** claimants; as claimants develop experience over multiple filings, they develop confidence in their ability to manage the process. This is the driver behind the CRA's First Time Claimant Advisory Service (FTCAS). However, because FTCAS takes place once a claim is filed and not beforehand, it does not fully alleviate the information gap for first-time claimants. Thus, the **CRA should continue to develop pre-claim tools and services with first-time claimants in mind.**

The research also reveals that the decision about how to prepare a claim is not limited to in-house versus professional claim preparation. Some businesses use a mixed model, where they are responsible for one aspect of the claim (either the technical or the financial) and their claim preparer is responsible for the other, or they use a third party (typically their general accountant) to advise on or review a claim prepared in-house. The main decision-making factors include cost; time and capacity constraints; the size of the claim and degree of risk; and confidence in their knowledge (versus that of a third-party).

Ultimately, claimants acknowledge and understand the need for a careful, detailed claim process to ensure the investment tax credits go to the right businesses and the program achieves its mandate to support innovation in Canada. At the same time, they would like to see **greater transparency about the information the CRA is looking for**, to remove the guesswork. That is why claimants place such value on the FTCAS: because they learn exactly what the CRA is looking for and are given the chance to discuss how that applies to their specific case. The more the CRA can provide **directly pertinent information to a claimants' situation**, and make that **information easy to locate**, the more confident claimants will be in their ability to submit a compliant claim.

#### 4. Cost of research

The cost of this research was \$71,048.75 (HST included).

#### 5. Political neutrality statement and contact information

I hereby certify as a senior officer of Environics that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Communications Policy of the Government of Canada, and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leaders.

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