SRED Consultants Inc.

# SR&ED ELIGIBILITY PLAYBOOK

A practical guide to understanding if your work truly qualifies

Get Started →

Learn More

# Why This Matters?

Many companies assume they qualify for SR&ED because they are building something new.

In practice, eligibility is not determined by innovation alone.
It is determined by how the work was approached.

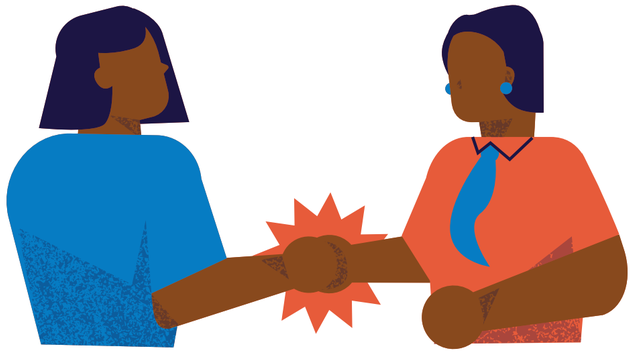
This playbook is designed to help you:

- Evaluate your activities using the same lens applied in CRA reviews
- Identify strengths and gaps before submitting a claim
- Avoid common mistakes that lead to adjustments or rejections

# The SR&ED Framework (In Practice)

## To qualify, your work must demonstrate:

Technological Uncertainty



Systematic Investigation
or Experimentation

Technological
Advancement

**These are not checkboxes, they form a connected narrative.**

# Section 1: Technological Uncertainty

- □ A technical challenge could not be solved using existing methods.
- □ The outcome of the work was uncertain at the outset
- □ Existing tools, methods, or expertise were insufficient to achieve our objective
- □ Solving the problem required going beyond routine development

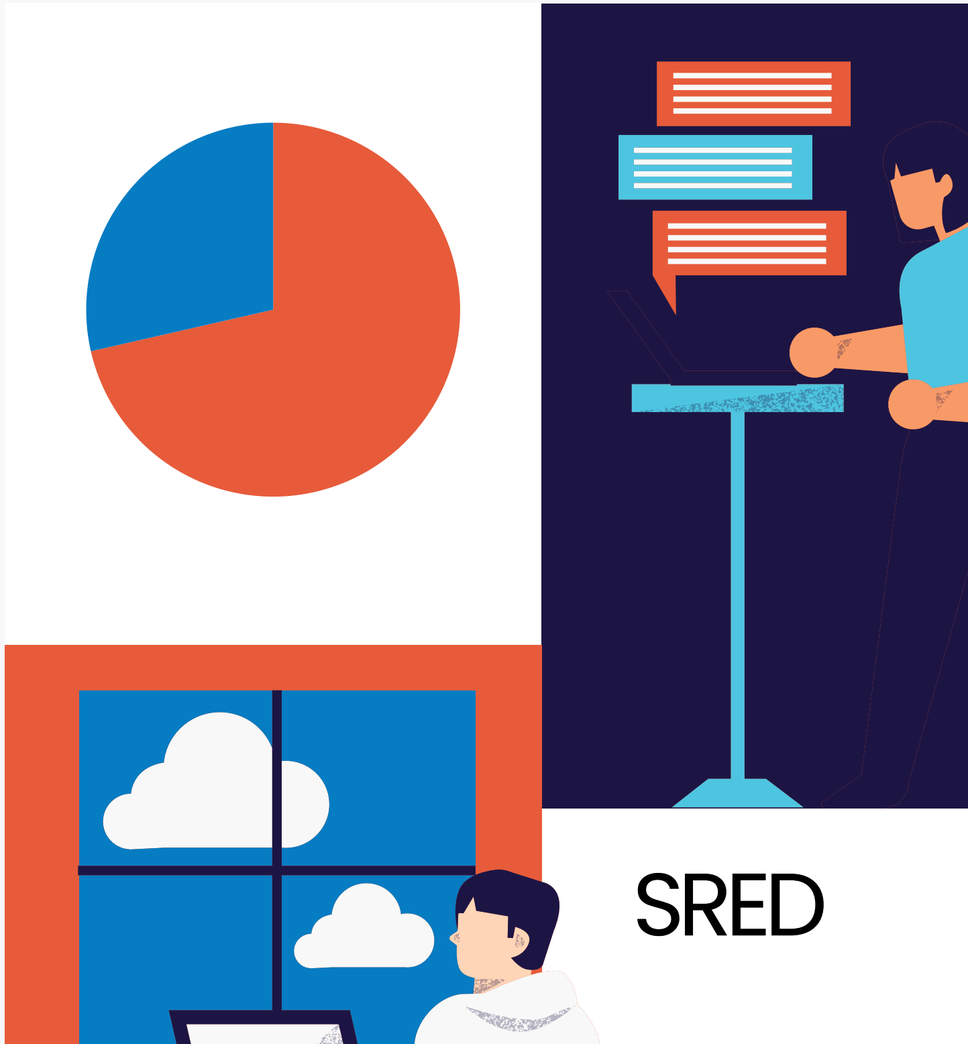
## SCI Insight

Technological uncertainty is the starting point of every eligible claim.
If the solution was already known or achievable through standard methods, the work will not qualify.

What Strong Claims Show

- A clearly defined “unknown” at the beginning
- A gap between what is available and what is needed

Common Mistake
Describing complexity instead of uncertainty.
Complex projects can still be routine.



SRED

# Section 2: Systematic Investigation or Experimentation

- ☐ We followed a structured process to resolve the uncertainty
- ☐ We developed and tested hypotheses
- ☐ We conducted multiple iterations, including unsuccessful attempts
- ☐ Each iteration produced insights that informed the next step
- ☐ We tracked results, observations, and decisions

## SCI Insight

CRA is not looking for trial and error.
They are looking for a systematic progression of learning.

## What Strong Claims Show

- A clear sequence of experimentation
- Evidence of how decisions evolved over time

## Pro Tip from Our Team

- The strongest files clearly show:
- hypothesis → testing → results → learning → next hypothesis

# Section 3: Technological Advancement

- ☐ The work generated new or improved technical knowledge
- ☐ The advancement goes beyond what is publicly available
- ☐ We gained a deeper understanding of how or why the system behaves as it does
- ☐ The results contributed to resolving the original uncertainty

## SCI Insight

Advancement is about knowledge, not commercial success.

Even if the project failed, it may still qualify if new knowledge was gained.

## Common Mistake

Focusing on features or outputs instead of what was learned.

# Section 4: Supporting Evidence

- □ We have documentation that reflects how the work progressed
- □ We can demonstrate iterations, changes, and decision points
- □ We have supporting materials such as notes, reports, or system logs
- □ Documentation aligns with the work being claimed

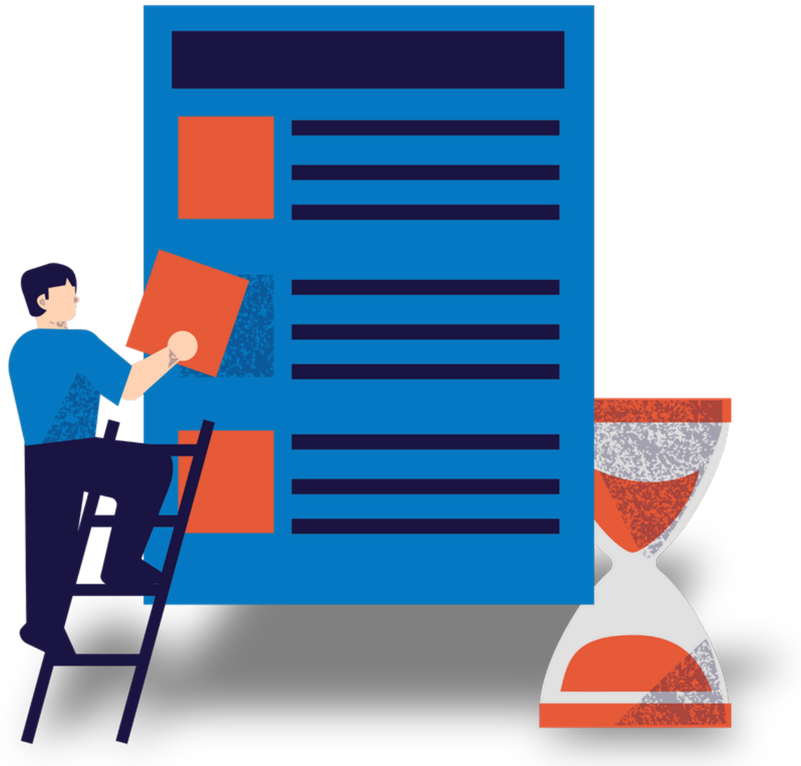
# SCI Insight

Documentation does not need to be perfect, but it must be credible and consistent.

**Pro Tip from Our Team**

Reconstructed documentation is acceptable if:

- it is logical
- it aligns with the timeline
- it supports the narrative of experimentation



# Section 5: Boundaries of Eligibility

□ We can clearly separate eligible R&D work from routine or commercial activities
□ We have excluded implementation, scaling, and maintenance work
□ We understand that not all project costs are fully eligible
□ We can justify how activities were allocated

## SCI Insight

Most claims are not denied because nothing qualifies.

They are adjusted because too much non-eligible work is included.

## High-Risk Areas

- Routine engineering
- Standard software development
- Deployment and integration work

# Eligibility Self-Assessment

## Use this as a quick internal diagnostic:

### Strong Position

- ☐ Clear uncertainty
- ☐ Structured experimentation
- ☐ Defined advancement
- ☐ Supporting documentation

**→ High likelihood of eligibility**

### Moderate Position

- ☐ Some uncertainty identified
- ☐ Partial experimentation
- ☐ Limited documentation

**→ May qualify, but requires refinement**

### At Risk

- ☐ No clear uncertainty
- ☐ Minimal experimentation
- ☐ Weak or inconsistent support

**→ Low likelihood of eligibility**

# What This Means for Your Business?

SR&ED eligibility is not about what you built, it is about how you solved problems. The strongest claims demonstrate a clearly defined technical challenge, a structured approach to resolving it, and clear evidence of learning and advancement. Many companies get this wrong by treating SR&ED as a description of innovation, focusing on outcomes instead of uncertainty, lacking a clear experimental process, mixing eligible and non-eligible work, and misaligning technical narratives with financial claims.

If you want a clearer view of your eligibility, we offer a complimentary SR&ED eligibility assessment where we evaluate your activities against CRA criteria, identify risks before submission, and provide guidance on how to strengthen your claim.

SRED Consultants Inc.

# Thank You.

GET SRED TODAY →