

Federal tax credit for farmers on check-off investments

The federal government annually provides a Scientific Research and Experimental Development (SR&ED) tax credit to producers offering them money back on their check-off investments.

The tax credit percentage for producers who contributed to the Wheat and Barley Check-off (administered by the Western Grains Research Foundation) in 2009 are 83% for wheat and 76% for barley.

It should be noted that the check-off on barley in Alberta is collected by the **Alberta Barley Commission** and will be subject to a different tax credit rate.

The percentages above are calculated by looking at the amount of the check-off dollars spent directly on research, this is then determined to be the eligible portion. Each check-off organization may vary, as they will have their own eligible percentage.

The tax credit is earned at a rate of 20% for individuals and 35% for corporate producers that are Canadian controlled private corporations (CCPC).

Producers who choose to opt-out of the program are not eligible for the tax credit.

Doing the Math - A Wheat Example

If a producer contributed \$300 to the Wheat Check-off in 2009, the eligible amount would be calculated by taking 83% (the wheat percentage) of the \$300 = \$249.

If the producer files taxes as an individual they would take the \$249 and would earn 20% of this amount as a tax credit = \$49.80.

For producers who file as a corporation, they would earn 35% of the \$249 as a tax credit = \$87.15.

Producers can visit the WGRF website at www.westerngrains.com under the Current Info tab for links to the Canadian Revenue Agency website where the appropriate forms can be obtained and options for tax credit use are outlined.

For more information on claiming your SR&ED tax credit, please consult your accountant or visit the Canada Revenue Agency website.

