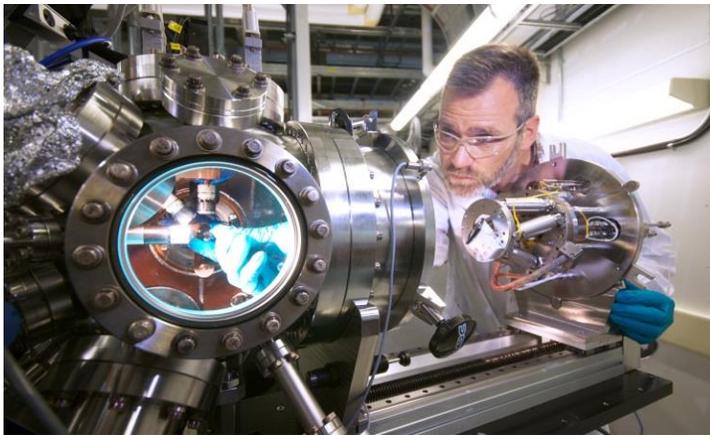


Saskatchewan Commercial Innovation Incentive (SCII)



First of its kind in North America – patent box style tax incentive

Open to a wide variety of eligible intellectual property (IP) types, including patents, plant breeders' rights, trade secrets and copyrights (computer programs and algorithms).

What is the SCII?

The SCII is a new growth tax incentive that offers eligible corporations a reduction of the provincial Corporate Income Tax (CIT) rate to six per cent, for a period of 10 consecutive years. Companies can extend the CIT benefit period to 15 years, if 50 per cent or greater of the related research and development (R&D) has been conducted in Saskatchewan.

The SCII is open to any company, operating in any sector, from anywhere in the world, regardless of where or when the R&D for the qualifying IP occurred.

SCII applicants can either own or hold a recognized licence for their qualifying IP/good(s), service(s) and process(es). The SCII's licensing feature offers significant IP commercialization opportunities for local and out-of-province firms alike that are looking to bring technologies from markets all across the world to commercialize in Canada.

Additional Features of the SCII

- **Flexibility of when the CIT benefit period begins:** Companies choose when to begin their 10-year (or

15-year) reduced CIT period. This feature has no expiration date and allows companies to scale-up operations and profitability before starting their CIT benefit period. Additionally, should they choose, companies have the option to re-file their taxes up to three years backwards and begin claiming the CIT benefit period in those years.

- **Can be used with other incentives:** The SCII can be used with other incentive and grant programs that the SCII-eligible corporation is able to access.
- **Ongoing IP development and expansion encouraged:** SCII-eligible corporations are allowed to qualify new iterations of goods, services and processes (through cascading¹ and forking²) tied to the original qualifying IP, in whole or part, at the reduced CIT rate without re-applying to the program. Further, R&D or licensing related to this type of incremental or new goods, services or processes can occur in any jurisdiction. This feature is intended to promote business development strategies centred around ongoing R&D and to help ensure that companies are not limited in how they grow their business or respond to emerging market dynamics and opportunities.



Program Qualification Process

1. Complete the SCII scientific eligibility evaluation.
 - a. Must own or licence qualifying IP that is linked to the commercialization of a new good, service or process in Saskatchewan.
 - b. The qualifying IP/good(s), service(s) and process(es) must meet one of the following definitions:
 - i. The proposed innovation has as no equivalent in the Canadian marketplace or is an exceptional advance on the current state of the art in Canada;

AND/OR

- ii. The proposed innovation has unique features and benefits that offer exceptional differentiation from current competitive offerings in the Canadian marketplace and is sufficiently unique that the potential exists to create a competitive advantage or create a new market niche.
2. Establish/identify an eligible corporation whose only sources of revenue are related to the commercialization of the qualifying IP.
3. Demonstrate new economic benefits to Saskatchewan. Meet 2 of 5 economic benchmarks (these can be accumulative over any period of time):
 - i. A proposed new economic benefit benchmark(s) as pre-approved by the Ministry of Trade and Export Development;
 - ii. \$3 million in R&D expenditures in Saskatchewan (including labour costs). New R&D, existing R&D pertaining to the qualifying IP, or a combination of new and existing R&D.
 - iii. Create and maintain 10 net new full-time employees (or FTE);
 - iv. \$10 million in net new capital expenditures; or
 - v. \$3.5 million in new provincial CIT taxes paid.
4. Once the eligible corporation demonstrates the required new economic benefits to Saskatchewan, it will be issued an SCII Certificate. The eligible corporation can then submit the SCII Certificate to the Ministry of Finance at any time of their choosing to begin claiming their 10- or 15-year CIT benefit period.

National Research Council – Industrial Research Assistance Program (IRAP) as a Program Partner

The Government of Saskatchewan is pleased to have IRAP, a division of the National Research Council of Canada, as a SCII program partner. IRAP will provide technical assessment services for the SCII application.

IRAP has more than 250 Industry Technology Advisors (ITA) across Canada who are sector-specific technology experts in their field. ITAs are able to evaluate the scientific, technological, and Canadian marketplace dynamics of an SCII application proposal.

How to Apply

To apply for the SCII, visit saskatchewan.ca/innovation-incentive.

For more information, contact:

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¹ **Eligible Cascading:** A series of goods, services or processes with incremental innovations/changes that are developed from the same IP, in whole or part, as approved under the eligible corporation's original SCII application.

² **Eligible Forking:** A new good, service or process that is more than incrementally different from its preceding version as there has been a significant change in the features and benefits etc. To qualify, a forking good, service or process must be based on same IP, in whole or part, as approved under the eligible corporation's original SCII application.