

Progressive Tax Rebate Program: Innovation and Development Tax Credit

The Innovation and Development Tax Credit (IDTC) is part of a larger package of Prince Edward Island tax rebates which support the establishment and growth of innovative, export-oriented firms by addressing key structural challenges in the Island economy.

Description

The Innovation and Development Tax Credit is a refundable tax rebate which may apply to projects in support of the development and/or commercialization of new products, processes and services which will be sold primarily beyond the borders of PEI. A new product, process or service is one that has not previously been successfully developed in Prince Edward Island for commercial production or sale.

Through a certificate process, the program provides a rebate of tax equal to 35 per cent of eligible salaries and wages, subject to a 150 per cent increase for overhead and other necessary costs. Projects are expected to be short term. Projects may exceed two years, but only two years expenditures may be used to calculate the IDTC.

Who Can Apply

Companies eligible to apply for the Innovation and Development Tax Credit have a permanent establishment in Prince Edward Island and carry on the development of new or innovative products, processes or services within a strategic industrial sector. Strategic sectors include: aerospace; the life sciences; export-focused manufacturing and processing; financial services; interactive, information and communications technology; and renewable energy.

Process

The Innovation and Development Tax Credit process involves the issuance of two certificates. The first, the Preliminary Certificate, must be applied for before the project is undertaken. The second, the Final Certificate, will be issued at project completion and based on actual project costs. The rebate will be provided following submission of the Final Certificate and the appropriate income tax filing to the Department of Development and Technology.

This summary is intended for information only. For detailed information, consult the Program User Guide.

For More Information:

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