

Note • Bill C-15



Enhancing the Scientific Research and Experimental Development Tax Incentives

Published on February 12, 2026

Budget 2025 proposes to increase the annual expenditure limit on which the Scientific Research and Experimental Design program’s enhanced credit can be earned from \$4.5 million to \$6 million, effective December 16, 2024.

The PBO estimates that this will reduce federal revenues by \$277 million over 2025-26 to 2029-30.

5-Year Cost

\$ millions

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Total cost	2	63	66	71	74	277

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

Estimation and Projection Method

PBO estimated the cost of this measure by simulating the proposed changes in our T2 microsimulation model. The baseline simulation was calibrated to reflect the expanded expenditure limit, phase-out rates and eligibility criteria outlined in the 2024 Fall Economic Statement. The model was then used to simulate the cost of increasing the expenditure limit from \$4.5 million to \$6 million.

Estimated revenue was assumed to grow in line with PBO's September 2025 projection of investment in intellectual property products over 2024 to 2030. This cost estimate is static and therefore does not incorporate a behavioural response.

Sources of Uncertainty

The main sources of uncertainty relate to the projection of corporate research and development and to behavioural responses by corporations affected by this measure.

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Data Sources

Investment tax credit

Schedule 200 line 652

Investment tax credit refund

Schedule 200 line 780

Investment in intellectual property products

PBO September 2025 Economic and Fiscal Outlook

