

Comment to the Canada Innovation Panel

Summary

Baylis Medical is a leading developer, manufacturer, and distributor of medical devices. Baylis employs over 120 people including 40 scientific and engineering staff. The SR&ED program has been extremely valuable to the company over the past 14 years. The SR&ED program provides value for businesses as it is a part of the Income Tax Act; as a result it provides long term stability. Also the eligibility criteria have been determined by tax courts and as such have a much higher degree of certainty compared to the other government assistance programs. The SR&ED program can be improved by making it more consistent from auditor to auditor and eliminating capital income tax threshold for refundable ITCs .

Submission

Baylis Medical Co. is a medical device company involved in the design, manufacturing, and distribution of minimally invasive medical devices in the field of interventional chronic pain management, interventional cardiology and radiology.

For the past 14 years the company has been working on research and development in Canada. We currently employ in excess of 40 scientists and engineers for this purpose. We have funded our research and development efforts with internally generated funds. We have utilized various government programs and resources over the last 14 years including SR&ED, IRAP, NSERC, and OCE (Ontario Centres of Excellence).

One source of government funding that has been the most valuable to us has been the SR&ED program. The SR&ED program has a number of structural aspects that serve our long term research and development efforts very well.

Aspects of the SR&ED program that provide value are:

1. The program is embedded in the Canadian Tax Act. This provides stability year after year and is not subject to the annual budgeting process that applies to programs such as IRAP.
2. Due to the Income Tax Act many parts of the program's eligibility for technical and financial aspects are very clear and often have a tax case to provide clarity.
3. The program does not dictate or provide preference to any one area of technology. This provides a level playing field to all technological areas.
4. Due to the long term stability of the program, we can plan for research and development processes that span three to four years and we can commit to hiring scientific and engineering staff on a long term basis.

For the reasons outlined above, the SR&ED program has served us very well over the past 14 years. It has enabled us to grow from three employees to over 120 employees.

Another resource that has been tremendously valuable has been the Ontario Centres of Excellence (OCE). The OCE has a very flexible review process as well as very knowledgeable staff. The OCE has been instrumental in connecting us to university researchers that have added considerable value to our research and development efforts.

The SR&ED program does have some areas that can be improved upon. These areas are:

1. Improve the level of consistency from auditor to auditor.
2. Remove the Taxable Income Threshold Test for refundable ITCs.
3. Publish audit results for individual auditors (withholding auditor names) to provide transparency.