

RESEARCH GRANTS IN LIEU OF
SALARY POLICY

University Policy No.: RH8205
Classification: Research
Approving Authority: Board of Governors
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Mandated Review:

1.0 PURPOSE OF POLICY

1.1 The purpose of this Policy is to enable eligible faculty members and librarians, who propose to undertake or continue a research project where the primary purpose involves critical or scientific inquiry aimed at the discovery of new facts or the development of new interpretations or applications, to make an application to receive a portion of their salary as a Research Grant in Lieu of Salary and thereby enable the recipient to pay some of the expenses associated with undertaking the research. All applications are subject to peer review in accordance with this policy. The income tax implications of this grant are discussed in section 6.2 of this Policy and are the responsibility of the Grantee.

1.2 The primary purpose of the Research Grant in Lieu of Salary must be to carry out research. Paragraph 22 of the Canada Revenue Agency Interpretation Bulletin IT-75R4 defines research as involving

"... a critical or scientific inquiry aimed at the discovery of new facts, or the development of new interpretations or applications. It does not include research carried out for the sake of acquiring the experience or skill of conducting research, as may be the case with research carried out by undergraduate students. In order for a grant to be considered a research grant, the terms of the grant must establish that the primary purpose of the grant is to carry out research. The following factors may be helpful in this context:

- x If only one of the major purposes of the grant is to enable the recipient to carry out a research project, this does not in itself establish the primary purpose.
- x The term or terms relating to the research requirements for the grant must be specific. Vague and general references, such as 'including research,' do not in themselves bring the grant within paragraph 56(1)(o) [Income Tax Act]."

1.3 Because a Grantee will normally intend to deduct research expenses from the amount of a research grant, the University requires evidence that the work to be carried out complies with Interpretation Bulletin IT-75R4 which requires, as a

6.0 TREATMENT OF RESEARCH GRANT UNDER THE INCOME TAX ACT

6.1 Payment of Grant by University as T4A Income

Research Grants in Lieu of Salary under this program are regarded as taxable income under the Income Tax Act. The University will report all research grant payments as T4A income in the taxation year (calendar year) in which the payments are made to the Grantee. Accordingly, no income tax, Canada Pension Plan or Employment Insurance Act premiums will be deducted at source by the University with respect to payments made as a Research Grant in Lieu of Salary. Payment of a Research Grant in Lieu of Salary under this program reduces the salary portion of a Grantee's income that is used for calculating a Grantee's "contribution room" for the purposes of making contributions to an RRSP under the Income Tax Act.

6.2 Responsibilities of Grantee

The Grantee is responsible for complying with provisions of the Income Tax Act and Regulations and the requirements of the Canada Revenue Agency including:

- (a) Reporting all Research Grant in Lieu of Salary as income to the Canada Revenue Agency in the year in which the funds are received and claiming any deductible research expenses that may be permitted by the Income Tax Act. Applicants should consult the Canada Revenue Agency Interpretation Bulletin IT-75R4 dated June 18, 2003, and any subsequent revision thereof. In particular, Paragraphs 31 - 36 of the Interpretation Bulletin provide information on the deductibility of research expenses and the taxation year in which research expense may be deducted. The University is not in a position to provide more detailed tax information to Applicants or Grantees. Furthermore, the University will not provide a Grantee with assistance in the preparation of tax returns or presentation of a case to the Canada Revenue Agency. Any questions about the taxation of a Research Grant in Lieu of Salary, including questions about the taxation year or years in which research expenses may be deducted, should be referred to the Canada Revenue Agency or the Applicant's personal tax advisor. Any questions with respect to the eligibility of expenses that have been claimed as a deduction against income for income tax purposes must be resolved between the Grantee and the Canada Revenue Agency. It is the responsibility of the Grantee to support claims for deductions by supplying The Canada Revenue Agency with detailed records and receipts. The Grantee is solely responsible for any additional income tax that may become payable as a result of the payment to the Grantee of a Research Grant in Lieu of Salary.
- (b) Making all required statutory deductions for persons employed by the Grantee and remitting the deducted funds and any required

time to time, by the Vice President Research and Innovation in consultation with the Vice-President Academic and Provost.

- (f) Books and journals of an academic or technical nature that are directly related to the research project and that are not in the University of Victoria libraries;
- (g) Conference registration fees of the Grantee;
- (h) Travel and accommodation expenses that are directly related to the research project. Only expenses that adhere to the University's policies are eligible. Only economy fares are eligible expenses. Where the use of a personal vehicle is required, only the University's approved kilometer rate will be permitted as an eligible expense;
- (i) Travel from one temporary location to another; and
- (j) Travel on field trips connected with the research project.

2.1.2 Proposed expenditures that will not normally be approved by the Adjudication Panel include:

- (a) Salary of the Grantee;
- (b) Conference or course fees of an assistant;
- (c) Membership fees in professional societies;
- (d) The fees associated with obtaining Visas;
- (e) Medical insurance;
- (f) Office rental;
- (g) Proportion of mortgage and other expenses for an in-home office;
- (h) Personal and living expenses of the Grantee (other than traveling and travel; accommodation expenses) incurred by the Grantee while away from home in the course of carrying out the research project (refer to limit02 Tc 0..9 (i)2.6 (ng)-11.2 (ex)8.8.2 (i)2.6 1on tc-6.6 (onng V)1.9

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3.0 ADJUDICATION OF APPL ICATIONS

3.1

- (a) Each Dean of an academic Faculty and the Head of the Division of Medical Sciences will designate one Faculty member and the University Librarian will designate one Librarian to be available to serve as representatives on Adjudication Panels for the review of applications for a Research Grant in Lieu of Salary.

- (b)

a Librarian) and any referees named by the Applicant or the Adjudication Panel.

4.0 APPROVAL OF APPLICATION

4.1 If the Adjudication Panel determines that the application

- (a) complies with Policy 1220 and these Procedures; and
- (b) should be approved pursuant to these Procedures,

the Adjudication Panel will recommend approval of the Research Grant in Lieu of Salary to the Vice-President Academic and Provost and will forward to the Vice-President Academic and Provost the grant application, together with their recommendation for final approval.

4.2 When an application has received final approval, the approved Research Grant in Lieu of Salary is no longer considered to be salary but constitutes a research grant, which is subject to:

- (a) the regulations of this policy;
- (b) the research related policies of the University; and
- (c) the Income Tax Act and Regulations.

5.0 PAYMENT OF RESEARCH GRANT IN LIEU OF SALARY

5.1 Payment of a Research Grant in Lieu of Salary may be made either monthly or quarterly in advance except no advance payment will be made in one r