Complete Policy Title: Research Grants Program Application Guidelines and Conditions of Award

Approved by: Provost and Vice President (Academic)

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Responsible Executive: Provost and Vice President (Academic)

Enquiries: University Secretariat

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PROGRAM DESCRIPTION:

A faculty member performing research during any academic year, including a year when on research leave, may be eligible for this program. The program permits, under certain conditions, a researcher to receive a research grant in lieu of salary through a mechanism which includes peer review, and a reduced teaching load. The purpose and objects of the expenditures proposed must be warranted in the context of the research outlined. The grant may be used for all the purposes of a grant-in-aid of research, but not to supplement income. Although it is possible to be in receipt of a research grant and also employment income from the same source (i.e. McMaster University) generally an employee cannot treat part of his or her normal salary as a research grant. There is a general premise that an employer and an employee cannot, as a matter of course, decide to treat part of the employee’s normal salary as a research grant where there has been no change in duties and where the employment duties have normally included conducting research. This program covers only research activities and is not intended to cover projects directed at teaching or the development of teaching-related skills. When the research grant has been established, the funds are no longer considered to be salary but constitute a research grant which is subject to the regulations of the program and the research-related policies of the University.

A T4A will be issued for the research grant payment for tax purposes and will not, therefore, have income tax deducted by the University. The grant payment will qualify for University Pension, Group Life Insurance and Long Term Disability Insurance coverage but the Canada Pension Plan and Unemployment Insurance coverage, including maternity or parental benefits, will be based on the salary portion only of the salary payment. It is the responsibility of the grant holder to claim eligible research expenses as a deduction against the T4A grant income when his or her annual tax return is filed.
ELIGIBILITY:

Faculty members, either full-time or part-time holding regular appointments, who wish to perform research during any academic year, including a year when on research leave, may be eligible.

GRANT LEVEL:

The program uses the calendar year (the normal taxation year) as its base. Subject to Revenue Canada guidelines, the grant must be awarded and paid to the awardee during the calendar year in which the expenses are incurred. An application must be with respect to expenditures made in one calendar year only, except for those applicants going on Research Leave who may apply at the outset for a grant to cover expenditures to be made over the whole leave period.

The maximum grant will be determined by the salary (for non-leave applicants) or Research Leave salary (for applicants on Research Leave) of the applicant. When preparing a submission to the program, an applicant should request an amount with reference to the eligible expenses in accordance with Revenue Canada Interpretation Bulletin IT-75R4.

In the case where a research grant is received in lieu of salary, the CRA requires the two following criteria be met:

- The faculty’s employment duties must be reduced in proportion to the amount reallocated (e.g., if the research grant represent 20% of the employee’s normal salary, his or her normal work duties should be reduced by 20%); and
- Only specific research projects that are separate and apart from the employee’s normal work duties can be funded as a research grant.

TRAVEL AND RELATED COSTS:

Travel costs directly related to the research project are allowable. Refer to IT-75R4 (paragraph 33) for specific details or contact your accountant for information.

It is the responsibility of the researcher to ensure that only eligible expenses are included and the University assumes no liability.

ADVANCES:

To assist the applicant financially, the University may make available to the applicant, sufficient funds to enable the researcher to prepay any travel costs (e.g. airfare) associated with the research project if this request is included on the approved application. These funds are part of the total grant and are considered an advance on that total. Recovery of the advance will be made by payroll deductions in equal installments not to exceed the term of the leave. Other items such as the cost of field trips, etc., while on leave are not part of the initial travel costs. These latter costs are the responsibility of the researchers.
SUBMISSION DATES:

Applications may be submitted by the first day of the months of February, May, September and November of each year as this application must be considered by the Dean of the Faculty, the Associate Vice-President and Dean of Graduate Studies and Provost and Vice-President, (Academic).

The process of reviewing research grant applications and completing financial arrangements can be a lengthy one and therefore this application form should be submitted to the Faculty Dean's Office by one of the above deadlines and at least two months ahead of the date on which the grant is needed. An application should request total funding for expenditures to be made while on research leave.

APPLICATION, CRITERIA AND REVIEW PROCEDURES:

In completing the application, researchers should provide a description of the research activity which is sufficiently detailed for a determination to be made as to the reasonableness of the proposed expenditures in the context of the research to be carried out.

Adherence to the following guidelines may enhance the position that the payment qualifies as a research grant for tax purposes:

1. There must be a reduction in employment duties to allow time for the additional research. A reasonable limit is established on the grant amount. The amount of the research grant must be reasonable in relation to the reduction in employment duties.
2. The application submitted must clearly define the research project and demonstrate that the related research is separate and apart from the employee’s normal research work required under the terms of their employment. The primary purpose of the grant must enable the recipient to carry out a research project.
3. The research project must meet the research criteria established by CRA (e.g. the research is aimed at the discovery of new facts for reinterpretation or applications of existing knowledge.
4. The units/individuals responsible to review and approve the research grant must treat each application with the same care and scrutiny as applications for other research funds (e.g. Academic peer review).

Approval of the Research Grant Application Form will be required from the Department Chair and submitted for approval the Dean of the Faculty, the Dean of Graduate Studies, the Provost and the Director of Financial Services. Each approver must sign that the application is in accordance with this program.

The Dean will inform the researcher and the Department Chair of the deliberations.
LEAVING THE UNIVERSITY:

If at any time during the term for which the grant has been made, the grantee ceases to be a member of the University and his or her salary ceases, the grant arrangement will terminate and salary and the grant amount are to be reconciled between the Researcher and the University.

GENERAL TAX INFORMATION:

Although the University approves a self-funded research grant, the awardee is not required to submit an account of these funds to the University. Deductibility of expenses for income tax purposes must be determined by the awardee in accordance with CCRA regulations and such deductions should be claimed when the awardee files his or her personal income tax return. Any questions with respect to the eligibility of expense deductions must be resolved between the awardee and the CCRA. The awardee alone is responsible for any additional income tax which may become payable as a result thereof.

Please note that according to Revenue Canada, research grant-related expenses must be incurred in the same calendar year in which the research grant is received in order to be deductible from the grant. In some cases, research expenses may be incurred in the year immediately preceding or immediately after the year in which the grant is received. Refer to the Revenue Canada Interpretation Bulletin IT-75R4, paragraph 34, for further details. Applicants should bear these matters in mind when applying.

It is the responsibility of the awardee to support claims for deductions to the CCRA with detailed records of research expenditures. The University is not in a position to offer more detailed tax information than that contained in the CCRA Interpretation Bulletin IT-75R4, nor will the University assist the awardee in the presentation of a case to Revenue Canada. Any questions about taxation regulations should be referred directly to CCRA or to an external tax advisor.