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# Alberta Corporate Tax Act

## Special Notice Vol. 5 No. 65

### Changes to the Alberta Innovation Employment Grant for Associated Corporations

Issued: December 12, 2023

#### Important Information

This special notice is intended to explain legislation and provide specific information. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this special notice and governing legislation, the legislation takes precedence.

#### Overview of the Innovation Employment Grant

The Alberta Innovation Employment Grant (IEG) is a refundable tax credit that a qualified corporation may deduct from tax otherwise payable for a taxation year in accordance with Division 7 of Part 6 of the *Alberta Corporate Tax Act* (the Act). In general, the IEG is equal to 8 per cent of the lesser of the corporation's eligible expenditures in respect of scientific research and experimental development (SR&ED) carried out in Alberta after December 31, 2020, and the corporation's maximum expenditure limit for the year. The corporation is eligible to claim an additional amount equal to 12 per cent of any such amount in excess of a base amount. A corporation's base amount is determined by calculating the corporation's average eligible expenditures for the two preceding taxation years.

#### Changes to the IEG for Associated Corporations Effective January 1, 2021

[Bill 4, Tax Statutes Amendment Act, 2023](#), included amendments to correct the formula for calculating the IEG for associated corporations. Formerly, the formula resulted in an associated corporation having a higher base amount than intended, such that an associated group could increase its SR&ED spending with no group member qualifying for the additional 12 per cent. However, effective January 1, 2021, the Act has been amended to take the associated group attributes for an associated corporation into account in computing the SR&ED spending eligible for the additional 12 per cent.

[Information Circular IEG-1, Alberta Innovation Employment Grant](#) and the *Guide to Claiming the Alberta Innovation Employment Grant* available on the [Corporate income tax page](#) of the Government of Alberta website will be updated as soon as possible to reflect the amendments to the Act and provide complete information on how to calculate the IEG.

#### Amended IEG Claims

Because the amendments to the Act are retroactive to the beginning of the IEG program, qualified corporations that were part of an associated group at the time an IEG was claimed since January 1, 2021, may recalculate their IEG to determine if they are entitled to a higher amount than previously claimed. Until TRA's publications, forms and certified software is updated to reflect the amendments to the Act, qualified corporations may [contact TRA](#) for additional information and assistance.

Visit <https://www.alberta.ca/corporate-income-tax.aspx> for more information

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