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Artificial Intelligence and the 2017 Canadian Budget: is your business ready?

March 23, 2017

Author

Jean-Sébastien Desroches

Partner, Lawyer

The March 22, 2017 Budget of the Government of Canada, through its “Innovation and Skills Plan” (http://www.budget.gc.ca/2017/docs/plan/budget-2017-en.pdf) mentions that Canadian academic and research leadership in artificial intelligence will be translated into a more innovative economy and increased economic growth.

The 2017 Budget proposes to provide renewed and enhanced funding of $35 million over five years, beginning in 2017–2018 to the Canadian Institute for Advanced Research (CIFAR) which connects Canadian researchers with collaborative research networks led by eminent Canadian and international researchers on topics including artificial intelligence and deep learning.

These measures are in addition to a number of interesting tax measures that support the artificial intelligence sector at both the federal and provincial levels. In Canada and in Québec, the Scientific Research and Experimental Development (SR&ED) Program provides a twofold benefit: SR&ED expenses are deductible from income for tax purposes and a SR&ED investment tax credit (ITC) for SR&ED is available to reduce income tax. In some cases, the remaining ITC can be refunded. In Québec, a refundable tax credit is also available for the development of e-business, where a corporation mainly operates in the field of computer system design or that of software edition and its activities are carried out in an establishment located in Québec.

This 2017 Budget aims to improve the competitive and strategic advantage of Canada in the field of artificial intelligence, and, therefore, that of Montréal, a city already enjoying an international reputation in this field. It recognises that artificial intelligence, despite the debates over ethical issues that currently stir up passions within the international community, could help generate strong economic growth, by improving the way in which we produce goods, deliver services and tackle all kinds of social challenges.

The Budget also adds that artificial intelligence “opens up possibilities across many sectors, from agriculture to financial services, creating opportunities for companies of all sizes, whether technology start-ups or Canada’s largest financial institutions”.

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This influence of Canada on the international scene cannot be achieved without government supporting research programs and our universities contributing their expertise. This Budget is therefore a step in the right direction to ensure that all the activities related to artificial intelligence, from R&D to marketing, as well as design and distributions, remain here in Canada.

The 2017 budget provides $125 million to launch a Pan-Canadian Artificial Intelligence Strategy for research and talent to promote collaboration between Canada's main centres of expertise and reinforce Canada's position as a leading destination for companies seeking to invest in artificial intelligence and innovation.

Lavery Legal Lab on Artificial Intelligence (L^3AI)

We anticipate that within a few years, all companies, businesses and organizations, in every sector and industry, will use some form of artificial intelligence in their day-to-day operations to improve productivity or efficiency, ensure better quality control, conquer new markets and customers, implement new marketing strategies, as well as improve processes, automation and marketing or the profitability of operations.

For this reason, Lavery created the **Lavery Legal Lab on Artificial Intelligence (L^3AI)** to analyze and monitor recent and anticipated developments in artificial intelligence from a legal perspective. Our **Lab** is interested in all projects pertaining to artificial intelligence (AI) and their legal peculiarities, particularly the various branches and applications of artificial intelligence which will rapidly appear in companies and industries.

The development of artificial intelligence, through a broad spectrum of branches and applications, will also have an impact on many legal sectors and practices, from intellectual property to protection of personal information, including corporate and business integrity and all fields of business law.

In our following publications, the members of our **Lavery Legal Lab on Artificial Intelligence (L^3AI)** will more specifically analyze certain applications of artificial intelligence in various sectors and industries.

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