Provincial Budget 2025: New Refundable Tax Credit for Research, Innovation and Commercialization (CRIC)

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As part of the Quebec budget for 2025, the provincial government has announced a host of new tax measures and changes to existing tax measures. This series of bulletins will provide an overview of three of these measures which introduce significant tax changes and will have a considerable impact on many Quebec businesses: the introduction of the CRIC, changes to the tax credit for the development of e-business (TCEB) and changes to the public utility tax (PUT).

Research and development tax credits, such as the R&D tax credit for salaries and wages, the university research tax credit and the pre-competitive research tax credit, all have a very important place in Quebec's tax and economic systems. They were designed to provide substantial tax support for businesses investing in research and development (R&D), while reducing the financial risks inherent to such activities. The new CRIC simplifies and centralizes these tax measures by grouping them under a single tax credit, making application for Quebec businesses more consistent and efficient.

This new credit's basic rate will be 20%, with an increased rate of 30% applicable to the first million dollars of eligible expenses. This structure is designed to be internationally competitive and help Quebec businesses maintain a significant tax advantage over their counterparts in other jurisdictions.

To benefit from the credit, a business must carry out R&D or commercialization activities in Quebec and incur eligible expenses in the course of these activities. Eligible expenses include salaries directly linked to research, payments to subcontractors and research organizations and certain capital expenditures, save for those made to acquire real estate property such as land, buildings and rights of use over buildings. The real estate exclusion is intended to ensure that tax support is spent on technological innovation rather than real estate investments.

The credit takes effect for all tax years ending after March 25, 2025.

The tax credits for scientific research and experimental development, university research or public research centres, private partnership pre-competitive research, fees and dues paid to a research consortium, technological adaptation services and industrial design are all abolished, as they are now included in the new CRIC.

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