



Lakehead
UNIVERSITY

SENATE RESEARCH
COMMITTEE
Research Grant in Lieu of
Salary
Guidelines and
Procedures

Application Form

Note: All six parts of the form (A to F) must be completed and submitted. Prior to completing the application form, all researchers are advised to carefully review the following Canada Revenue Agency (“CRA”) Income Tax Folio S1-F2-C3: Scholarships, Research Grants and Other Education Assistance (<http://www.cra-arc.gc.ca/tx/tchncl/ncmtx/fls/s1/f2/s1-f2-c3-eng.html#N1089D>). This document replaces and cancels CRA Interpretation Bulletin IT-75R4.

Deadline: Open Deadline

Applications should be submitted to the Senate Research Committee, c/o Office of the Vice-President Research and Innovation.

Eligibility

Full-time faculty members, who are members of the Lakehead University Faculty Association (LUFA), whose terms of employment include the requirement to do independent research and have been approved for a sabbatical leave are eligible for the Research Grant in Lieu of Salary (program), hereinafter referred to as the “Researcher”.

Introduction

In recent years, the Senate Research Committee increasingly has been asked to evaluate Research Grant in Lieu of Salary (grant) applications. These grants are funded by the researchers themselves who have been approved for a sabbatical leave; the grant is awarded in the form of a “research grant in lieu of salary” which is associated with a tax benefit for the researcher.

Diversion of one’s salary into support of research is commendable given limited availability of research funding. However, some Lakehead University (“University”) faculty members seem to perceive that any activity automatically qualifies as research for the above form of tax benefit. This is not necessarily so and **researchers are thus strongly urged to read and comply with the University guidelines and to seek the advice of a tax professional prior to applying for the grant.**

In its deliberations, the Senate Research Committee tends to apply the NSERC/SSHRC/CIHR criteria defining research, but acknowledges that there exist legitimate research activities outside the purview of such granting agencies. The Senate Research Committee is obliged to interpret the broad definition of research provided by the CRA: **Income Tax Folio S1-F2-C3, 3.59: Scholarships, Research Grants and Other Education Assistance.**

"Research involves a critical or scientific inquiry aimed at the discovery of new facts, or the development of new interpretations or applications. The words "research or any similar work" may be defined as a set of scientific, literary and artistic works and activities having as its purpose the discovery and development of knowledge."

It is the researcher's responsibility to ensure the research proposed meets CRA's definition and that the activity will be "critical and scientific." The Senate Research Committee requires that each application include the research question being asked or hypothesis being tested, the data acquisition and analysis methods being used, and the relationship between the overall cost of the research and the proposed budget. Statements such as "I want to write a book on HIV epidemiology in Northwestern Ontario" or "I want to travel to South Africa to study the equipment used in crowd control" are simply not adequate for defining **research** activity. Approval by the Senate Research Committee of an activity as research does not mean that the activity and the grant associated will be interpreted as research by the CRA. The researcher should satisfy themselves that the activity they propose as research meets CRA's requirements.

What is the bottom line? All academic disciplines have a concept of what acceptable research topics and methods are. Please conform to the standards of your discipline when drafting your Research Grant in Lieu of Salary applications, being clear and specific about how this grant would support your research.

Program Description

This program permits, under certain conditions, a researcher to receive a Research Grant in Lieu of Salary through a mechanism that includes peer review. The researcher should be familiar with CRA Agency **Income Tax Folio S1-F2-C3: Scholarships, Research Grants and Other Education Assistance** and in particular paragraph 3.58 Research Grants. The grant may be used for all the purposes of a grant-in-aid of research, except salary for the principal investigator. This program covers only research activities and is not intended to cover projects directed at teaching or the development of teaching-related skills.

Once the grant has been awarded, the funds are no longer considered by the University to be salary, but instead are considered by the University to constitute a research grant that is subject to the regulations of the program and the research-related policies and procedures of the University.

Grants awarded under this program are regarded as taxable income. However, the grant payment will be treated as T4A income for tax purposes and, accordingly, no income tax will be deducted by the University. The grant recipient is responsible for reporting the income to Revenue Canada and declaring eligible expenditures against it. Lakehead University and the Senate Research Committee are not responsible for research expenses deemed ineligible by CRA. **Researchers are strongly encouraged to seek the advice of a tax professional prior to applying for the grant.**

Application Procedures

In completing the application, researchers should provide a description of the research activity, which is sufficiently detailed to allow adjudication of the request by members of the Senate Research Committee. Proposed expenditures must be justified in the context of the research outlined. Each budget item must be justified in terms of how it will help to achieve the project. Submissions should be prepared with reference to the eligible expenses outlined in CRA Income

Tax Folio S1-F2-C3. Applications that are not first-time requests must contain documentation of the results of previous research grants provided under the program and specifically address how the grant enhanced the researcher's scholarly endeavours.

The application must be approved by both the Chair/Director of the Department/School and the Dean of the Faculty.

Grant Period

The program uses the calendar year (the normal taxation year for individuals) as its base. Researchers on sabbatical research leave may request a grant to cover the whole leave period.

Please note that, according to the CRA, research grant-related expenses must be incurred in the same calendar year in which the research grant is received in order to be claimed against the grant. In some cases, it may be that CRA allows research expenses to be incurred in the year immediately preceding or immediately after the year in which the grant is received, however the researcher should satisfy themselves regarding whether such timing of expenses would render them ineligible to offset the grant.

Grant Level

In the case of a faculty member on sabbatical research leave, the maximum grant will be determined by the leave salary of the researcher. The total grant requested should allow for at least 20% of the researcher's regular 100% salary to be retained to be paid in the usual manner in order to maintain University benefits coverage.

The University will not make any alteration to salary payments already made to the researcher at the time of approval of the grant; for greater clarity, the grant applied for may not be larger than the amount of unpaid salary less benefits remaining in the calendar year.

Equipment

Ownership of equipment purchased with funds awarded through this program vests in the individual. Purchase of this equipment is a personal transaction, and therefore, these purchases may not be made through the University's Purchasing Department. The University assumes no responsibility for any personal property of the researcher while located on University premises or used in University business in accordance with University policies.

Payment of Research Personnel

Researchers are responsible for hiring research personnel through this program; research personnel hired by the researcher are not employees of Lakehead University. Grantees should be aware of their responsibilities concerning statutory deductions (CPP and EI) when hiring assistants or other employees on their own.

If the researcher wishes to employ research personnel through Lakehead University's payroll system, they can do so for a fee in accordance with the University's standard overhead rates. Research assistants hired through Lakehead University should be in accordance with University salary scales for comparable positions, and must adhere to Lakehead University's Employee Code of conduct and other relevant policies.

Travel and Related Costs

Travel costs may be allowable for purposes essential to the research outlined. Claims for meals and lodging should be based on reasonable costs of accommodation, meals and incidentals. Economy airfares should be used; a request for more costly modes of transportation must be accompanied by a rationale.

According to CRA guidelines, researchers may claim only their own expenses of travelling between their home and the place at which they sojourn (temporarily reside) while engaged in research work, provided that such travel is essential to the research. Travelling expenses of spouses and children may not be claimed. Researchers are not permitted to claim their own personal and living expenses, including meals and lodging, while sojourning (temporarily residing) in a place while engaged in research. However, researchers are entitled to claim expenses for meals and lodging while on brief field trips in connection with their research. Personal moving expenses are not allowable under the program.

Notwithstanding the comments set out in this “Travel and Related Costs” section, the University makes no express or implied warranty, or representation whatsoever regarding any income tax implications of travel expenses or a claim thereof by the researcher. The University shall not be held liable to the researcher, CRA or others for any taxes, costs or damages arising either directly or indirectly in relation to any claim of travel expense by the researcher. In no event will the University be liable for any incidental, consequential, or indirect damages arising out of a claim for travel expenses and the researcher agrees to indemnify and hold harmless the University, its officers, directors, employees and any third party information providers of the University from and against all taxes, losses, expenses, damages and costs, including legal costs on a solicitor and client basis in relation to any claim for travel costs by the researcher.

University Assistance

Researchers may request the University to provide payroll and bookkeeping services for this grant. The full grant or a portion of the grant could be set up as an internal research account through the Research Services Office. The researcher must provide the funds to the University in advance of incurring expenses and deficits are not permitted in the research account. The account will subject to the University’s policy – Recovery of Overhead (Indirect Costs) on University-Administered Research Funds.

Adjudication

Applications will be reviewed by the Senate Research Committee. Applications will be assessed on the basis of the quality of the proposal, its description and justification, the justification of the budget in relation to the proposal, and the researcher’s past research record. The panel may consult on eligibility and other matters with the researcher’s Chair/Director and Dean. The Senate Research Committee makes recommendations on these research grants to the Vice-President Research and Innovation.

Grant Payment

The researcher, Departmental Chair/Director, Dean and Human Resources and the Finance Department will be informed by the Vice-President Research and Innovation in writing of the result of the deliberations. Once a grant is awarded, the Office of Human Resources and Financial Services will initiate the payment process as outlined in the award letter. Successful researchers who are approved for the program, will have their salary reduced by an amount corresponding to the total amount of the grant. The amount of the research grant will be reported on an income tax T4A slip.

Sabbatical research leave awardees may receive the grant in equal installments; the gross monthly amount of the grant and salary (before deductions) must not exceed the normal gross monthly salary. Please note that the Payroll Department must be notified by the first of the month in order to receive a payment during that month.

Tax Information

Please note that although the University approves a Research Grant, 1) the question of the deductibility of expenses for income tax purposes must be in accordance with CRA regulations and such deductions should be claimed when the researcher files his or her personal income tax return; and 2) any questions with respect to the eligibility of expense deductions must be resolved between the researcher and CRA. The researcher assumes total responsibility and risk for any additional income tax which may become payable as a result of the Research Grant in Lieu of Salary. The University makes no express or implied warranty, or representation whatsoever regarding any income tax implications of the research grant to the researcher or otherwise. The University shall not be held liable to the researcher, CRA or others for any taxes, costs or damages arising either directly or indirectly in relation to the Research Grant. In no event will the University be liable for any incidental, consequential, or indirect damages arising out of the Research Grant and the researcher agrees to indemnify and hold harmless the University, its officers, directors, employees and any third party information providers of the University from and against all taxes, losses, expenses, damages and costs, including legal costs on a solicitor and client basis in relation to income tax implications of the Research Grant in Lieu of Salary.

For greater certainty, Lakehead University is not and will not provide income tax advice or assistance to the researcher, and it is up to the researcher to educate himself or herself regarding CRA requirements. Subject to, and in no way obviating, the foregoing, Lakehead University recommends that the researcher:

- maintain detailed records of expenditures related to the Research Grant,
- becomes familiar with relevant CRA information, including CRA Income Tax Folio S1-F2-C3, and
- Seeks advice of an external tax advisor when the researcher deems necessary.

Leaving the University

If at any time during the term for which the grant has been made, the recipient researcher ceases to be a member of the University and his or her salary ceases, the grant arrangement will terminate, and the salary and the grant amount are to be reconciled between the researcher and the University. Any amount owing to the University becomes immediately due and payable to the University following reconciliation.

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