

Office of Research

Research Grants in Lieu of Salary Program

Application Guidelines and Award Conditions

REVISED

General Program Description:

*Faculty may receive a research grant in lieu of salary. This allows a faculty member to use funds for research purposes in compliance with **Canada Revenue Agency (CRA) Income Tax Folio S1-F2-C3**. (This document replaces and cancels Interpretation Bulletin IT-75R4, as of March 28, 2013.)*

The program permits, under certain conditions, a researcher to receive a grant in lieu of salary through a mechanism which includes scholarly, peer review by the Internal Committees on Research as well as external peer review. These are considered internal grants for faculty members planning to perform research during a sabbatical or approved research leave only. Grants in lieu of salary must be warranted and may only be used to cover research activities. Grants in lieu of salary cannot be used to supplement the income of the principal researcher, nor be used for projects directed at teaching or development of teaching-related skills. Once the research grant has been established, funds are no longer considered to be salary and constitute a research grant that is subject to the regulations of the program and research-related policies of the University.

Grants awarded under this program are considered as taxable income. However, the grant payment will be treated as a T4A income for tax purposes and accordingly, no income tax will be deducted by the University. The award recipient is responsible for reporting the income to the Canada Revenue Agency and declaring against it eligible expenditures. Eligible expenses totalling less than the grant amount will result in taxable income as taxes owing on the part of the originator.

Eligibility:

Trent University full-time probationary or tenured faculty members with continuing appointments or professional librarians who wish to conduct research during approved sabbatical or research leaves. Retired faculty, including Professor Emeritus, are not eligible.

Submission Deadlines and Application Procedures:

Applications are due on:

October 21st, 2016 (for sabbaticals or research leaves scheduled to begin on July 1st, 2017)

or

February 17th, 2017 (for sabbaticals or research leaves scheduled to begin on January 1st, 2018)

Late or incomplete applications will not be considered.

Applications must be completed according to these guidelines. Applicants should take into account that it takes about three months for the committee to complete the peer review and make appropriate financial arrangements for the grant.

Applications are to be submitted online via the ROMEO Awards system. Instructions on how to complete an application can be found by visiting:

<http://www.trentu.ca/vprisem/documents/InstructionsforCompletingaGrantinLieuofSalaryApplicationinROMEO.pdf>

*Please note that according to the Canada Revenue Agency, 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. Please see Revenue Canada *Canada Revenue Agency (CRA) Income Tax Folio S1-F2-C3* for further details. Applications should bear these matters in mind when applying. (Section 3.77)

Adjudication:

All applications will be reviewed by the appropriate internal committee on research. Adjudication criteria are as follows:

- a) Quality of the proposal (worthwhile; sufficiently detailed; clearly defined in terms of scope, objectives, research plans, and past, ongoing, and future work) Revenue Canada defines “research” in Section 3.59)
- b) Justification of budget items and budget in total relation to the proposal
- c) Detailed justification of each budget item
- d) Eligibility of budget items and amounts (please note Revenue Canada guidelines with respect to travel related costs, Section 3.75 and 3.76)
- e) Feasibility of project completion in time frame suggested
- f) Ability of applicant to carry out research proposal, based on an applicant’s publication and research record

The committees on research, upon completion of peer review, will apply one of the following decisions:

- a) Approve and fund as requested
- b) Fund with clarifications (for example, reduce budget, ethics clearance, supporting documentation such as letters of invitation, etc.)
- c) Do not fund (scholarly standard low, for example)

Grant Level:

The grant in lieu program uses the calendar year (the normal taxation year) as its base. Subject to the Canada Revenue guidelines, the grant must be awarded and paid to the

awardee during the calendar year in which the expenses are incurred. The maximum grant will be determined by the sabbatical leave salary. An applicant, whose application is approved, will have his/her salary reduced by an amount corresponding to the total of the grant. Grant payments will be included with the regular monthly salary payment; the gross monthly amount of the grant and salary (before deductions) may not exceed the normal gross monthly salary.

When preparing a submission to the program, applicants should request an amount with reference to the eligible expenses outlined in *Canada Revenue Agency (CRA) Income Tax Folio S1-F2-C3* (Sections 3.71-3.76)

Eligible Expenses: Conference registration fees, direct costs of research (as allowed by federal granting councils), travel between home and the place of temporary residence while engaged in the research work, travel from one temporary residence location to another, and travel on field trips connected with the work. Other eligible expenses include computer or other equipment purchase, service contracts on equipment and computers, shipping (if justified), publication costs, research assistance (fact checking, research, translation), books and journals of an academic or technical nature directly related to the project and not available in Trent's library, copying, editing, proofreading.

Ineligible Expenses: Assistants attending conference, course fees, membership in professional societies, visas, medical insurance, office rental, proportion of mortgage and other expenses for in-home office, money exchange charges, or consulting. Travel of a personal nature is not allowed. Traveling expenses of spouses and children may not be claimed. Research expenses do not include personal and living expenses of the taxpayer (other than travelling expenses incurred by the taxpayer while away from home in the course of carrying on the work, including amounts spent for meals and lodging. If, while engaged in the research work, a taxpayer establishes a temporary base in a place other than his or her home, the taxpayer may be considered to be temporarily residing in that place rather than travelling. This is a question of fact in each case that depends on factors such as the type of accommodation, the length of stay, the existence of a permanent home elsewhere and the location of the taxpayer's family. All relevant factors must be analyzed together such that no specific criteria pertaining to any one factor alone may distinguish between travelling and temporarily residing. While no particular type of accommodation would, on its own, be a determining factor, a relatively short-term stay in a regular hotel room would normally be consistent with travelling, whereas the rental of an apartment on a monthly basis would tend to indicate that a person was temporarily residing at the location. If a taxpayer is temporarily residing in a place, amounts paid for meals and lodging in that place are considered to be personal and living expenses rather than travelling expenses. As such, they are not allowable research expenses. Personal moving expenses are not allowed under the program. Please consult *Canada Revenue Agency (CRA) Income Tax Folio S1-F2-C3* (Sections 3.75 and 3.76)

Equipment: Ownership of equipment purchased with funds awarded through this program is vested with the grantee and should not be purchased through Trent University's Purchasing Department.

Research Personnel: Grantees should be aware of their responsibilities concerning statutory deductions (CPP and EI) when hiring assistants or other employees on a grant. Consult *Canada Revenue Agency (CRA) Income Tax Folio S1-F2-C3* paragraph 3.71 and 3.72 for further information regarding payment of research assistants.

Early Termination of Award:

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/her salary ceases, the grant arrangement will terminate and salary and the grant amount are to be reconciled between the researcher and Trent University.

Tax Information:

Grants awarded under this program are paid to by cheque to grantees, and are considered taxable income, and will be reported on a T4A slip; no income tax will be deducted by Trent University. The grantee is responsible for reporting income to CCRA, declaring against this income any eligible expenditures, dealing with any subsequent negotiations with CCRA. While Trent University provides peer review and approves a research grant in lieu of salary, please note the following:

- a) The question of deductibility of expenses for income tax purposes must be in accordance with CCRA regulations and such deductions should be claimed when grantees file their personal income tax returns
- b) Any questions with respect to the eligibility of expense deductions must be resolved between the grantee and CCRA
- c) The grantee is responsible for any additional income tax which may become payable as a result of a) and/or b)
- d) The grantee is not required to submit an accounting of the grant expenditures to Trent University, but should keep detailed records of expenditures
- e) Trent University and the Office of Research are not in a position to offer any more detailed tax information other than what is contained in *Canada Revenue Agency (CRA) Income Tax Folio S1-F2-C3* and will not assist a grantee in the presentation of a case to CCRA
- f) Any questions about taxation regulations should be referred directly to CCRA or to an external tax advisor