

**St. Francis Xavier University**  
**Salary-Based Research Grants Program Guidelines**  
**Approved 2017**

**Salary-Based Research Grants (only for faculty on approved sabbatical leave)**

**Please Note:** The Council will only approve Salary-Based Research Grants (SBRG) to applicants who have applied for, and are eligible for, a sabbatical during which time the SBRG will be utilized. The UCR may also make SBRG awards conditional upon successful awarding of sabbatical leave in order to meet the requirements of the Canada Revenue Agency. Applications for Salary-Based Research Grants must be made to the University Council on Research (UCR) using the form provided for this purpose. Applications may be submitted for either the Fall or Winter term consideration of applications to UCR, in accordance with the deadlines as announced by the Secretary to UCR.

**Purpose:** Researchers who hold tenured or probationary appointments at the rank of assistant professor, associate professor or professor at St. Francis Xavier University may apply to receive a Salary-Based Research Grant (SBRG) (grant in-lieu of salary) to support a program of research. Applications are subject to approval by the UCR. All expenditures from the grant are subject to UCR policies and the research related policies of the University.

On approval by UCR the funds are considered to be a grant and are not considered to be a part of salary. The researcher is solely responsible for the administration of the grant. Grants made under this program are considered to be income for tax purposes and the researcher will receive a T4A form. Therefore, the University does not deduct income tax but the researcher is responsible for declaring the grant as income and declaring eligible expenditures against it to Canada Revenue Agency.

Eligible expenses are outlined in Canada Revenue Agency 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>). Of particular importance is the requirement for recipients of salary-based research grants to be to meet CRA requirement for research grants awarded to employees, as outlined in section 3.62 and 3.63 of this Tax Folio.

*3.62 If the recipient is an employee of the grantor and is retained on part salary while undertaking a specific research project that is unrelated to the recipient's normal employment duties, the part salary is included in the recipient's employment income under subsection 5(1). Any amount received as a research grant (net of allowable expenses) is included in income under paragraph 56(1)(o). This would arise, for instance, where a university faculty member has been granted sabbatical leave by his or her employer to carry out research. Under such arrangements, an employee usually receives a full or partial continuation of salary throughout the leave period that is taxable as employment income under subsection 5(1). The employee is usually not under the direction of the employer during the sabbatical leave period despite the fact that the employee continues to receive such salary. Amounts received during the sabbatical leave period to enable the employee to carry on the research (for example, payments that have been approved by the university as approved expenses under the employee's research program) will generally be considered research grants for purposes of paragraph 56(1)(o). See Ghali, wherein the Federal Court of Appeal considered the taxability of amounts received by a University professor from his employer while on a sabbatical leave.*

*3.63 Individuals (such as university faculty members) whose duties of employment include research responsibilities are not entitled to treat a portion of their regular salaries as a research grant when they engage in the type of research work ordinarily expected of them under their terms of employment. For example, an individual employed by a university to teach a course as well as conduct research, will be considered to receive employment income in respect of both activities as each fall within his or her normal employment duties.*

As a result, the UCR will only approve salary-based research grants to applicants who have applied for and are eligible for a sabbatical during which time the SBRG will be utilized. The UCR may also make SBRG awards conditional upon successful awarding of sabbatical leave in order to meet the requirements of the CRA.

**Grant Period:** The grant period is normally the calendar year in which the award is made and research related expenses must normally be incurred in this period to be claimed against the grant. In some cases, research expenses incurred in the year immediately before or immediately after the year of the award may be eligible. Please see Canada Revenue Agency Income Tax Folio S1-F2-C3: Scholarships, Research Grants and Other Education Assistance for further information.

The University will not adjust salary payments already made to the researcher at the time of approval of the award by UCR.

**Maximum Grant:** The amount of the grant applied for must be reasonably consistent with the research program and with the fraction of the applicant's workload assigned to research.

**Eligible Expenses:** Only direct costs of the research program that are eligible under the UCR Awards Policy may be charged against a Salary-Based Research Grant (SBRG), with the exception that Conference travel directly related to the research program may also be considered eligible.

Indirect costs such as heat and light, office furniture, library purchases and regular telephone costs, are not eligible

A grantee may not use any part of the grant as a personal salary for the researcher or others.

**Budget Justification:** In addition to providing an adequate project description to allow assessment by the UCR, applicants must provide a budget and budget justification indicating how each budget item contributes to fulfilling the aims of the project.

When a researcher expects to receive funds from other sources for a project, the total budget should be described, the other funds to be used (specify if received or expected), and the use of the SBRG funds.

**Application Review:** Applications for SBRGs received by the appropriate deadline will be reviewed by the UCR at its regular meeting.

Adjudication of each application will be based on the proposal, its description and justification, and the budget justification, as assessed by the UCR. At its discretion, the UCR may consult on eligibility and other matters with appropriate university officers.

At its discretion, the UCR may approve part of the funds applied for as a SBRG.

The Secretary of the UCR will inform the applicant of the Committee's decision by letter. When the Committee has denied an application or approved a smaller grant than that applied for, the letter shall clearly state the reason for the denial or reduction.

**Release of Grant Funds:** On approval of a SBRG by UCR, the Secretary of UCR will inform the applicant by letter of the award with copies of the letter to researcher's Department Chair or Dean as appropriate, to Human Resources.

The amount of the research grant will be reported on a T4A income tax slip. The researcher's salary will be reduced by a corresponding amount.

When a research program requires Research Ethics Board, Animal Care Committee, Biosafety Committee, or other approval no grant funds will be released to the researcher until written confirmation of such approval is received from the appropriate committee or agency.

**Eligibility of Expenses for Tax Purposes:** Although the University approves a research grant, the eligibility of expenses for income tax purposes must be in accordance with Canada Revenue Agency regulations and any questions regarding eligibility of expense deductions must be resolved between the Researcher and Canada Revenue Agency. The researcher when filing a personal tax return claims deductions for eligible expenses. The researcher is solely responsible for any additional taxes or charges resulting from expenses that are deemed ineligible by Canada Revenue Agency.

The University cannot offer tax advice beyond that contained in the Canada Revenue Agency Income Tax Folio S1-F2-C3 and cannot assist researchers with the presentation of a case to Canada Revenue Agency. Any questions related to taxation should be referred to Canada Revenue Agency or to an external taxation advisor.

**Grant Termination:** If the researcher ceases to be employed by the University or otherwise becomes ineligible to hold a SBRG during the term of the SBRG, the grant arrangement will terminate immediately. The researcher and the University will reconcile the salary and grant amounts.