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Grants for Tech Startups: SR&ED, IRAP, and More

How to get from $50,000 to $2M without selling equity in your company

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Innova Publishing · 2026

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CHAPTER 1

The Grant Landscape: Where the Money Is and How to Approach It

The governments of Canada and the US distribute more than $15 billion a year in grants, tax credits, and subsidized programs for technology companies. Most entrepreneurs do not use this money, not because they are ineligible but because they do not understand the system.

Three types of government funding: tax credits (SR&ED, the R&D Tax Credit) refund money you have already spent. This is the most valuable instrument because it needs no prior approval. Grants (IRAP, SBIR, OCE) are direct payments for specific projects. They require an application and a competition. Subsidized loans (BDC, SBA Microloan) are money you have to repay, but on much better terms than commercial loans.

The order of priorities: first claim the tax credits (SR&ED in Canada, the R&D Tax Credit in the US)—they are available automatically if you meet the criteria, with no competition. Then apply for IRAP or SBIR—highly competitive but the most valuable grants. After that, provincial and local programs. Last, industry and corporate grants.

The grant stack: do not pick a single program. Many companies use a combination: SR&ED ($200,000 refund) + IRAP ($150,000 grant) + OCE Market Readiness ($25,000) + a BDC loan ($100,000) = $475,000 without selling equity. This is a realistic scenario for an Ontario tech startup in its first two years.

The “they don’t compete” principle: most grants are compatible with each other. You can receive SR&ED and IRAP at the same time for the same expenses (SR&ED for salaries, IRAP for operating costs). The exception: grant money is not counted in the SR&ED base (you cannot claim a credit on money the government gave you). Plan your expense structure with this in mind.

Realistic expectations: getting your first grants takes 3–12 months. SR&ED is an annual cycle, and the money arrives 6–18 months after the end of the fiscal year. IRAP is a 2–6 month process from first contact to signing. SBIR takes 9–18 months from the publication of a topic to a contract. Plan your cash flow around these delays.

Professional help: most successful recipients of SR&ED and large grants work with specialists. SR&ED consultants work on contingency (20–30% of what you receive). IRAP offers free Industrial Technology Advisors from the NRC. Grant writers charge a fixed fee or a percentage. The ROI of such help is usually 3:1 or higher.

CHAPTER 2

SR&ED: The Most Generous Tax Credit for Startups

Scientific Research and Experimental Development is Canada's flagship R&D support program. According to CRA statistics for the period from April 1, 2025 to March 31, 2026, 24,160 SR&ED claims were filed, $4.9 billion in tax credits was claimed, and $4.6 billion was approved. Small businesses with revenue up to $4 million account for 65% of claims and receive 33% of approved credits—on average about $100,000 per claim. Done right, this is the first and most reliable source of non-dilutive capital.

The SR&ED test: was there "technological uncertainty"? This is the key question. The CRA uses three tests. Scientific or technological content (did you work on a problem that standard methods could not solve?). Systematic investigation (did you follow a scientific or engineering method?). Technological advancement (did you gain new knowledge or a better way of doing something?).

What qualifies for SR&ED at SaaS and technology companies: developing a new algorithm or architecture (not a standard implementation of a known algorithm). Performance optimization where no ready-made solution exists. Integrating technologies in a new way that creates uncertainty. Developing ML/AI models with research elements. Solving scalability problems with nonstandard methods. Creating new protocols or data formats.

What does NOT qualify: standard development to a specification. Debugging with known methods. Adapting existing software. Routine updates. Marketing and sales.

Calculating the potential refund: suppose an Ontario CCPC with 5 employees, 3 of whom work on SR&ED activity. SR&ED employee salaries: $300,000/year. Overhead (proxy 55%): $165,000. Materials: $30,000. Contracts (80%): $40,000. Total SR&ED base: $535,000. Federal credit (35% refundable):

$187,250. Ontario OITC (8%): $42,800. Total refund: ~$230,000 in cash.

Documentation is everything: the CRA reviews SR&ED claims and requires proof that the work was actually done. You need to document in real time: Git commits with descriptive messages explaining WHY (what problem are we solving). Engineering logs and design documents. Timesheets tied to SR&ED projects. Meeting minutes for technical discussions. Experiments: hypotheses, methods, results.

Retrospective documentation: acceptable, but risky. If the CRA starts an audit and sees that all the documents were created on a single day, backdated, it is an immediate rejection. Create real documentation in parallel with the work.

The T661 form: the technical description of an SR&ED project for the CRA. Three key fields: Technological Uncertainty (describe what you did NOT know and why standard approaches did not work). Work Performed (what you did: hypotheses, experiments, iterations). Technological Advancement (what you learned, what you can now do differently). Write specifically, with technical details, not in marketing language.

CHAPTER 3

IRAP: The National Research Council Supports Startups

The Industrial Research Assistance Program (IRAP) is a program of the National Research Council Canada. Its annual budget is $300M+, with 260 ITAs (Industrial Technology Advisors) across Canada. IRAP provides: free technical and business advice. Financial support for R&D projects (grants of $50,000–$500,000+). Connections to universities, NRC labs, and industry networks.

How to start working with IRAP: find your regional ITA at nrc-cnrc.gc.ca/eng/irap/services/advisors. Book a meeting—it is free and carries no obligation. The ITA will assess your project, your company, and your potential. If the project is a fit, the ITA becomes your internal champion and helps you prepare the application.

Eligibility criteria for funding: a small or medium-sized business (up to 500 employees). Canadian management and most activity in Canada. An innovative project with a clear commercial trajectory. Technological uncertainty (as with SR&ED). A team capable of delivering the project.

Types of IRAP support: the Youth Employment Program (YEP)—a subsidy of 80% of a student's or graduate's salary for 4–6 months ($30,000–$40,000). An excellent entry point. Collaborative Research (CR)—projects jointly with a university or an NRC lab ($100,000–$500,000). Typical Industrial Research Assistance—funding for a company's R&D expenses ($50,000–$300,000 is typical for a small business).

IRAP + SR&ED synergy: IRAP money used for salaries is NOT counted in the SR&ED base. But IRAP money frees up your own money for SR&ED-eligible expenses. Example: IRAP covers $100,000 of salaries → you use your own $100,000 for materials

and contracts → that $100,000 goes into the SR&ED base → another $35,000 in refunds from the CRA.

Common mistakes when working with IRAP: contacting them only when you need money—ITAs want to see the company develop. Update your ITA on progress regularly. Applying for funding without a clearly stated technological question. Underestimating the time—from the first meeting to receiving money takes 3–6 months at a minimum.

IRAP in numbers: a study by Innovation, Science and Economic Development Canada found that companies working with IRAP have on average 28% higher revenue growth and a 35% higher likelihood of receiving private investment compared with similar companies without IRAP support.

CHAPTER 4

Canadian Provincial and Municipal Programs

Besides the federal programs, every province has its own arsenal of support. For an Ontario company, the combined package of provincial programs can add another $50,000–$200,000 to the federal money.

Ontario Centres of Excellence (OCE): annual budget of $80M+. Market Readiness Program: 50% co-funding up to $50,000 for technology commercialization (marketing, sales, trade shows). Minimum company contribution: $50,000 (cash or in-kind). Result: $100,000 of activity for a $50,000 investment. Ontario Research Fund: up to $100,000 for university collaborations. VIP (Voucher for Innovation and Productivity): $15,000–$30,000 for services from accredited providers (design, engineering, IT).

Ontario Innovation Tax Credits (on top of the federal SR&ED): the Ontario Innovation Tax Credit (OITC): 8% refundable on the first $3M of SR&ED expenses. The Ontario Research and Development Tax Credit (ORDTC): 3.5% non-refundable for expenses above $3M. Combined with the federal credit, the first $3M yields 35+8=43% back in cash.

FedDev Ontario: a federal regional economic program for southern Ontario. Grants for scaling, exporting, and innovation for small and medium-sized businesses. Business Scale-Up and Productivity: up to $10M for companies in a growth phase. Innovation projects: $500,000–$5M. It usually requires significant matching from the private sector.

Futurpreneur Canada: for entrepreneurs aged 18–39. A loan of up to $60,000 through BDC with 2 years of mentoring from professional business advisors. The interest rate is below market. Approval is based on the business plan, not on credit history.

CanExport Innovation: support for intellectual property in international markets. Grants of up to $75,000 (50% co-funding) for: international patent applications (PCT, EPO, regional). Trademark protection in key markets. Product certification for foreign markets.

The example company (a realistic, typical scenario for an Ontario SaaS company): Year 1 SR&ED: $150,000. IRAP YEP: $35,000. Futurpreneur BDC loan: $60,000. OCE Market Readiness: $25,000. Year 2 SR&ED: $220,000. IRAP main program: $100,000. OCE VIP: $20,000. FedDev Business Scale-Up: $200,000. Total over 2 years: ~$810,000 without selling equity.

Aggregators and program databases: Grants.gov (US), canada.ca/en/government/grants-for-business, Guichet Entreprises (Quebec), Ontario Business Supports (Ontario). Services like GrantMatch.ca and Fundica aggregate Canadian grants and help you find compatible programs.

CHAPTER 5

SBIR and STTR in the US: $4 Billion for Technology

The Small Business Innovation Research (SBIR) program is the world's largest government R&D funding program for small businesses. Its annual budget is $4+ billion, with 11 participating agencies. Canadian companies with a US subsidiary can use it too.

The three phases of SBIR: Phase I—proof of concept. $150,000–$350,000 for 6–12 months. A competitive application. The goal: to show that the technology works in principle. Phase II—prototype development. $750,000–$2M over 2 years. Only for companies that completed Phase I (or Direct to Phase II at some agencies). The goal: to build a working prototype. Phase III—commercialization. There is no standard limit. Direct contracts without competition. Private financing.

The key difference between SBIR and grants: it is a contract for R&D work. You do not just receive money—you commit to carrying out research work and submitting reports. The government receives rights to use the results, but the company keeps the IP.

How to find current topics: sbir.gov has all topics from all agencies. DoD priorities ($2B+ a year): defense technology, AI for the military, cybersecurity, semiconductors. NIH ($1B+ a year): biomedical technology, diagnostics, therapeutics. DOE ($500M): energy, climate, nuclear technology. NASA ($200M): space technology, aviation. NSF ($300M): a broad range of science and technology.

Choosing an agency and a topic: do not apply to everything. Choose the agency whose mission matches your technology. Read past funded abstracts to see what this agency likes. Attend the agency's Industry Days—the competition has not opened yet, but you can already ask Program Officers questions. This is legal and useful.

Typical SBIR mistakes: submitting an application written like a sales proposal rather than a scientific paper. An insufficiently detailed description of the Technological Innovation. A weak Commercialization Plan (agencies want to know who will buy the technology after the government). Not including Letters of Interest from potential commercial customers.

Timing is critical: most agencies announce topics 1–2 times a year. The deadline is usually 4–6 weeks after the announcement. Prepare an application template in advance—you cannot write a quality proposal in 2 weeks. Watch sbir.gov and subscribe to notifications for your keywords.

SBIR.gov Pro Tips: “Resubmit-friendly” agencies (DoD, NSF) accept revised applications if you received a review. The success rate (% approved) varies from 5% to 30% depending on the agency and topic. The average is 15–20%. In other words, out of 5–7 quality applications you should expect 1 to be funded. Persistence pays off.

CHAPTER 6

Corporate Accelerators and Venture Grants

Besides government programs, large corporations and venture funds offer grants, accelerators, and support programs for startups. This money is often less well known, but it is faster and easier to get.

Microsoft for Startups Founders Hub: up to $150,000 in Azure credits. GitHub Enterprise for free. GitHub Copilot for free. OpenAI API credits. Startups.microsoft.com—apply online, approval in 2–3 days. No equity requirements. Ideal for SaaS on Azure.

AWS Activate: up to $100,000 in AWS credits for startups. Free technical support. Partner programs through accelerators (they give a larger package). Apply through aws.amazon.com/activate.

Google for Startups: GCP credits of up to $200,000. Google Workspace for free. Mentoring from Google engineers. Networking with other startups in the ecosystem.

Nvidia Inception: for AI/ML startups. Technical resources, early access to GPUs, co-marketing opportunities. A fit if your company uses Nvidia GPUs for AI.

Stripe Atlas: $50,000 in credits from Stripe + AWS + OpenAI + Notion + others. It registers a US corporation for $500. An excellent entry point for Canadian companies that want to work with the US market.

Accelerators with cash grants: Y Combinator ($500,000 for 7% equity)—equity, not a grant, but it gives access to $50,000 in non-repayable credit through the YC Safe. Techstars ($120,000 for 6%)—similar. CDL (Creative Destruction Lab)—no money, but 10 weeks of expert mentoring and connections with leading VCs. Especially strong in Toronto. MaRS Innovation—an Ontario hub with early-stage programs of up to $50,000.

Industry grants: Climate tech: Breakthrough Energy Ventures ($1B+ fund), the DARPA Climate Initiative. HealthTech: Grand Challenges Canada (up to $100,000 for health solutions in developing countries). AgriTech: Sustainable Development Technology Canada (SDTC)—grants of $1M–$10M for clean technology. EdTech: the Smart Prosperity Institute, provincial education ministries.

A list of “fast” programs to apply to right away: Futurpreneur (up to age 39): 2–4 weeks. Microsoft Founders Hub: 2–3 days. AWS Activate: 1–2 weeks. YEP through IRAP (if the ITA already knows the company): 3–4 weeks. OCE VIP ($15,000–$30,000): 4–6 weeks.

CHAPTER 7

Writing a Grant Application: Anatomy of a Winner

A grant application is a literary genre with its own rules. The same technology described badly loses the competition; described well, it wins $200,000. Here is the anatomy of an application that wins.

The structure of a typical application: Executive Summary (1 page)—the key ideas of the whole application. Written last. Problem Statement—what significant problem you are solving. Quantify: “Canadian manufacturers lose $2.3B a year because of X.” Proposed Solution—how your technology solves the problem. Specific and technical, but understandable to a nontechnical jury. Innovation (for SBIR/IRAP)—what is new and why it cannot be done with standard methods. This is your SR&ED/SBIR criterion. Team—who you are and why you can be trusted with the money. PhD + relevant experience + track record. Market Opportunity—TAM/SAM/SOM. Not fantasy—a realistic estimate. Commercialization Plan—who will buy the result, why, and when. Letters of Intent from potential customers are gold. Milestones and Budget—specific deliverables, a realistic budget, a timeline.

Language that works: specific numbers wherever possible. “Cutting processing time from 4 hours to 12 minutes” beats “a significant speedup.” Active verbs. “We developed,” not “a system was developed.” Technical detail for technical grants—the SR&ED and SBIR reviewers are scientists. Do not be afraid of depth. Business language for business grants—OCE Market Readiness focuses on commercial results.

Three secrets of successful applications: First—read past winners. SBIR.gov publishes the abstracts of all funded projects. Study 20–30 winners in your category. What do they share in language, structure, and focus? Second—write for a reviewer who sees 200 applications. The Executive Summary must be persuasive

on its own. If the reviewer has not understood the value after the first page, they will not give you money. Third—the budget justification matters as a narrative in its own right. Every expense line must be explained: why, how much time, why this amount. Vague budgets kill applications.

Letters of Support/Intent: for many programs (OCE, FedDev, some SBIR), letters from potential customers, partners, and distributors sharply raise your chances. A letter does not commit anyone to buy—it says “we have seen this technology and are ready to consider it.” Ask for 3–5 such letters from real companies.

Post-award management: winning the grant is half the job. You have to spend it correctly and report on it. Typical requirements: quarterly progress reports. Financial reporting with supporting documents. A final technical report. Missing milestones can lead to repayment of funds. Many companies hire a Grant Administrator ($30,000–$60,000/year) who handles only compliance.

Building a grant-writing capability: the first application takes 60–80 hours to write. The fifth takes 20–30 hours (reusing blocks). Build a “library” of text blocks: company description, technology description, team bios, market analysis. Assemble every new application from these blocks plus customization for the specific program.

CHAPTER 8

Managing a Grant Portfolio

A single grant is an event. A portfolio of grants is a system. Serial grant recipients do not apply for one grant every 2 years—they continuously manage the flow of applications, execution, and reporting as a full business process.

The grant calendar: most programs have fixed cycles. SR&ED: annually (at the end of the fiscal year). IRAP: rolling basis, with no rigid cycle. SBIR DoD: 2 cycles a year (spring/fall). NSF SBIR: 3–4 times a year. OCE: quarterly deadlines for most programs. FedDev: irregular, so watch the announcements. Create a Google Calendar with the deadlines of all relevant programs. Set reminders 8 weeks out (start of writing) and 2 weeks out (final revision).

Pipeline management: manage applications like a sales funnel. Awareness: which programs exist and when the next cycle is. Research: a detailed study of the criteria and past winners. Preparation: writing the application. Submission. Under Review. Award/Decline. Post-award: execution and reporting. Keep 3–5 applications in progress at once, at different stages.

Tracking spreadsheet: columns: program, agency, deadline, amount, status, key contacts, submission date, result, notes. This helps you not miss deadlines. See the whole picture. Analyze what works. Report to the Board.

Handling rejections: most applications do not get funded the first time. This is especially true of SBIR, where the success rate is 15–20%. After a rejection, request reviewer feedback—many agencies provide it. Analyze the weak spots. Improve the application. Submit again. Some companies win SBIR Phase I on the 4th or 5th attempt at the same topic.

Compliance and reporting as a competitive advantage: agencies remember recipients who reported well. Later applications from a

“good” recipient are viewed more favorably. Invest in compliance: good records, timely reports, proactive communication when problems arise.

Scaling: as the company grows, new programs open up (FedDev and SDTC require a certain level of revenue). Hire a grant administrator when your grant totals exceed $500,000—it is a justified investment. Some companies create a separate unit just to manage R&D funding.

KPIs for a grant portfolio: Grant Revenue as % of R&D Budget. Win Rate (% of applications approved). Cost per Successful Grant (cost of writing vs. amount received). Time from Application to Award. SR&ED Refund Rate (% of expenses returned). Realistic benchmarks for active companies: Win Rate 25–35%, SR&ED Refund Rate 30–45%.

CHAPTER 9

International Grants and Export Support

Canadian technology companies that export products and services have access to a separate layer of funding tied to internationalization. These programs are often less competitive than domestic R&D grants.

CanExport SMEs: the Trade Commissioner Service funds entry into new markets. Up to $75,000 (50% co-funding) for: market research. Participation in international trade shows. Business trips. Adapting a product for a market. Certification. Legal expenses. Who qualifies: a Canadian SME that has been in business at least 2 years and sells outside Canada or wants to start. Application process: online, with a review of 6–8 weeks.

EDC Trade Cover: export receivables insurance from EDC. Not a grant, but critically important for exporters. If a foreign customer does not pay, EDC reimburses 90% of the amount. It lets you work with large international customers without risk. Bonding program: EDC provides a Performance Bond for international tenders.

Bilateral Innovation Programs: Canada has science and technology cooperation agreements with the EU, the USA, Israel, India, and others. Eureka (EU): joint R&D projects with European partners, up to $1M. The Canada-Israel Industrial R&D Foundation (CIIRDF): grants for joint ventures. Canada-US Partnership Programs: the NRC and NIH have joint funding opportunities.

Horizon Europe (associated status): since 2024, Canada has had associated status in Horizon Europe, the world’s largest R&D funding program (€100B for 2021–2027). Canadian companies can take part in certain instruments as full partners.

EU grants for Canadian partners: the EIC (European Innovation Council) Accelerator: up to €2.5M equity-free + up to €15M equity. Horizon Research Grants: joint projects with European partners. Practical strategy: find a European partner (a university or a

company) to be the main applicant, with you as a key partner.

Scottish and British innovation grants: Innovate UK (up to £100,000 for joint projects with British partners). If you have UK operations or partners, it is worth looking into. The Scotch Whisky Research Institute and the Catapult Centres are the UK's analogues of the NRC.

Japanese and Korean programs: the Japan Science and Technology Agency (JST) has joint programs with the NRC. Korea's IITP runs joint AI/ICT projects. For companies with Asian market ambitions, it is an entry point and funding at the same time.

A practical internationalization strategy: start with CanExport to cover the cost of your first market research. Use the Trade Commissioner Service (free!) for introductions in the target country. After your first sales, get EDC Trade Cover. On reaching $500K+ in export revenue, apply to FedDev Business Scale-Up.

CHAPTER 10

Private Foundations and Corporate Programs

Government grants are not the only source of non-repayable funding. Private foundations, corporations, and trade organizations offer hundreds of programs that most entrepreneurs do not know about.

Foundations focused on technology entrepreneurship: the Kauffman Foundation funds entrepreneurship research and startup support programs in the US. The Luminary Foundation supports women tech entrepreneurs. The Pollinator Fund: climate technology ($50,000–$250,000). MaRS Solutions Lab: support for social innovation. The McConnell Foundation: systemic change in society through entrepreneurship.

Corporate innovation programs: the Google.org Impact Challenge: up to $10M for technology nonprofits. Microsoft AI for Good: AI solutions for social and environmental problems. Salesforce.org Nonprofit Success Pack + grants. The Mastercard Center for Inclusive Growth. Shell GameChanger: energy transition startups.

Prizes as funding with no application: Shell’s NXplorers Challenge. XPrize ($5M–$100M): you do not apply—you compete. The Hult Prize ($1M for social enterprise students/alumni). Challenge.gov (USA): government prize competitions. Innocentive (now Wazoku): corporate R&D challenges with prizes. Prizes do not dilute equity and sometimes bring a bigger PR effect than the money.

Community Development Financial Institutions (CDFIs): for underserved entrepreneurs. Accion Opportunity Fund, Grameen America, LiftFund (USA). CDFIs provide subsidized loans of $5,000–$250,000 with less strict requirements than banks. In Canada: Community Futures Development Corporations in rural

areas, and First Nations entrepreneurship programs.

Revenue-based financing as a quasi-grant: not a grant, but an alternative to equity. Clearco, Lighter Capital, and Capchase provide $50,000–$5M in exchange for a percentage of future revenue. No dilution, no personal guarantee. The cost is usually 1.15–1.35x the amount received. For SaaS with $50K+ MRR.

The hackathon and competition approach: apply to corporate hackathons: IBM Call for Code ($200,000). The Deloitte Innovation Challenge ($50,000). Local tech community events (usually $5,000–$25,000). The goal is not only the money but networking, PR, and pilot partnerships. Hackathon winners often get pilot contracts with the organizing corporation.

Your grant roadmap for the first 18 months: Months 1–3: Register the company. Get an EIN/BN. Microsoft Founders Hub (2–3 days). AWS Activate (1 week). Start documenting SR&ED. Months 3–6: Meet with an IRAP ITA. OCE VIP application. Futurpreneur if you are 39 or younger. Months 6–12: First SR&ED filing. IRAP YEP. CanExport if you have export activity. SBIR topic selection. Months 12–18: SBIR Phase I application. FedDev if revenue is growing. OCE Market Readiness. Provincial tax credits. Result: a realistic stack of $400,000–$800,000 over 18 months for an active technology company.

What next

Thank you for reading “Grants for Tech Startups: SR&ED, IRAP, and More”.

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