



CANADA (QUEBEC) FACT SHEET

GENERAL INFORMATION

| | |
|---|---|
| Company type | Limited Company |
| Timeframe for company formation | 2* working days |
| Governing corporate legislation | Canadian companies are regulated under the federal business law in Canada which is the Canada Business Corporations Act (CBCA) or under any Provincial Corporations Act. |
| Legislation | Modern Corporate law |
| Legal system | Common Law |
| Corporate taxation | Companies that are not resident will not be subject to the taxation of their revenue by Canada. While the company may not be liable to pay taxes, please consult with a tax/legal advisor in your country of residence, to determine your own tax liability. |
| Resident Companies and non-resident companies | Each company must periodically declare whether it has been resident in Canada or not for the relevant period. A company is not to be regarded as resident solely by virtue of being registered in Canada – it must be effectively managed or controlled from the Canada or perform activities locally. In the case any activity is performed in relation to the Canada, it is recommended to assess the company's situation with a Canadian Tax Accountant. |
| Accessibility of records | Upon registration of the company, the name of the Directors and Shareholders will appear on public record (available on the internet). |
| Time zone | GMT -4 |
| Currency | Canadian dollar |

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SHARE CAPITAL

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|-----------------------------|--|
| Standard currency | Canadian dollar |
| Standard authorised capital | Not applicable |
| Minimum paid up | Minimum share capital: 1 Canadian dollar |



SHAREHOLDERS, DIRECTORS AND COMPANY OFFICERS

| | |
|---|-----|
| Minimum number of Shareholders | 1 |
| Minimum number of Directors | 1 |
| Locally-based requirement | No |
| Requirement to appoint Company Secretary | N/A |

ACCOUNTING REQUIREMENTS

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|---------------------------------|--|
| Requirement to prepare accounts | No accounting filing requirements as long as the company is considered a non-resident company. |
| Requirement to appoint auditor | Not for companies of turnover below 50 million unless the company option. |
| Requirement to file accounts | Not for a non-resident company. |
| Accessibility of accounts | No |

DOCUMENT REQUIREMENTS

Certified copy of valid passport, Certified copy of utility bill / bank statement (as verification of residential address, dated less than 3 months), Original Banker's reference letter (dated within 3 months).

INCORPORATION FEES

| | |
|-------------------------------|-----------|
| Initial set-up and first year | USD 2,200 |
| Per year from second year | USD 1,680 |

GOOD TO KNOW

A Quebec company (non-resident) is usually used for:

- a. Appearing as a holding company for foreign entity. As Quebec (being part of Canada) has 93 tax treaties, the Quebec company allows you to cash back dividends from subsidiaries which will not be taxable as, in Quebec and Canada, there is no income tax to pay on dividends received from any subsidiary located in a country having a tax treaty with Canada.
- b. Acting as a mandatory company. A Quebec company which is only acting as mandatory for any people or other legal entities is not taxable on the revenues, as – by the law – the Quebec company is only cashing those revenues on the behalf of the Principal (i.e. the person, people or any legal entity, whatsoever they are located, and whatsoever if themselves are acting as nominees or not for any other people/legal entities).
- c. Acting as a Quebec non-resident company. By the Common Law principles, a company is not taxable based on its place of incorporation but based on the effective place of management. So, if a Quebec company has no effective place of management and no permanent establishment in Quebec or in Canada (offices, plants, employees, etc.), the Quebec company may do the choice to be considered in Quebec and Canada as a non-resident company and so, will not be subject to any income taxes.
- d. Buying properties or any assets in Quebec, in the rest of Canada or in USA (apartment, building, home, stock, investment product, etc.) and/or having local commercial activities.

COUNTRY INFORMATION

Canada is considered one of the best countries to establish and run a business, as it scores high on factors that matter to businesses. Productive work-force, stable economic and political environment, attractive tax regime (Federal taxes were decrease to 10% on the profits for small companies in the recent years, and to 15% for medium and large companies), pro-business environment, world-class infrastructure, and an effective legal system are some of the factors that continue to contribute to its success. The legislation retains the flexibility and stability associated with English common law. Canadian companies may hold overseas or local real estate, companies, stock, etc.. Properties can be changed hand easier and cheaper by transferring the shares of the holding company. Many of overseas clients use Canadian companies for all those reasons, and more.

POLITICAL STRUCTURE

Canada is governed by an organized system of laws. These laws are made by elected representatives. The courts settle disputes and the police enforce the laws. The law in Canada applies to everyone, including judges, politicians and the police. The Supreme Court of Canada is the country's highest court. The Federal Court of Canada deals with matters concerning the federal government. In most provinces there is an appeal court and a trial court, sometimes called the Court of Queen's Bench or the Supreme Court. There are also provincial courts for lesser offences, family courts, traffic courts and small claims courts for civil cases involving small sums of money.

ECONOMY

Canada has always been a trading nation and commerce remains the engine of economic growth. In 1988, Canada enacted free trade with the United States. Mexico became a partner in 1994 in the broader North American Free Trade Agreement (NAFTA), with over 444 million people and over \$1 trillion in merchandise trade in 2008. Today, Canada has one of the ten largest economies in the world and is part of the G7 group of leading industrialized countries with the United States, Germany, the United Kingdom, Italy, France, and Japan.

- Service industries provide thousands of different jobs in areas like transportation, education, health care, construction, banking, communications, retail services, tourism and government. More than 75% of working Canadians now have jobs in service industries.
- Manufacturing industries make products to sell in Canada and around the world. Manufactured products include paper, high technology equipment, aerospace technology, automobiles, machinery, food, clothing and many other goods. Canada's largest international trading partner is the United States.
- Natural resources industries include forestry, fishing, agriculture, mining and energy.

These industries have played an important part in the country's history and development. Today, the economy of many areas of the country still depends on developing natural resources, and a large percentage of Canada's exports are natural resources commodities.

POPULATION

36 million (2017)

LANGUAGE

English - French

COMPANY FORMATION INFORMATION

Incorporation Procedure

Upon receipt of the client's KYC documents and description of the intended business activity, and after our compliance department's due diligence checks, SFM will incorporate the company via our Canada's resident agent as it is necessary for the registered office of the company to be maintained in Canada at the address of the licensed management company.

Incorporation Timeframe

2* working days

Canadian Taxation System

Where a corporation that would otherwise be resident in Canada is, under a tax treaty between Canada and another country, resident in the other country, subsection 250(5) deems such corporation to be non-resident in Canada. This would be the case where a corporation is considered resident in Canada for the purposes of the ITA under common law but is, under a tax treaty between Canada and another country, resident in the other country. A corporation may be deemed to be resident in Canada due to incorporation in Canada; however, the same corporation may also claim to be a resident of a treaty country if it meets the residence definition in a treaty.

Canadian Taxation System

The tiebreaker rules (usually within Article IV) in tax treaties generally provide that if a corporation is a resident of both contracting states, it is deemed to be a resident of the state in which the corporation was created.

A corporation that claims to be a resident of a treaty country must establish, for the treaty to apply, that it is taxed comprehensively in the treaty country (Crown Forest Industries Limited [95 DTC 5389]). The fact that the corporation's worldwide income is subject to a preferential tax rate or enjoys a tax holiday in the treaty country would not, in or by itself, disqualify the corporation from being treated as a resident of the treaty country.

A corporation may be deemed to be resident in Canada by virtue of its original incorporation in Canada; however, the same corporation may be naturalized in another jurisdiction by the granting of articles of continuance (or similar constitutional documents) in its new home. Such action is described as corporate continuance or continuation. The tiebreaker rules in tax treaties generally state that the corporation will be treated as a resident of the treaty country into which it has continued, not the country of original incorporation.

Corporations with dual residency issues should contact the International Tax Section of the nearest tax services office.

Name Restrictions

The rules for the granting of names under the Canada Business Corporations Act (CBCA) and the Canada Corporations Act (CCA) are almost the same. Essentially, an applicant cannot have a name that

- lacks distinctiveness
- is likely to cause confusion with other businesses
- is likely to mislead the public
- is reserved for another business
- is obscene, or
- has an unacceptable French or English form

The policies contained in this document are guidelines for interpreting the name regulations. They demonstrate how corporate name regulations will be applied in certain types of fact situations. Since, however, each name decision requires an exercise of judgment, based on the particular facts of that case, and after considering a number of factors, any one particular regulation and guideline may not necessarily determine the decision.

Reg. 25. For the purpose of paragraph 12(1)(a) of the Act, a corporate name is prohibited if the name contains any of the following elements:

- a. "cooperative", "coopérative", "co-op" or "pool", if it connotes a cooperative venture;
- b. "Parliament Hill" or "Colline du Parlement";
- c. "Royal Canadian Mounted Police", "Gendarmerie royale du Canada", "RCMP" or "GRC"; and
- d. "United Nations", "Nations Unies", "UN" or "ONU", if it connotes a relationship to the United Nations.

Corporate Documents Language

English



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NOTES

* Subject to the constraints of the due diligence procedure.

** Documents must be provided for every person related to the company.

Disclaimer: The fact sheet is provided for convenience only. Nothing on this fact sheet shall be construed as a contractual commitment or as a warranty. Services conditions are governed by the applicable terms and conditions.