

MERITAS CAPABILITY WEBINAR



Doing Business in Canada

Presented by:

Michael Kennedy

Wickwire Holm

Halifax, Nova Scotia, Canada

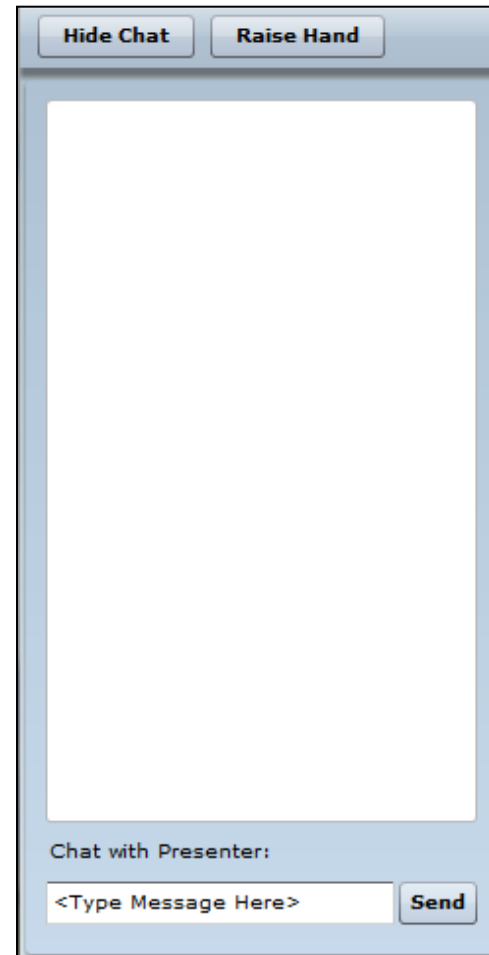
+1 902 429 4111

mkenedy@wickwireholm.com

Dial-In Number (US & Canada): +1-866 740-1260
Dial-In Number (International): +1-303 248-0285
Participant Code: 6040090

Housekeeping Items

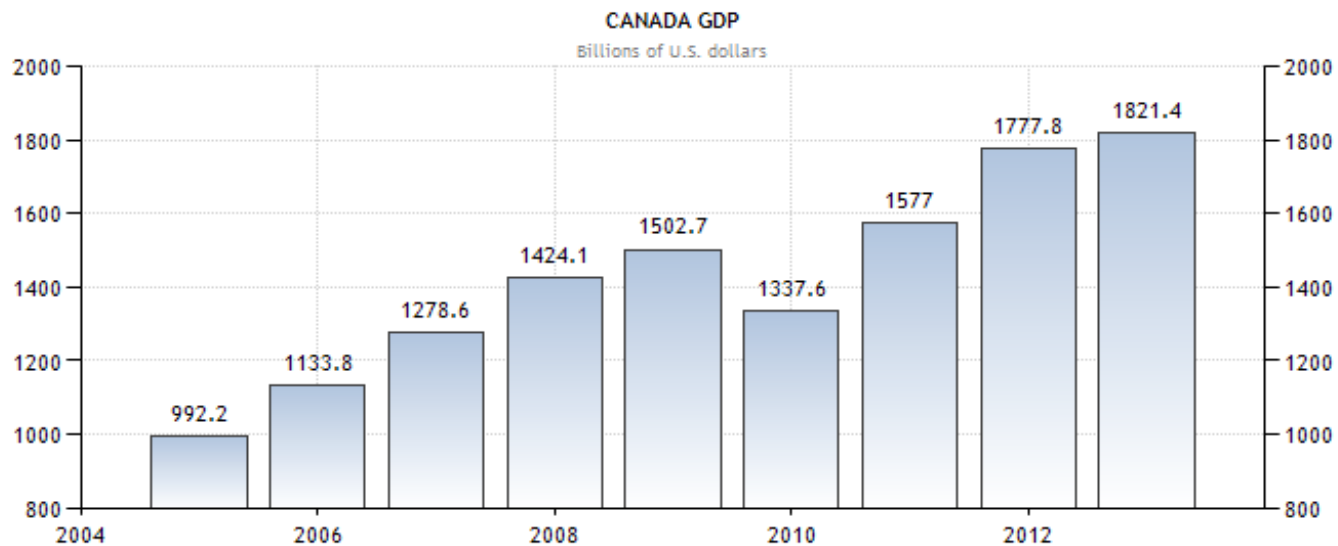
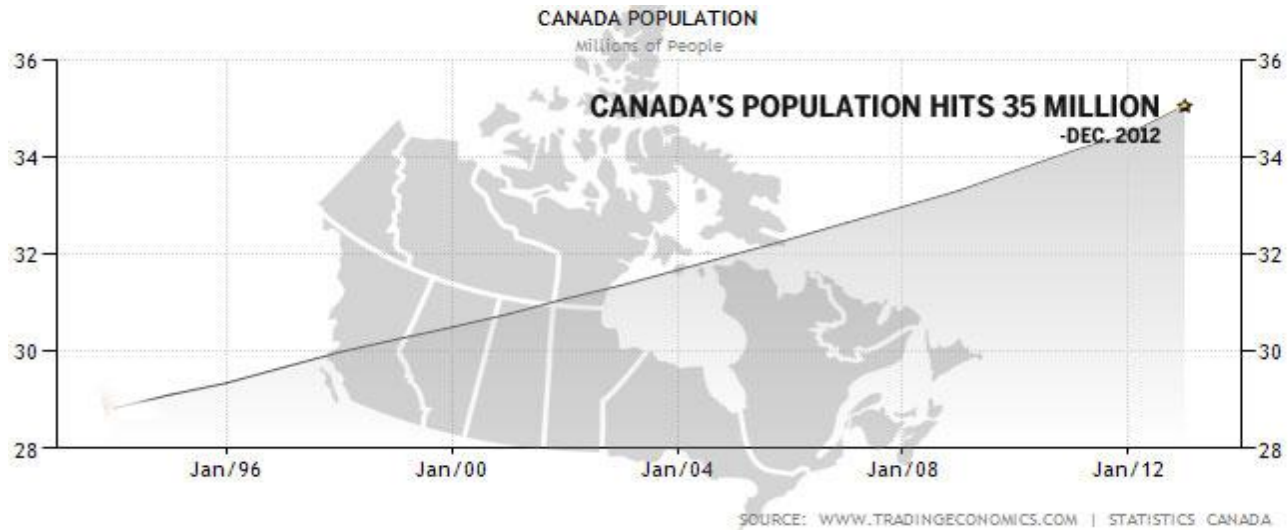
- All phones are muted
- Dial *0 at any time for technical support
- Questions may be submitted to the presenter via the chat feature on the left-hand side of your screen
- Questions will be answered at the end of the presentation





Canadian Territory and Coastline

- Canada is the second largest country in the world, covering 9,984,670km sq.
- Canada has the longest coastline of any country in the world: 265,523km sq, including all measurable islands



Creation of Canada

- Canada is a federal state, a parliamentary democracy, and a constitutional monarchy
- Began in 1867 with the English Statute entitled the *British North America Act* (BNA)
- 4 Provinces joined – formerly colonies
- BNA addressed many issues, including powers divided between Federal and Provincial governments

Powers of Federal Government

- Defence
- Navigation and Shipping
- Sea Coast and Inland Fisheries
- Currency and Coinage
- Banking
- Bankruptcy and Insolvency
- Patents and Copyright
- Criminal Law
- Income Tax (also included in Provincial powers)
- Immigration
- Foreign Investment
- Everything not given to the Provinces

Powers of Provincial Government

- Sales Tax, Property Tax, Income Tax
- Municipal Institutions in the Province (including taxation by Municipalities)
- Licensing for Provincial, Local or Municipal purposes
- The Incorporation of Companies with Provincial Objects
- Property and Civil Rights in the Province
- Administration of Justice in the Province
- Generally all Matters of a merely local or private Nature in the Province
- Exploration for non-renewable natural resources in the Province
- Development, conservation and management of non-renewable natural resources and forestry
- Generation and production of electrical energy
- Education
- Labour and Employment for organizations not solely operating in a Federal area

General Law Divisions

- The common law of England was adopted by every Province except Québec
- Since 1663, Québec has maintained its own legal system based on the laws of France; a system which culminated in 1866 with the implementation of the Civil Code, based on the French Napoleonic Code of 1804
- The Québec Civil Code does not apply to matters of Federal jurisdiction
- Statutory Laws are different as they relate to Provincial jurisdiction in every Province
- The Common Law, because it was adopted at different times and because it has diverged since adoption, is different in every Province in many areas
- Individual Provinces license lawyers to practice in their own jurisdiction
- Conflict of Laws rules apply between Provinces



Canada in Perspective

- Québec is the largest Canadian province, totaling 595,391 square miles
- That is...
 - 37.3 times larger than Switzerland
 - 6.3 times larger than Britain
 - 2.4 times larger than France
 - 2.2 times larger than Texas
 - 1.7 times larger than Venezuela
 - Even Mexico is only 1/3 larger



Client Coming to Canada

Your client from outside Canada wants to set up business in Canada:

- Branch Office or Create an Entity in Canada
 - Branch Office
 - Simply register the entity to carry on business in the Province(s) where the business is to be conducted
 - Different Tax treatments than with Canadian resident entities
 - Create your Own Entity according to Canadian Law
 - Joint Venture arrangements – these can be created for any enterprise in the jurisdiction required
 - Partnerships (Limited Partnerships or General Partnerships)
 - Incorporate

Incorporation Differences

- Incorporation
 - choose the Province or incorporate Federally
 - different tax regimes in each Province
 - name must be approved by the incorporating jurisdiction
- Some Provinces do not require resident directors
- Some Provinces have Unlimited Liability Corporations
 - advantages for U.S. entities coming to Canada – creates a “see through” or “check the box” corporation in Canada for U.S. tax purposes
 - different rules in each of the Provinces where ULCs may be created
- Different Forms of Corporations in each Province

Incorporations and Registrations

- Must be registered to carry on business in each Province where you intend to conduct business (including a Federally incorporated company)
- Once incorporated, you may register in any Province
- Subject to fines and may not be able to commence legal proceedings or obtain certain licensing if you have not registered to carry on business in all jurisdictions where you intend to conduct business
- Each Province and Federal corporations have different rules for incorporations

Litigation

- Each Province and Territory have different rules that govern their Courts
- Different levels of Courts in each of the Provinces
- There is a Federal Court system available throughout the country where matters within Federal Jurisdiction are heard
- Appeals from the Appellant Courts in each Province and from the Federal Court of Appeal are to the Supreme Court of Canada which may refuse to hear any matter which it deems not to be of national importance

MERITAS CANADA - We Have You Covered

- There are no “national” firms in Canada – no firms have representation throughout Canada
- Meritas Canada has 12 member firms and over 500 lawyers and represents all Provinces and Territories
- Since there are only 12 firms, there is ease in exchange of information; and, in particular, specialized niches available to our respective clients
- Our paralegals have created networks and exchange information between all of our firms
- We have monthly conference calls with all members and meet collectively at least once a year
- As a result, we are all familiar with the expertise available at our member firms and also a general understanding of the laws in each of the Provinces
- Because of the close contact and knowledge of the strengths of the firms, work is quite readily referred, transferred or shared between the Meritas Canadian firms

Specialized Areas of Expertise

We have specialized areas of expertise in our collective firms which include:

- Media Crisis Management
- Representations before Commissions of Inquiry
- Immigration
- Foreign Worker Entry
- Customs and Duties
- Mergers and Acquisitions
- Wills and Estates
- Environmental Law
- Leasing
- Energy Law
- Secured/Unsecured Lending
- Class Actions
- Mining Law
- Aboriginal Law
- Bankruptcy and Insolvency
- Labour & Employment
- Resource Development
- Oil and Gas
- Maritime Law
- Securities Law
- Patents, Trademarks and Intellectual Property
- Corporate and Commercial Matters
- Real Estate Matters
- Litigation in all Levels and Divisions of Courts in all Jurisdictions in the Country
- Taxation

Conclusion

- Canada is a collection of 10 Provinces and 3 Territories, each with their own laws which impact carrying on business in each of those jurisdictions
- To plan an advantageous entry into Canada, foreign entities need to consider all possible aspects of conducting business in Canada – these include:
 - the type of corporation or entity which will be conducting the business;
 - taxation, including taxation as it relates to three levels of government;
 - the advantages which may accrue to the foreign parent (i.e., ULCs);
 - residency requirements for Directors;
 - the type of business to be conducted; and
 - where and in how many jurisdictions the business will be conducted
- Meritas has lawyers licensed to practise (more than 500) in all Provinces and Territories and in that sense, provides true “national” exposure
- With Meritas, Canada is completely covered

Meritas Main Member Contacts in Canada

Edmonton, Alberta

Charles P. Russell

McLennan Ross LLP
crussell@mross.com

Calgary, Alberta

James L. Lebo

McLennan Ross LLP
jlebo@mross.com

Vancouver, British Columbia

James M. Coady

Boughton Law Corporation
jcoady@boughtonlaw.com

Winnipeg, Manitoba

Joseph D. Barnsley

Pitblado Law
barnsley@pitblado.com

Saint John, New Brunswick

Gary Lawson

Lawson Creamer
glawson@lawsoncreamer.com

St. John's, Newfoundland and Labrador

Gary Peddle

Benson Buffett PLC, Inc.
gfpeddle@benisonbuffett.com

Halifax, Nova Scotia

Michael Kennedy

Wickwire Holm
mkennedy@wickwireholm.com

Yellowknife, Northwest Territories

Glenn D. Tait

McLennan Ross LLP
gtait@mross.com

Toronto, Ontario

Kenneth L. Kallish

Minden Gross LLP
kkallish@mindengross.com

London, Ontario

Christian J. Hamber

Harrison Pensa LLP
chamber@harrisonpensa.com

Ottawa, Ontario

Fred E. Seller

BrazeauSeller.LLP
fseller@brazeauseller.com

Charlottetown, Prince Edward Island

M. Lynn Murray

Key Murray Law
lynn.murray@keymurraylaw.com

Summerside, Prince Edward Island

Derek D. Key

Key Murray Law
derek.key@keymurraylaw.com

Montréal, Québec

André Ryan

BCF LLP
ar@bcf.ca

Québec City, Québec

Jules Turcotte

BCF LLP
jules.turcotte@bcf.ca

Saskatoon, Saskatchewan

Christopher J.H. Donald

Robertson Stromberg LLP
c.donald@rslaw.com