



Canada 101: The Big Picture
Legal Aspects of Doing Business in Canada
May 21, 2019

**Baker
McKenzie.**



BCCC
Brazil-Canada Chamber of Commerce
Chambre de Commerce Brésil-Canada

PRIVATE AND CONFIDENTIAL

Our regional presence: Latin America

Venezuela

Partners: 36

Associates: 37

Brazil

Partners: 48

Associates: 147

Argentina

Partners: 22

Associates: 26

Peru

Partners: 29

Associates: 66



Mexico

Partners: 55

Associates: 155

Colombia

Partners: 11

Associates: 52

Chile

Partners: 12

Associates: 22

Strength in numbers

Region: 718

Partners: 213

Associates: 505

Key Brazil offices facts:

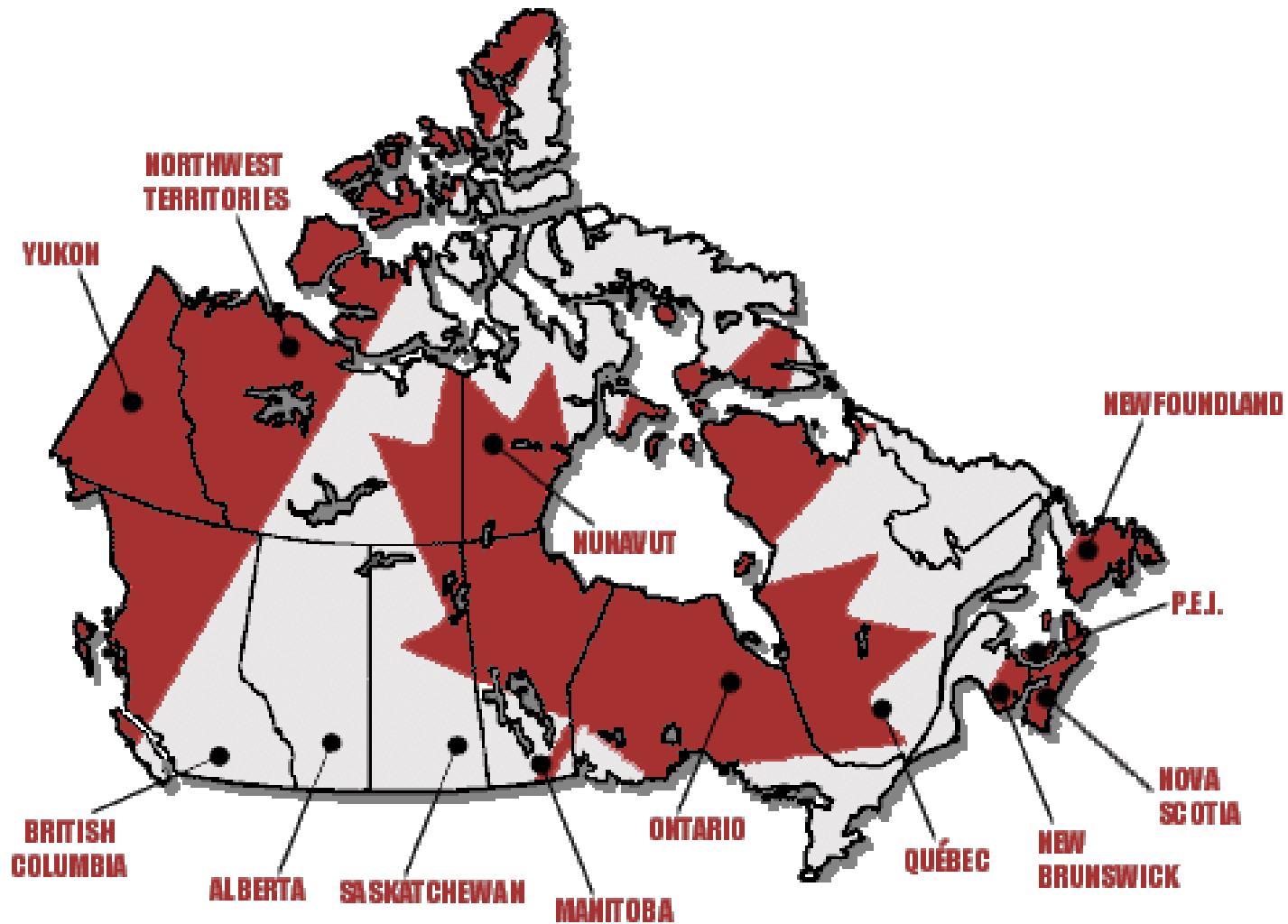
- Established in 1959 São Paulo, Brazil
- 1967 Rio de Janeiro, Brazil
- 1989 Brasília, Brazil
- 2002 Porto Alegre, Brazil

50 partners, 150 associates

Baker & McKenzie

- Toronto office established in 1962
- Work closely with our colleagues in our other offices to deliver seamless, fluent service
- Toronto office specialties:
 - Corporate and Finance (including Banking, Lending, Corporate, Mergers & Acquisitions, Commercial, Securities, Real Estate, Insolvency and Restructuring)
 - Tax (Income, Commodity)
 - Labour and Employment
 - Dispute Resolution
 - Intellectual Property
 - International Commercial (IT Sector, privacy, regulatory)

Introduction to Canada



Introduction to Canada

- Population of approx. 37.1 million (compared with 209 million in Brazil)
- Divided into 10 provinces and 3 territories (compared with 27 federated units in Brazil)
- Constitutional division of powers between federal government and provincial governments (with some overlap in certain areas)
- Varied industries: financial services; manufacturing; high tech; research; bio science / pharma; oil & gas; resources (forestry, mining, pulp and paper etc.)
- Multi-cultural society



Introduction to Canada

- Stable political, economic and banking systems
- Offers generous R&D tax credits
- Is the U.S.'s largest trading partner, with almost C\$2 billion in 2-way trade every day between the 2 countries
- Intelligent, educated and ethnically diverse workforce (ranked highly in the OECD in higher education achievement)



Canadian Immigration Overview

Start-Ups, Entrepreneurs & Investors may be eligible for a work permit. Here are the most commonly used work permit strategies for this group:

- Labour Market Impact Assessment (LMIA) for Owners/Operators
- Global Talent Stream (GTS) LMIA – Category A or Category B
- Intra-Company Transferee (ICT) – Start Up Category
- Investor Work Permit
- Significant Benefit (C10 or C11)

Eligibility is based on several factors such as:

- Nationality of applicant
- Prospective occupation in Canada
- Business Plan
 - Ownership structure of Canadian business
 - Hiring plan in Canada/job creation for Canadian citizens and permanent residents
 - Financial resources available to establish business in Canada

TIP: Brazilian passport holders must apply for a work permit via an overseas visa office. As a best practice, applicants should submit the work permit application at least four (4) months prior to the start date in Canada. Processing times are subject to change without notice.



Taxation of Corporations

- Income taxes levied at federal and provincial level
- Favourable tax treaties with many countries
- Capital Tax may apply (for large corporations)

	Canadian-Controlled Private Corporations (CCPCs)			Other Corporations	
	Active Business Income (ABI)		Investment Income	Manufacturing & Processing	Other
	Rate	Income Limit			
Federal	9.00%	\$500,000	38.67%	15.00%	15.00%
Provincial					
British Columbia	2.00	500,000	12.00	12.00	12.00
Alberta	2.00	500,000	12.00	12.00	12.00
Saskatchewan	2.00	600,000	12.00	10.00	12.00
Manitoba	0.00	500,000	12.00	12.00	12.00
Ontario	3.50	500,000	11.50	10.00	11.50
Québec	**4.00/6.00	500,000	11.60	11.60	11.60
New Brunswick	2.50	500,000	14.00	14.00	14.00
Nova Scotia	3.00	500,000	16.00	16.00	16.00
Prince Edward Island	3.50	500,000	16.00	16.00	16.00
Newfoundland & Labrador	3.00	500,000	15.00	15.00	15.00
Yukon	**1.50/2.00	500,000	12.00	2.50	12.00
Northwest Territories	4.00	500,000	11.50	11.50	11.50
Nunavut	4.00	500,000	12.00	12.00	12.00

** Refer to provincial note for application of rates; lower rate relates to manufacturing and processing (M&P).

Research and Development Tax Credit

- Federal tax credit of approximately 15% to 35%
- Systematic investigation or search by means of experiment or analysis qualifies
- Market research, quality control, data collection, and mineral exploration does not typically qualify
- Provincial tax credits also apply, as well as various provincial tax incentives for R&D in specific areas



Labour & Employment Matters

- Employment is a Contractual Relationship between employer and employee
- Various Statutes are also relevant (Banks are subject to federal labour laws)
- Pay Equity Legislation exists in most provinces
 - Comparable Pay for Comparable Jobs
- Maternity / Paternity Leave benefits also provided in all provinces



Labour & Employment Matters

If terminating employment without cause, employee entitled to:

- **Statutory Termination Pay**

- 1 – 8 weeks; and

- **Reasonable Notice or pay in lieu of notice**

- A common “law doctrine”, which a court will determine appropriate notice period based on a variety of factors, including without limitation, employees’ age, seniority, salary, length of service

However, common law entitlements can be limited by an employment agreement



Labour & Employment Matters

Labour Law (Unionized Employees)

- Principally governed by two sources:
 - Labour Relations Statute & Collective Agreements



Real Estate

- Development and construction encouraged and expanding
- Strong and stable real estate market
 - Office vacancy rate in Greater Toronto Area, 2.7%
- Foreign investment welcome with few restrictions
- Direct ownership or leasing including long-term leases
- Low rates of taxation including land transfer taxes, realty taxes and sales taxes



Securities

- No Federal Regulator or Legislation
 - Federal securities regulator recently proposed (on a voluntary basis) by federal government
 - Currently rules still differ by province
 - 13 different regulating bodies
 - Some harmonization through CSA and National Instruments
- If conducting transactions with Canadian security holders, you will need to consider Canadian provincial security laws

Intellectual Property

- Trade-Marks
 - 15 year registrations
- Patents
 - “first to file”
- Copyright
 - Moral Rights
- Domain Names



Quebec

- Uni-lingual province (French only)
- Civil Code
- Charter of French Language
 - Name must be in French
 - Standard contracts in French
 - French labeling and advertising requirements
 - Communication with employees must be in French



Examples of Certain Other Regulated Areas of Interest

- Broadcasting
 - Regulated federally, licenses required
- E-Commerce
 - No broad legislation
- Food and Drugs



Examples of Certain Other Regulated Areas of Interest

- Privacy

- Federal legislation in place “PIPEDA” to protect personal information
- Some provinces have enacted general personal privacy legislation.
- Ontario has enacted such in the healthcare area



Questions?

Baker & McKenzie LLP – Toronto

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