

DOING BUSINESS IN CANADA

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**Aussenwirtschaft Forum
Kanada –EU Freihandelsabkommen (CETA)
eröffnet neue Geschäftsmöglichkeiten**



OVERVIEW

Canadian Legal System

Doing business in Canada: Possibilities

Working in Canada

CANADIAN LEGAL SYSTEM

Canada is a federation, composed of:

- 10 provinces + 3 territories

More decentralized than most European countries

Similar to EU:

- Provinces have jurisdiction over a number of important matters
- Certain matters fall within both provincial and federal jurisdiction
- Federal government has shared jurisdiction over certain matters.

HOW YOU CAN DO BUSINESS WITH CANADA

Various possibilities include:

1. Sale / license of goods
2. Performance of services to Canadian clients
3. Establishing a Canadian business
4. Acquisition of a Canadian business.

1. SALE / LICENSE OF GOODS

Possibilities:

- a. Direct sale to Canadian clients
- b. Working with local sales agent or distributor
- c. Granting a license to a Canadian licensee.

1. SALE / LICENSE OF GOODS

a. direct sale:

- General principles
- Positive consequences of CETA:
 - elimination of tariffs
 - reducing technical barriers to trade
 - customs & trade facilitation.

1. SALE / LICENSE OF GOODS

b. working with a Canadian agent or distributor:

- General principles
- Considerations when structuring relationship

c. licence

- General principles
- Considerations when structuring relationship.

2. PROVIDE SERVICES TO CANADIAN CLIENT

Current situation:

- EU businesses may generally provide their services to Canadian clients

With CETA:

- Cross border trade in services
- Mutual recognition of qualifications
- Temporary entry rules for contractual service suppliers and independent professionals.

3. ESTABLISHING A CANADIAN BUSINESS

Possibilities:

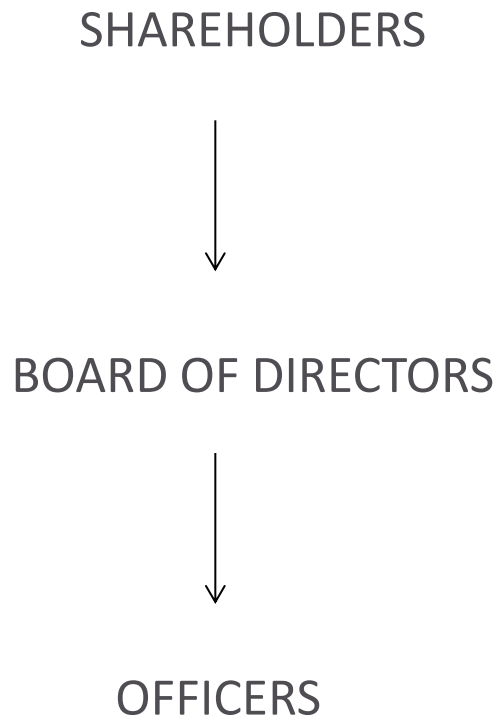
- a. Branch office
- b. Partnership
- c. Company / corporation.

3. ESTABLISHING A CANADIAN BUSINESS

Focus on the company/corporation: advantages:

- Incorporation procedure fast and uncomplicated
- Limited liability for the shareholders
- No minimum capital required
- Financial statements not published
- Internal corporate changes can generally be done quickly with few formalities.

3. ESTABLISHING A CANADIAN BUSINESS



- One or more shareholders
- No minimum capital requirement
- No residency requirement
- Capital structure
- Unanimous shareholders' agreement

- Entrusted with the management of the company
- No residency requirement in some jurisdictions; 25% in others

- Positions such as: Chairman of the Board, CEO, CTO, Treasurer / CFO, Corporate Secretary
- No residency requirements

4. ACQUISITION OF A CANADIAN BUSINESS

Options:

- Share purchase
- Asset purchase

Already interesting option for EU investors:

- Contractual relationships can be freely negotiated
- Generally no limits on the acquisition of Canadian businesses (except in certain areas)

With CETA:

- Threshold for reviewable acquisitions: increased to 1.5 billion
- ISDS.

WORKING IN CANADA

General principles:

- Work in Canada subject to a work permit for EU national
- Possibility of open work permit for spouses
- Labour market impact assessment required

Exemptions from the LMIA in certain cases, such as:

- For intra-company transferred employees

Business visitors:

- Cannot enter workforce
- Do not require work permit
- Can stay up to 6 months.

WORKING IN CANADA – CETA

Key personnel:

- Intra-corporate transferee
 - Specialists
 - Senior personnel
 - Graduate trainees
- Investors
- Business visitors for investment purposes

Contractual service suppliers, Independent professionals

Short-term business visitors.



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Bernard Lette is a partner of the law firms Lette & Associés SENCRL in Montréal and LETTE LLP in Toronto.

He is admitted to the Québec Bar, the Ontario Bar and the Bar of Paris.

He holds a French Baccalauréat in pure sciences, a Bachelor of Civil Law, a Bachelor of Laws and a Masters in Business Law.

Bernard Lette's own legal practice focuses on business law, mainly in mergers and acquisitions, as well as taxation, with an emphasis on international taxation.

He sits on a variety of corporate boards, including several belonging to large international groups and non-profit organizations.

He is a co-founder of the European Union Chamber of Commerce in Canada.