



DOING BUSINESS IN BRITISH COLUMBIA



The “Doing Business in British Columbia” Guide (the ‘Guide’) is aimed at non-Canadian companies and entrepreneurs looking for general information about laws, regulations and taxes that apply to starting and operating a business in British Columbia (B.C.).

The Guide, produced by Lawson Lundell LLP, was commissioned by Trade and Invest BC, Government of British Columbia through a competitive process. Trade and Invest BC has a mandate for Foreign Direct Investment (FDI) attraction with the objective of increasing economic benefits for the province across regions and sectors in B.C.

Investment attraction work is facilitated by a network of B.C.’s Trade and Investment Representatives (TIRs) in select international markets, such as the United States (U.S.), Europe, China, Japan, South Korea, Southeast Asia and India. For a non-Canadian company considering setting up or investing in B.C., B.C.’s TIRs are typically the first point of contact, providing further information beyond the Guide to the client based on their specific interests and needs.

Once a prospective investor has identified British Columbia as a potential FDI location and an investment project in B.C., Trade and Invest BC can provide a suite of services with the goal of helping them reach a positive final investment decision. This may include a comprehensive investment value proposition customized to the needs of the client and their investment project. Trade and Invest BC would also work closely with the prospective investor to help navigate any hurdles and facilitate the project reaching a successful final investment decision, in which process a host of other information products may be produced by the ministry for a particular investor.

The Guide is not intended to be a substitute for the next level information that the ministry could provide a prospective investor based on their particular investment project, the industry vertical, and their overall due diligence requirements.

Because every business situation is unique, this Guide cannot cover all potentially relevant legal and tax considerations. Also, it is not intended to be a substitute for legal, tax, financial, or other professional advice that you will need in starting, buying, or investing in a business in British Columbia.

We hope you find this Guide helpful in developing your business opportunity in British Columbia. For more information and help, please contact:

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Disclaimer. Every effort has been made to ensure that the information in this publication is accurate and current to 2022, however, neither Trade and Invest BC, nor Lawson Lundell LLP accepts liability for actions based on this information. For more information on Lawson Lundell LLP, please visit <https://www.lawsonlundell.com>.

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WELCOME TO BRITISH COLUMBIA

British Columbia (B.C.) is Canada's westernmost province and is bordered by the Pacific Ocean to the west, by the American state of Alaska to the northwest, by the Yukon and the Northwest Territories to the north, by the province of Alberta to the east, and by the American states of Washington, Idaho and Montana to the south.



Quick Facts:

- Total population of British Columbia is 5.2 million people (2021) – 3rd most populated province in Canada
- B.C.'s capital city is Victoria (population: 400,000)
- B.C.'s largest city is Vancouver (population: 2.4 million)
- Approximately one million square kilometres – larger than the U.S. states of California, Oregon, and Washington combined
- Gross domestic product is CAD \$309 billion
- Major export markets include the United States (56%), China (18%), and Japan (9%)



The eight economic regions of British Columbia and their respective key industry sectors are as follows:



Region	Tech	Manufacturing	Logistics	Agrifood/ Seafood	Gas	Mining	Forestry	Education	Power
Nechako					✓	✓			
Northeast				✓	✓	✓	✓		
North Coast			✓	✓	✓	✓	✓		
Cariboo						✓	✓		
Vancouver Island / Coast	✓			✓			✓	✓	✓
Mainland/ Southwest	✓	✓	✓	✓				✓	✓
Thompson/ Okanagan	✓			✓			✓	✓	✓
Kootenay		✓				✓	✓		

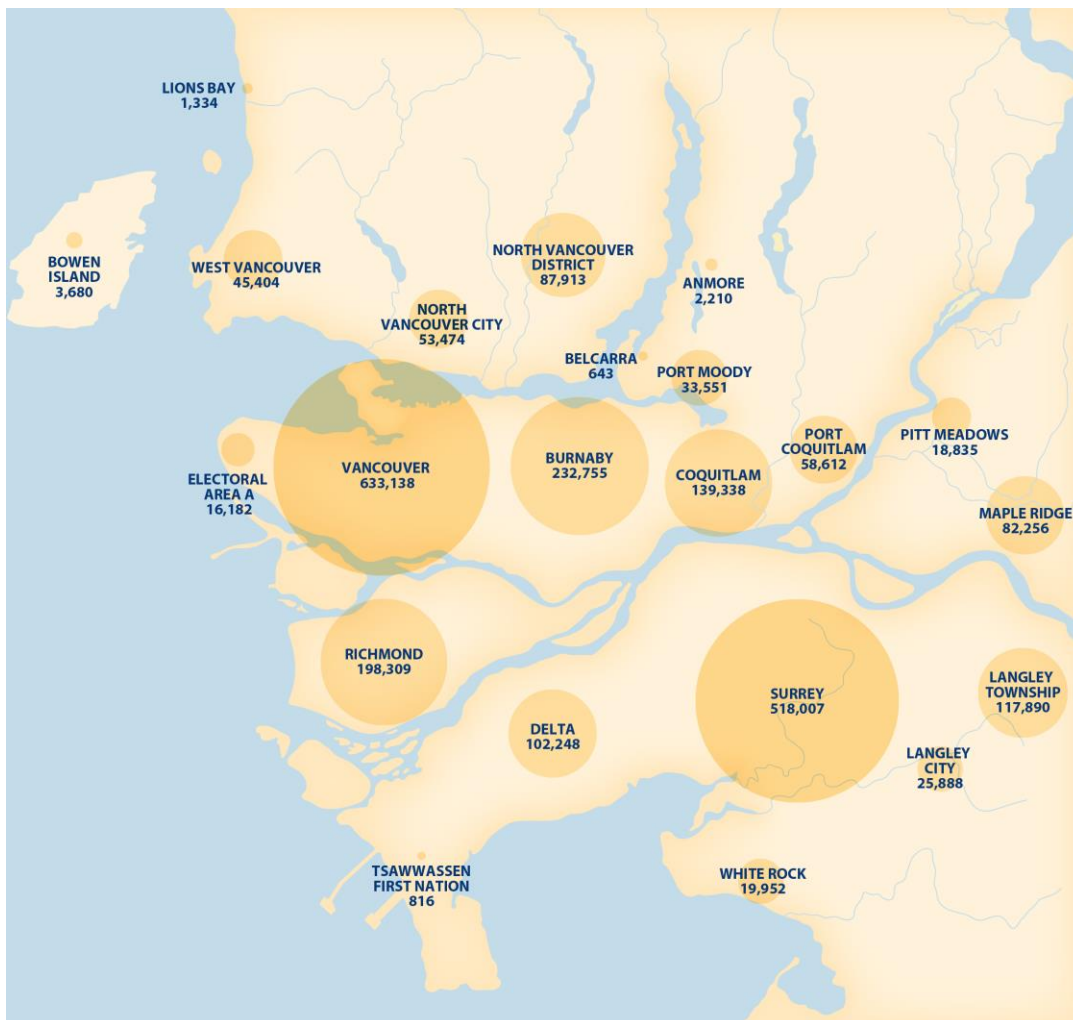
✓ Established sector ✓ Emerging sector

B.C. offers opportunities for investment in many different high-growth and key sectors. Key sectors in the province include aerospace, agriculture, food and beverage, clean technology, digital media and entertainment, forestry, ICT, life sciences, mining, and natural gas. High-growth sectors in B.C. include agri-technology, artificial intelligence, augmented reality/virtual reality, hydrogen energy, marine, and mass timber. Further information on key and high growth sectors in B.C. can be found on the Trade and Invest BC website: <https://www.britishcolumbia.ca/industries/>.

The workforce in B.C. is one of the best educated in the world. About 75% of B.C. employees have post-secondary education and more than 41% hold a university degree. B.C. has eleven public universities including the University of British Columbia, Simon Fraser University, Thompson Rivers University, the University of Victoria, the University of Northern British Columbia, Kwantlen Polytechnic University, among others.

B.C. is divided into 27 regional districts. Metro Vancouver, which includes municipalities such as Vancouver, Surrey, Richmond, and Burnaby, is one such regional district in the province. Nearby municipalities of Abbotsford, Chilliwack, and Whistler are also tightly integrated into this economy.

Population of Metro Vancouver municipalities, 2022:



For more statistics on British Columbia, please visit <https://www2.gov.bc.ca/gov/content/data/statistics>.

WorkBC has helpful resources on its website about the labour and market industry in B.C.: <https://www.workbc.ca/labour-market-industry/b-c-s-economy.aspx>.

Trade and Invest British Columbia

Part of the Government of British Columbia, Trade and Invest British Columbia (Trade and Invest BC) works with international businesses and prospective investors to help them identify and advance investment and business expansion opportunities in British Columbia. Trade and Invest BC helps companies build strong links to the resources, skills, and supports that make B.C. an attractive place to work, live and invest. Aside from the team in B.C., located in downtown Vancouver and Victoria, our experienced and educated team of trade and investment professionals includes a global network of B.C. Trade and Investment Representatives in offices in China, Japan, Korea, Southeast Asia, India, Europe, and the United States. Depending on the nature of your business interest and stage of investment project, you would be referred to one of the Trade and Invest teams either in your market or in British Columbia.

Trade and Invest BC services include but are not limited to:

- **Business intelligence** in areas such as labour market and talent availability, industry clusters, business costs, site availability, transportation and logistics, overview of tax credit and funding programs, and permits and regulations.
- **Introductions** to key stakeholders including **industry** associations, post-secondary institutions, research centres, other government agencies and First Nations, and professional service providers such as tax, real estate, legal, and government permitting agencies.
- Planning and programming **site tours** to visit **business** locations throughout the province, including visits to available sites and facilities, and meetings with community leaders.

For more information about investing in British Columbia, please contact the Trade and Invest BC office through our website: <https://www.britishcolumbia.ca/about-trade-and-invest-bc/>.



Canada's division of powers and legal frameworks affecting business activities

Canada has a written constitution that distributes law-making powers between different levels of government and imposes certain limits on the authorities of all branches of government. The federal The Constitution Act, 1982 is the statute that establishes a federal system, in which the authority to pass statutory laws is divided between a national (federal) Parliament, three territorial legislatures, and ten provincial legislatures, including B.C.'s legislature.

The areas of **federal** and **provincial/territorial** jurisdiction are generally intended to be separate. In practice, however, some activities may be regulated by **both levels of government**: for example, the federal and B.C. provincial governments have shared jurisdiction over environmental issues, with the federal government having jurisdiction over fisheries, shipping, criminal law, and certain residual powers over matters for the peace, order, and good government of Canada, and provincial governments having jurisdiction over property and civil rights. If there is a conflict between federal and provincial legislation, the federal legislation will prevail to the extent of the conflict. The courts can interpret the constitutional division of power between the federal and provincial governments in the event of uncertainty.

The Government of British Columbia has delegated some of its legislative powers to **local governments**. B.C. has two tiers of local government: regional districts and municipal governments. For example, the regional district of Metro Vancouver oversees resources and services throughout the area, including community planning, water, sewage, drainage, transportation (including public transportation), air quality, and parks. Municipal governments are run by a mayor and councillors. They have authority over matters such as land use and business and construction licensing within a city or a town.

Below are examples of legislative powers at Federal, provincial and municipal government level:



Federal Government

- incorporation of federal companies;
- regulation of foreign investment;
- direct and indirect taxation;
- regulation of interprovincial and international trade;
- general regulation of trade throughout Canada, including competition law;
- patents and copyright;
- bankruptcy and insolvency;
- banking and bills of exchange; and
- interprovincial undertakings in the transportation and communication fields



B.C. and Other Provinces

- incorporation of provincial companies;
- direct taxation within the province;
- the regulation of trade and commerce within the province; and
- the creation and regulation of local governments (see following paragraphs).

Regional / Municipal Governments

- bylaws in relation to people, property and activities;
- zoning and community planning;
- development permitting;
- business licensing;
- land use regulation;
- property taxes;
- wastewater management; and
- economic development.

INVESTING IN CANADA

The Investment Canada Act

The Investment Canada Act (ICA) regulates the establishment and acquisition of Canadian businesses by non-Canadian investors. One of the purposes of the ICA is to provide for the review of significant investments in Canada by non-Canadians in a manner that encourages investment, economic growth and employment opportunities. The goal is to approve investments that are of **net benefit to Canada**.

The ICA applies where a non-Canadian establishes a new Canadian business or acquires control of an established Canadian business. For a detailed overview about the ICA, visit:

https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/h_1k00007.html.

Canadians and non-Canadians under the Investment Canada Act

An **individual is a Canadian** for the purposes of the ICA if he or she is a Canadian citizen or a permanent resident who has been ordinarily resident in Canada for not more than one year after becoming eligible to apply for Canadian citizenship. Whether a **corporation is Canadian** depends on whether the individuals who are the ultimate controlling shareholders of the corporation are Canadians.

Establishment of a new business

The ICA requires that, when a **non-Canadian** establishes a new business, regardless of size, a notice of investment must be filed no later than 30 days after the implementation of the investment. If the new Canadian business is a “cultural business” or involves national security concerns, the Governor in Council may issue an order for a review of the investment.

Direct acquisition of a Canadian business

In the event of a direct acquisition of control of an existing Canadian business, through a purchase of assets or voting interests of an entity, the foreign investor may be required to file either a notice or an application for review and approval, depending on the circumstances, unless an exemption applies (such as an acquisition of control in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the ICA, and an acquisition of control by reason of a corporate reorganization where ultimate control of the Canadian business remains unchanged). Where none of the exemptions applies, the direct acquisition by a non-Canadian of control of a Canadian business is reviewable pre-closing by the Minister of Innovation, Science and Industry if the enterprise value of the Canadian business exceeds a specified threshold, which threshold is adjusted annually. The threshold differs depending on whether the investor is controlled by nationals of specified countries having trade agreements with Canada or nationals of a World Trade Organization (WTO) member state, or whether the investor is a state-owned enterprise. The method of calculating enterprise value depends on whether the transaction is for the acquisition of a publicly-traded or privately-held entity, or the acquisition of assets. See the following website for updated information on financial thresholds for review: https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/h_1k00050.html.

Indirect acquisition of a Canadian business

Different rules apply to indirect acquisitions under the ICA, being where an investor acquires shares of a corporation incorporated elsewhere than in Canada that controls, directly or indirectly, an entity in Canada carrying on the Canadian business. An indirect acquisition of a non-cultural business by a WTO investor is generally non-reviewable. The review threshold for non-WTO investors is where the assets of the entity carrying on the Canadian business have a book value of \$50 million or more, provided that if the assets of the Canadian business represent more than 50% of the value of the assets involved in the transaction as a whole, the review threshold for non-WTO investors is \$5 million in book value of assets.

Restrictions for specific businesses

The ICA grants authority to the Minister of Canadian Heritage to review and approve foreign investments related to cultural activities, which includes publication, distribution or sale of books, magazines and newspapers; production, distribution, sale or exhibition of film or video recordings, audio or video music recordings, and video game design and development; publication, distribution or sale of print music; or public radio communication and radio, television and satellite broadcasting. For more information on cultural sector investment review, visit: <https://www.canada.ca/en/canadian-heritage/services/cultural-sector-investment-review.html>.

Business investments may be reviewed

Generally, if an investment is subject to review, the investor must file an application for review with the Investment Review Division and receive approval prior to implementation of the investment, or if the investment has been implemented, divest itself of control of the Canadian business that is the subject of the application.

Canada does not have exchange controls

Once a Canadian business has been established or acquired, any profits from that business can generally be freely paid out to the foreign investor as Canada does not impose systematic exchange control. Therefore, Canadian dollar income can be exchanged into another currency at the best available rate of exchange and sent out of the country. There is, however, a requirement to satisfy Canadian withholding tax obligations. For more information concerning withholding tax obligations, see the discussion under the section entitled “[Establishing or Acquiring a Business: Tax Considerations](#)”.

Non-Canadians may acquire real estate

Subject to compliance with the general restrictions and limitations on investments described above and potential additional taxation and disclosure obligations, a non-Canadian may acquire and own commercial and residential real estate in British Columbia.

For more information

For more information about the Investment Canada Act, please visit the Government of Canada website at <https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/home>, and for more information about investing into British Columbia, please visit the Trade and Invest BC website at <https://britishcolumbia.ca/invest-capital-in-bc>.

ESTABLISHING OR ACQUIRING A BUSINESS

There are many ways to set up your business

Business may be carried on in British Columbia through various types of business organizations, including:

- a company;
- a sole proprietorship;
- a general partnership;
- a limited partnership; or
- a joint venture.

Certain foreign entities that carry on business in B.C. may register with the province directly.

Setting up a company

A company (or corporation) is the most commonly used form of business organization. In Canada, the words **corporation** and **company** generally mean the same thing. The features of a company incorporated under B.C. laws are:

- it is a **separate legal entity** (a legal “person”) created by one or more persons or entities who become its **shareholders**;
- unless it is wound up by its shareholders or involuntarily dissolved for failure to make its routine annual corporate filings, it exists forever and may own property, carry on business, possess rights and incur liabilities;
- shareholders control the company by electing **directors** who manage or supervise the management of the company;
- the **liability** of the shareholders is usually limited to the amount of their capital investment in the company;
- a company is **taxed** as a separate legal entity at the rate of tax that applies to that particular type of company; and
- the **income or loss** generated by the company belongs to the company and not to the shareholders.

A company’s shares can be privately owned or publicly traded on a stock exchange. For more information, see the chapter on [Public Companies](#).

In Canada, a corporation can be formed under any one of 14 different statutes (one federal, three territorial and ten provincial). When establishing a company to carry on business in B.C., you will generally wish to choose whether to incorporate under the Canada Business Corporations Act (CBCA) or the British Columbia Business Corporations Act (BCBCA).

If you plan to operate across Canada, there are advantages to incorporating under the CBCA. For example, a CBCA company is guaranteed the right to use the same name in all provinces and territories of Canada. However, there are also certain disadvantages to incorporating under the CBCA as compared to the BCBCA. These include:

- **Director residency requirement:** The CBCA requires that a CBCA company have at least 25% of the directors (or if there are less than four directors, at least one director), to be Canadian residents.
- **Extra-provincial registration requirement:** A CBCA company must be registered in each Canadian province and territory where it carries on business, including B.C. This can add to the cost and complexity of setting up and maintaining the company.

Therefore, if you plan to do business only in British Columbia, it is generally more advantageous to incorporate under the BCBCA rather than the CBCA. BCBCA corporations may register to do business in other provincial and territorial jurisdictions in Canada.

How to incorporate a federal company

To incorporate under the CBCA, you will need to select a name for the company and make certain choices including with respect to share structure, the number and identity of the directors, the location of the registered office, restrictions on share transfers, and restrictions on the business the company may carry on (if any).

For more information on applying to incorporate a company under the CBCA, go to the Corporations Canada website: <https://corporationscanada.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs06642.html>. Following incorporation, a CBCA company may pass **by-laws** that regulate the internal operations of the company.

How to incorporate a British Columbia company

To incorporate under the BCBCA, you will need to select a name for the company, choose the initial directors and the location of the registered and records office for the company, and specify the share structure for the company in an incorporation application to be filed with the B.C. Registrar of Companies. Incorporators must also sign an incorporation agreement in which they agree to take one or more shares of the company, and articles that, among other things, set rules for the company's conduct and set out for each class and series of shares, all of the special rights and restrictions that are attached to the shares of that class or series.

For more information on filing an incorporation application, go to the Registrar's website: <https://www2.gov.bc.ca/gov/content/employment-business/business/managing-a-business/permits-licences/businesses-incorporated-companies/incorporated-companies#incorporate>.

What is a shareholders' agreement?

The shareholders of a BCBCA or CBCA company may enter into a **shareholders' agreement** with the company that typically outlines the rights and obligations of the company and the shareholders to one another, including restrictions on issuing and transferring shares, procedural matters and other obligations.

Under the CBCA, the shareholders can agree, under a unanimous shareholders' agreement, to restrict the directors' powers to manage or supervise the management of the business and affairs of the corporation and to give those rights to shareholders. Such an agreement might be used in a subsidiary corporation so that it is managed directly by the parent company with an active board of directors. There is a similar concept under the BCBCA, but different requirements apply.

The company must have directors

Both the CBCA and the BCBCA require a company to have at least one director for private companies and at least three directors for public companies, but otherwise allow the company to set the number of **directors**.

While the BCBCA does not impose director residency requirements, under the CBCA, at least 25% of the directors must be **resident Canadians**.

Directors must manage or supervise the management of the business and affairs of the company and must perform their duties honestly and in good faith with a view to the best interests of the company. They must exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

In some situations, directors can be held personally liable for certain liabilities and obligations of the company. For more information, see the chapter on [Responsibilities of Corporate Directors and Officers](#).

Do you have to appoint an auditor?

Both CBCA and BCBCA companies are required to appoint an auditor unless exempt. A company may be exempt if it is a private company and all the shareholders waive the appointment of an auditor.

What are officers?

The directors of a company may, but are not required by the CBCA or BCBCA to, appoint officers (such as a president, chief executive officer (CEO), chief financial officer (CFO), or secretary) to manage the company. Officers are subject to the same duty of good faith and duty of care required from directors. See the chapter on [Responsibilities of Corporate Directors and Officers](#).

Responsibilities of corporate directors and officers

In Canada, directors and officers of companies may be **personally liable** when acting on behalf of the company. Directors are accountable to **shareholders** and are responsible for the company's illegal actions. In the past, directors and officers were only responsible to the shareholders. Now, however, directors and officers may have an obligation to consider the interests of other **stakeholders**, like employees and creditors.

Fiduciary duties of directors and officers

Directors are **fiduciaries** of the companies they serve. This means that they must act honestly and in good faith, always in the best interests of the company, and put the company's interests ahead of their own.

Directors must avoid **conflicts of interest**. Conflicts may arise, for example, when a director holds a personal interest in a contract with the company or gains an opportunity because of information learned during the time he or she is a director. In general, directors are also prohibited from taking advantage of a business opportunity that the company had or was seeking. A director may be personally liable even where he or she resigns before taking the opportunity and the company did not sustain a loss from the breach of fiduciary duty.

Senior officers have the same fiduciary relationship to the company as the directors. Employees who have the power and ability to direct the company are generally considered to be senior officers.

Directors and officers owe a minimum standard of care

Directors and officers must give a minimum standard of care when carrying out their responsibilities. This minimum standard is described in BCBCA as the care, diligence and skill that a **reasonably prudent individual** would exercise in comparable circumstances. Directors who work in the business may be held to a higher standard of care than those who only sit on the board of directors, because they are generally better informed about the company's business.

While directors may delegate responsibilities to the company's management, independent advisors and special committees, the directors must supervise all work as they are liable for all actions of the board of directors.

Director liabilities

Directors may be liable for environmental offences, for causing or permitting environmental damage, or for environmental offences committed by the companies they serve. They can be liable both personally and for failing to properly control the business of a company.

Under the federal Canadian Environmental Protection Act and British Columbia's Environmental Management Act, a director may be liable for offences committed by the company, whether or not the company has been prosecuted or convicted.

A director's liability is not limited to offences under environmental legislation. Directors can be liable for the cost of

contaminated site clean-up if he or she directed, authorized, or agreed to the company's activities. More information can be found in [Obtaining Permits and Licences – Environmental Issues](#).

Directors can be held personally liable where a company commits an offence relating to **employment pension benefits**. An example would be failure by a company to submit payment to a pension fund or insurance company on behalf of employees.

Directors may be liable for **unpaid employee wages** and vacation pay, and for a company's failure to send **deductions** to the government, such as the Canada Pension Plan and Employment Insurance, on behalf of its employees. In practice, a director's liability for wages is only relevant where the company has gone bankrupt because an employee must first look to the company's assets to satisfy his or her claim. Directors can only be held liable if they held the position of director when the employment issue arose.

In British Columbia, directors can also be held personally liable for a company's failure to follow **occupational health and safety** legislation requirements. Directors of companies that fall under federal jurisdiction can be held liable under the Canada Labour Code.

Directors may be personally liable for the company's tax offences, such as failing to remit taxes owing under many federal and provincial tax laws, such as the Income Tax Act and the Excise Tax Act.

Directors of public companies have special duties

Directors of public companies have a responsibility to meet all of the usual obligations of directors (described above) as well as the requirements of provincial securities regulations. For example, directors can be liable for:

- distributing incorrect information to the public;
- failing to comply with continuous disclosure requirements;
- failing to file certain documents, such as financial statements, or for misrepresentations in such documents; and
- insider trading.

Other forms of business organization

Sole proprietorships

A sole proprietorship is an unincorporated business operated by one individual. Unlike a company, a sole proprietorship is **not a separate legal entity** from the individual. The income and losses of the business are the income and losses of the individual owner and are taxed at the owner's personal tax rate.

The owner is also fully liable for the debts and obligations of the business. This means that the owner's personal assets are at risk for all of the business' debts and obligations.

The sole proprietorship is a simple arrangement for carrying on business. There are few legal formalities required to create or operate a sole proprietorship, although a business licence may be necessary. You may also have to register the business' name with a government office.

General partnerships

A general partnership exists when two or more partners carry on **business in common** (which can be an on-going business or a specific transaction) with the intention of making a profit. The relationship between the partners can be set out in a written or verbal **agreement** or can be implied by the circumstances.

Each partner in a general partnership is **jointly liable** with the other partners for all the partnership's liabilities incurred while such partner is a partner. Therefore, like with a sole proprietorship, any partners that are individuals put their personal assets at risk for the debts and obligations of the partnership.

For tax purposes, the income or loss of the business is calculated at the partnership level and then allocated among the partners. The income or losses are then taxable in the hands of the partners.

Limited partnerships

Under the Partnership Act (British Columbia), a business may also be organized as a limited partnership. A limited partnership has two different types of partners: **limited partners** and **general partners**.

A **limited partner's liability** for the debts and obligations of the limited partnership is **limited** to the amount of property it contributes or agrees to contribute to the capital of the limited partnership. However, a limited partner can become liable as a general partner if it takes part in the management of the business.

A **general partner** manages the business of the limited partnership and is jointly liable with any other general partners for the liabilities of the limited partnership. A general partner may also be a limited partner but will not have the benefit of limited liability. Every limited partnership must have at least one general partner and one limited partner.

The income or loss of the business is calculated at the partnership level and then allocated among the partners. The income or losses are then taxable in the hands of the partners.

To create a limited partnership in British Columbia, the limited partners will typically enter into a limited partnership agreement setting out the parties' respective rights and obligations. A name must be approved by and reserved with the Registrar for the limited partnership. A limited partnership is not formed until the general partner files a certificate of limited partnership with the Registrar. The certificate must include statements as to certain partnership matters prescribed by the Partnership Act, including the name of the partnership, the location of the registered office, the general nature of the business, the term the partnership will exist, the full name and address of each general partner, the total amount of cash and nature and fair value of property to be contributed by all of the limited partners, the aggregate amount of any additional contributions agreed to be made by limited partners and the times at which or events on the happening of which the additional contributions are to be made, and the basis on which limited partners are entitled to share profits or receive other compensation by way of income on their contributions.

Limited liability partnerships

The Partnership Act contemplates another form of partnership structure known as a limited liability partnership or “LLP”. Unlike in other Canadian jurisdictions, a British Columbia LLP is not limited to carrying on the practice of professions such as lawyers or accountants. In an LLP, partners are not personally liable for negligent or wrongful acts or omissions of other partners but are liable for their own negligent or wrongful acts or omissions or where they knew of the act or omission and did not take actions that a reasonable person would take to prevent it. LLPs are flow-through entities, so each partner is taxed individually.

To form an LLP, the partners will enter into a limited liability partnership agreement setting out the parties’ respective rights and obligations. A name must be approved by and reserved with the Registrar for the LLP.

Further information on sole proprietorships and partnerships can be found at the following websites:

- Government of B.C.: <https://www2.gov.bc.ca/gov/content/employment-business/business/managing-a-business/permits-licences/businesses-incorporated-companies/proprietorships-partnerships>
- Government of Canada: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships.html>

Joint ventures

Joint ventures are not statutory entities in B.C. and can take a variety of forms. Two or more parties might choose to form a joint venture when they wish to pool resources, expertise, and property for a common endeavour, typically a specific project or venture.

A joint venture can be formed when such parties enter into a joint venture agreement that may outline, among other things, the objectives and purposes of the joint venture, the resources, expertise, or property to be contributed by each venture, and the respective rights and obligations of the venturers. A joint venture agreement will commonly contain the parties’ express agreement that they do not intend to and have not created a partnership, although this is subject to a court’s ruling otherwise depending on the factual circumstances. As a form of business organization that is not recognized by statute, a contractual joint venture is not registered with the Registrar, although a business name for the joint venture may be chosen by the parties and registered. The ventures might elect to use a corporate or partnership vehicle to accomplish the joint venture purposes for various reasons, including reasons relating to liability, governance and tax.

Other ways of doing business in British Columbia

There are a number of ways that foreign businesses can do business in British Columbia without forming a new business entity.

Extra-provincial registration in British Columbia

Certain entities including companies, certain limited partnerships and limited liability partnerships formed under the laws of other jurisdictions may become extra-provincially registered in British Columbia to carry on business. Any foreign company that carries on business in British Columbia must be extra-provincially registered within two months after the foreign company begins to carry on business in B.C. Among other circumstances, an entity is deemed to be carrying on business when its name appears in any advertisement in which an address or telephone number in British Columbia is given for the foreign entity; or it has a resident agent, or warehouse, office or place of business in B.C.

To register extra-provincially in British Columbia, you will need to reserve the foreign company’s name with the Registrar, and file proof of existence of the foreign entity in its home jurisdiction and a registration statement with the Registrar specifying certain information for the foreign company. The registration statement includes the name and identifying number of the entity in its home jurisdiction and its existing jurisdiction, the address of the head office of the entity, if the entity’s head office is not in British Columbia and the name and address of at least one attorney

for the entity in British Columbia. Each attorney must be an individual who is ordinarily a resident in British Columbia or a company incorporated under the laws of British Columbia.

More information about registering the name of an extra-provincial company is available on the British Columbia Registrar of Companies website: https://www.corporateonline.gov.bc.ca/WebHelp/overview_xp.htm.

Working with distributors

A foreign business can choose to sell its goods in British Columbia through a distributor that is already qualified to do business in the province by entering into a distribution agreement with the distributor.

A foreign business that uses a distributor to sell goods in Canada may be required to pay Canadian income tax on its Canadian sales. For more information about the income tax consequences, see the discussion in the subsection called [Tax Considerations](#).

Franchise arrangements

A foreign business may wish to expand into British Columbia by establishing a franchise arrangement in the province. In a typical franchise relationship, the franchisor (owner) grants a right to the franchisee (the person doing business) to sell products or services using the franchisor's **trademark** and business operating system or method. The franchisee pays **fees and royalties** to the owner. Many "fast food" restaurants are operated under franchise arrangements.

Franchise arrangements can take different forms, from master franchise relationships (multiple locations) to single unit franchise agreements (individual locations).

Among other things, the statute requires franchisors to provide prospective franchisees with an extensive disclosure document including:

- mandatory risk warning statements;
- financial statements of the franchisor meeting statutory requirements, unless an exemption applies;
- a list of costs associated with establishing the franchise;
- the nature and amount of any recurring or isolated fees or payments to be made to the franchisor;
- a description of training offered by the franchisor to the franchisee;
- terms and conditions of any financing arrangements that the franchisor offers;
- a list of every licence and registration the franchisee will be required to obtain under federal and provincial laws to operate the franchise; and
- lists of current and former franchisees

Franchisors are also subject to a statutory duty of fair dealing. Franchisees have a statutory right to rescind the franchise agreement without penalty or obligation within the statutory timeframes if the disclosure document is not provided within the time required, or the disclosure document does not meet the prescribed requirements, or a disclosure document is never given to the franchisee, and the franchisee may be entitled to a right of action for damages under the Franchises Act (British Columbia) as a result of the franchisor's failure to comply with its disclosure obligations. Accordingly, foreign businesses wishing to establish a franchise arrangement in British Columbia can consult a franchise lawyer to assist with compliance.

Parties who enter into a franchise relationship are subject to the Franchises Act (British Columbia) where the elements of a franchise are made out under the act. For more information please visit: <https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/15035>.

Buying an existing business

As an alternative to setting up a new business in British Columbia, you may buy an existing business in the province. The two most common ways of buying a business in British Columbia are:

- buying the **shares** of a company that owns the business; or
- buying the **assets** (property) of the business.

Buying the company's shares

In a share purchase transaction, the buyer buys the company's shares from the **shareholders**, and in so doing indirectly acquires all the company's assets, as well as all of its liabilities.

Sellers often prefer to sell their shares because sale proceeds are usually treated as a capital gain rather than income for tax purposes. This usually means reduced overall tax liability for the seller compared to a sale of assets as only 50% of capital gains are taxable whereas 100% of income is subject to tax.

Buying the business' assets

In an asset purchase transaction, a buyer buys the business' assets (property) from the owner.

A buyer may prefer to buy assets instead of shares because:

- it can choose the assets it wants to buy and the obligations and liabilities that it wishes to assume, if any;
- there is less risk that it will acquire liabilities that the seller did not disclose;
- it can increase the cost base of the assets being acquired and increase depreciation for taxation purposes (see [Tax Considerations: Depreciable property](#)).

Things to consider when buying a business

A buyer buying a business in British Columbia, whether by way of assets or shares, will usually want to perform thorough due diligence on the business and assets to be acquired to inform itself with respect to, among other things:

- potential risks and liabilities that may become the buyer's responsibility;
- the value of the business, to inform pricing discussions; and
- any consents or approvals by third parties that may be required, whether on a share or asset purchase (for example, it may be necessary to seek governmental approval of a licence or the consent of a party to a contract being assumed)

If a share purchase is contemplated, the scope of due diligence review must be expanded to include not only the assets of the business, but the company itself to identify its liabilities (such as with respect to tax, employment, litigation, debts).

A buyer can engage a lawyer to advise it in purchasing a business and structuring the acquisition.

What taxes do you pay if you buy or sell shares?

There is no "stamp duty" or similar tax payable when you buy shares in Canada; however, the seller may have to pay capital gains tax.

If the shares you are selling qualify as "taxable Canadian property", you must pay Canadian taxes on the capital gain arising from the sale (unless you qualify for relief under your country's tax treaty with Canada) and you must notify the Canadian government of the sale within 10 days of the closing date. Taxable Canadian property includes, among other things, shares of a corporation (other than shares listed on a designated stock exchange) if, at any time in the past 60 months, the shares derived more than 50% of their fair market value directly or indirectly from

Canadian real estate and/or Canadian resource properties. Shares listed on a designated stock exchange (i.e., public company shares) will also be considered “taxable Canadian property” if, in addition to the foregoing test, you (together with other non-arm’s length persons) own 25% or more of the issued shares of any class of that corporation.

The buyer who purchases the taxable Canadian property from you is required to withhold 25% of the purchase price and remit such amount to the Canadian government unless you provide them with a Clearance Certificate within 30 days of the closing date. A Clearance Certificate is a document issued by the Canadian government that certifies that you have properly remitted the required Canadian taxes owing. You can apply for a Clearance Certificate by filing certain forms with the Canadian government.

Given processing delays, it is often impossible to provide a buyer with a Clearance Certificate within 30 days of the closing date. However, provided you file an application to acquire a Clearance Certificate before, or immediately after, the sale closes, the Canadian government will generally issue a “comfort letter” within the 30-day remittance period. The comfort letter will instruct the buyer to hold the withheld amount in trust and release it to you once a Clearance Certificate has been issued.

If these steps are not followed, the buyer may be liable to pay the Canadian tax authorities the amount the buyer should have withheld.

What taxes do you pay if you buy assets?

The income tax issues that arise when you buy a business’s assets are complex and are often the focus of extensive negotiation with the seller. If you plan to buy significant business assets in British Columbia, you should consult with a tax lawyer or an accountant.

The **Goods and Services Tax** (GST) and British Columbia **Provincial Sales Tax** (PST) may apply to the sale of business assets in British Columbia. With respect to GST, if you are buying all or substantially all the assets of a business, you and the seller may be able to jointly “elect” to have the transaction **exempted** from GST. This election is available if:

- the assets acquired form a “business or part of a business” that was established, carried on, or acquired by the seller;
- the assets acquired represent at least 90% of the assets that are reasonably necessary for you to be capable to carry on the business or part of the business; and
- you are registered for GST if the seller is also a GST registrant.

A business’ **goodwill** is generally exempt from GST. In particular, if the conditions of the election described above are met but the election is not made, GST will nevertheless be inapplicable to that portion of the purchase price that is reasonably attributed to goodwill.

For more information, visit: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/changes-your-business/buying-a-business.html>.

While a similar election is not available to exempt the purchase of business assets from PST, there are several exemptions from PST that may be available to a buyer of business assets. In particular, the acquisition of intangible property, real property, inventory, permits and accounts receivable are not subject to PST. However, if you buy more than 90% of a seller’s inventory or goods that are used in the seller’s business in British Columbia, you will be required to obtain a Clearance Certificate issued by the province of British Columbia. The Clearance Certificate confirms that the seller has paid and remitted all outstanding PST to the province of British Columbia.

For more information on the tax consequences of buying a business, see the section called [Tax Considerations](#).

Other considerations when buying a business

Other issues to consider when buying a business include:

- the rights of the employees of the business;
- the rights of the creditors of the business;
- unions and labour law;
- third party consents that may need to be obtained;
- certain government approvals that may be required (e.g., under the Investment Canada Act); and
- rules and regulations about distribution of securities in British Columbia.

It is wise to get advice from a British Columbia lawyer who specializes in the buying and selling of businesses.

Tax Considerations

Canada's income tax laws

Canada's federal government and British Columbia's provincial government impose corporate and personal tax on income. In general, the Canadian and British Columbia systems work in harmony and are administered together.

For more information on federal income tax laws, visit: <https://www.canada.ca/en/revenue-agency.html>.

For more information on British Columbia's income tax laws, visit: <https://www2.gov.bc.ca/gov/content/taxes>.

What income is taxable for a Canadian resident?

Canadian **residents** (whether individuals or corporations) are taxed on their worldwide income. For information on personal income tax, refer to the section called [Personal Income Tax](#) below.

Income tax for non-residents and withholding taxes

Non-residents of Canada are generally taxed only on their income that comes from sources in Canada. This includes income from:

- carrying on a business in Canada;
- employment in Canada; or
- selling certain types of property situated in Canada (usually includes real estate, resource properties or shares of private corporations or units of a partnership that derive more than 50% of their value from real estate and/or resource properties in Canada).

Canada also imposes a **withholding tax** on non-residents who receive passive income in the form of dividends, non-arm's length interest, rents, royalties or management fees from Canada. The Canadian payer must withhold tax on behalf of the non-resident and remit (send) it to the federal government. The withholding tax rate on passive income is 25%; however, this rate is often reduced by tax treaties between Canada and the non-resident's country of residence. For example, the Canada-U.S. Tax Treaty reduces withholding tax on certain types of dividend income to 5%.

In addition to reducing withholding tax on passive income, Canada's tax treaties often provide that no Canadian tax is payable on business profits where the business does not have a permanent establishment in Canada.

Corporate tax rates

Federal tax rates are the same across Canada. There are, however, certain reductions and credits available to encourage development of business activity and employment in certain industries of the economy and in economically challenged regions of Canada.

British Columbia establishes its own tax rates. With respect to corporations, the highest combined federal and provincial tax rate for general corporations residing in British Columbia is approximately 27%. **Canadian controlled private corporations** (CCPCs) receive preferential tax treatment from both the government of Canada and the province of British Columbia on their active business income. In particular, the first \$500,000 of active business income earned by a British Columbia CCPC is taxable at a combined rate of only 11%. Any active business income above \$500,000 earned by the CCPC is taxable at the general corporate tax rate of 27%. However, investment income earned by a CCPC is taxed at a combined rate of 50.7%, of which 10 2/3% is refundable when certain dividends are paid out to the shareholders of the CCPC. This high rate of tax on investment income is to discourage the use of CCPCs as exclusively investment vehicles. To qualify as a CCPC, a corporation must generally be a private corporation that is incorporated in Canada and is controlled by Canadian residents.

For more information on federal corporate tax rates, visit:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-tax-rates.html>.

For more information on British Columbia corporate tax rates, visit:

<https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/tax-rates>.

Canadian subsidiary corporations

A subsidiary incorporated in Canada will be considered a Canadian resident for income tax purposes. It will be subject to Canadian income tax on its income earned anywhere in the world from any source, subject to a credit for foreign taxes paid on non-Canadian income.

The amount of income of the Canadian subsidiary that will be subject to Canadian income tax is generally calculated according to the **Canadian Generally Accepted Accounting Principles** (Canadian GAAP). Canadian GAAP requires public companies in Canada to prepare their financial statements in accordance with **International Financial Reporting Standards** (IFRS). On the other hand, private corporations in Canada have the choice of preparing their financial statements in accordance with IFRS, **Accounting Standards for Private Enterprises** (ASPE) or U.S. GAAP. Generally, the accounting framework chosen by a particular Canadian private corporation depends on what the financial statements are being used for and/or for whom they are being prepared.

Where a subsidiary corporation that is not a CCPC has a permanent establishment in British Columbia, the combined rate of federal and provincial tax imposed on its taxable income is generally 27%. The corporation will be eligible for a lower tax rate if it is a CCPC as CCPCs qualify for the **small business deduction**. As described above, a CCPC is a private corporation incorporated in Canada that is controlled by Canadian residents. In general, the small business deduction results in a reduced tax rate of 11% on the first \$500,000 of active income earned by a business carried on in Canada.

The fact that a foreign parent has a Canadian subsidiary carrying on business in Canada does not mean that the foreign parent itself will have to pay income tax in Canada (so long as the foreign parent does not have a permanent establishment in Canada). However, the after-tax profits of the Canadian subsidiary which are distributed to the non-resident parent by way of dividends will be subject to Canadian withholding tax of 25% (unless the rate is reduced by a tax treaty). For example, the Canada-Hong Kong Tax Treaty reduces withholding tax on dividends paid between companies to 5%.

Loans from the parent to the subsidiary corporation

Generally, interest on debt is deductible by a Canadian borrower if the interest is paid or payable pursuant to a legal obligation to pay interest on (i) borrowed money used for the purpose of earning income from a business or property or (ii) an amount payable for property acquired for the purpose of gaining or producing income from the property or for the purpose of gaining or producing income from a business. However, if a foreign parent loans money to its Canadian subsidiary, a portion of interest on the loan may not be deductible when calculating the Canadian subsidiary's income because of the **thin capitalization rules**. Briefly, the debt of the Canadian subsidiary (owing to the foreign parent or other non-resident affiliate) cannot exceed 1.5 times the equity (paid-up capital, surplus and retained earnings) of the Canadian subsidiary. If the debt is greater than 1.5 times the equity, the interest expense on the excess debt will not be allowed to be deducted.

Further, interest (other than participating debt interest) paid to a non-arm's length party (i.e., a foreign parent) is subject to a withholding tax of 25%. As previously mentioned, the withholding tax rate can be reduced or eliminated under an applicable tax treaty. For example, the Canada-U.S. Tax Treaty generally eliminates withholding tax on non-arm's length interest payments (other than participating interest). However, due to the thin capitalization rules, any interest expense on "excess debt" will be deemed to be a payment of a dividend (not interest) for the purpose of determining the Canadian subsidiary's withholding tax obligations.

The 2022 draft Canadian income tax legislation included a proposal to add additional rules concerning the taxation of excessive interest and financing expenses (EIFEL Rules). The EIFEL Rules will apply alongside the existing thin capitalization rules and limit, in certain circumstances, the ability of a corporation, trust or partnership to deduct interest expense. With the introduction of the EIFEL regime, Canada follows other jurisdictions in implementing a regime that is consistent with the recommendations in the Action 4 report of the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Action Plan. The EIFEL Rules will come into effect for taxation years beginning on or after January 1, 2024 and will limit the deduction of net interest expense to 30% of tax earnings before interest, taxes, depreciation, and amortization (EBITDA). There will be a transitional year beginning January 1, 2023 where the deduction of net interest expense will be limited to only 40% of tax EBITDA. As the legislation introducing the EIFEL Rules has not yet been formally adopted, there may be further changes to how the rules will be applied.

Transactions between a foreign parent and its Canadian subsidiary

For purposes of the Canadian Income Tax Act, a Canadian subsidiary does not deal at arm's length with its foreign parent. As such, the **transfer pricing rules** must be considered. The transfer pricing rules adjust taxable profits between non-arm's length parties in different countries to reflect arm's length pricing policies. In addition to the adjustment, penalties will be imposed for failing to reflect arm's length pricing policies and for failing to maintain appropriate documentation.

In general, transactions between non-arm's length parties should take place at fair market value in order to avoid double taxation and penalties. Further, foreign investors should ensure appropriate documentation is kept to evidence that any transactions with their Canadian subsidiary took place at fair market value and complied with the transfer pricing rules.

Canadian branch operations

A branch operation is an alternative to incorporating a Canadian subsidiary. As with a subsidiary, the income attributed to a branch operation is subject to Canadian income tax in much the same way as if it had been earned by a Canadian subsidiary. However, most of Canada's tax treaties with other countries generally provide that the business profits from a branch operation will only be taxable in Canada if they are attributable to a **permanent establishment** located in Canada. Therefore, provided the Canadian branch does not have a permanent establishment in Canada, the business profits earned in Canada should not be taxable in Canada. A permanent establishment includes branches, offices, agencies and any other fixed places of business.

An additional tax, commonly called the **branch tax**, may also apply to Canadian branch operations. Branch tax is

payable at the rate of 25% of the after-tax profits of the branch operations that are not reinvested in Canada. Branch tax is roughly equivalent to the withholding tax which would be payable on dividends paid by a Canadian subsidiary to its foreign parent. Branch tax is often reduced by tax treaties. For example, under the Canada-U.S. Tax Treaty, the first \$500,000 of after-tax profits not reinvested in Canada are exempt from branch tax and the tax rate on any excess after-tax profits is reduced to 5%.

A foreign entity should determine whether its own jurisdiction will permit a foreign tax credit for Canadian income tax payable, including branch tax, so as to avoid double taxation on income earned by the Canadian branch.

How to choose between a subsidiary corporation and a branch operation

A foreign entity that operates through a branch with a permanent establishment in Canada will be subject to Canadian taxation that is roughly equal to the taxation of a Canadian subsidiary. However, if the foreign entity does not have a permanent establishment in Canada and is resident in a country that has a tax treaty with Canada, that foreign entity can usually carry on business in Canada without paying Canadian income tax. See also the discussion below, [Working with distributors and selling agents](#).

Regardless of whether a non-resident decides to carry on business in Canada through a subsidiary or through a branch, federal and provincial (British Columbia) income tax returns will need to be filed, and the Canadian business must keep appropriate books and accounting records in Canada. This can be challenging if the Canadian branch of the non-resident corporation does not maintain its own distinct set of financial records.

On a long-term basis, many foreign entities choose to incorporate a subsidiary because it is a separate legal entity. This means that the foreign parent generally avoids the legal liabilities of its subsidiary. However, the foreign parent will not be able to use the start-up losses of its Canadian subsidiary to offset its income in its home jurisdiction.

Consequently, the foreign entity may initially use a branch so that it can offset its income against any start-up losses of the branch. Once the branch becomes profitable, the foreign entity may then transfer the branch assets, other than real property (land), to a Canadian subsidiary on a tax-free basis for Canadian purposes provided the appropriate tax elections are made. Tax counsel can assist in advising on taxes that may be triggered on a transfer. A 15% withholding tax is imposed on all payments made to non-residents in respect of services rendered in Canada. Therefore, non-residents planning to operate a service-based business in Canada generally incorporate a Canadian subsidiary as opposed to operating through a Canadian branch.

For more information on customs duties, see the discussion below under the section [Sales Tax](#).

How do joint ventures and partnerships work?

A foreign entity may choose to enter into a joint venture or a partnership with a Canadian individual or corporation to carry on a business or a particular activity in Canada. The Canadian tax consequences will depend upon the particular structure chosen. In addition, the foreign entity may choose to hold its interest in a joint venture or partnership directly (in which case the relevant considerations are equivalent to a branch operation) or through a Canadian subsidiary.

Joint venture participants have a well-defined separation of interests in, and ownership of, the property subject to the joint venture. As such, joint venture participants are usually only liable for their respective portions of the joint venture's expenses. The income, expenses and capital receipts and outlays of a joint venture are allocated to the participants in the joint venture who then compute their net income based on their own tax position.

Unlike a joint venture, **partnerships** do not require partners to contribute resources to the partnership unless otherwise agreed.

However, each partner is liable for all the expenses of the partnership (although, in the case of a limited partnership, limited partners are only liable to a limited extent). For income tax purposes, the income of a partnership is calculated as if the partnership were a separate entity, even though the income is taxed in the hands of the partners

after it is allocated to them.

Another option is for the Canadian entity and the foreign entity to form a **Canadian corporation**, with the shares owned in agreed proportions. In this case, the Canadian corporation will be taxable on its income as a Canadian resident corporation as explained in the section called, [Canadian subsidiary corporations](#). If the Canadian participants are at least equal partners in the Canadian corporation, the corporation may meet the definition of a CCPC and qualify for the small business deduction described above.

Working with distributors and selling agents

If the foreign entity is in a country with which Canada has a tax treaty, it may be able to have a broker or agent of independent status in Canada without triggering Canadian income tax or creating a permanent establishment. Therefore, the foreign entity may be able to enter into sales contracts to supply goods or services to Canadians without being liable for Canadian income tax.

To qualify as a broker or agent of independent status, the Canadian broker or agent must be independent of the foreign entity and cannot devote all or most of its efforts to representing the foreign entity or negotiate contracts in the foreign entity's name.

Some of Canada's tax treaties also allow a foreign entity to store products in Canada for the purpose of display or delivery, or to keep an office in Canada for the sole purpose of buying Canadian goods or collecting information without becoming liable for Canadian income tax.

Depreciable property

If a business acquires depreciable property (e.g., a building, furniture or equipment), it cannot deduct the entire cost of the purchase immediately; rather, the business can deduct or amortize the cost over several years. This deduction is called a **capital cost allowance** (CCA). Real property (land) is not considered depreciable property for Canadian tax purposes and, therefore, the cost to acquire real property cannot be deducted or amortized.

The following are some of the more common categories of depreciable properties:

Class	Rate	General Description
1	4%	buildings, including component parts, such as air-conditioning equipment, heating equipment and elevators;
8	20%	property that is not included in another class (e.g., manufacturing equipment, appliances and most furniture);
10	30%	automotive equipment (including automobiles costing \$30,000 or less) and Canadian film or video production;
10.1	30%	passenger vehicles costing more than \$30,000; and
12	100%	computer application software and small tools costing less than a prescribed amount.

Taxes on equipment

You may have to pay income tax or sales tax when you buy certain equipment.

If your business acquires depreciable property (equipment), you cannot deduct the entire cost of the purchase; rather, the business is required to deduct or amortize the cost over several years. This deduction is called a **capital cost allowance** (CCA). The CCA deduction is optional. If a person claims the CCA deduction, it will reduce the amount of their income tax payable.

If you are importing equipment into Canada and have paid **Goods and Services Tax** (GST) on such equipment, you can claim an input tax credit if such equipment is used in your business activities in Canada. Input tax credits essentially allow businesses to receive refunds on the GST owing on business assets. See [Establishing or Acquiring a Business: Sales Tax](#).

British Columbia Provincial Sales Tax (PST) exemptions are also available when purchasing or leasing certain types of machinery or equipment used in manufacturing goods. To claim this type of exemption, a buyer will need to complete certain certificates of exemption and provide them to the seller at or prior to the time of closing. Further, real property is exempt from PST. Therefore, depending on the affixation of machinery and equipment to a building, such assets may be considered real property and be exempt from PST on that basis.

Taxation of electronic commerce

In theory, businesses conducting operations through the use of electronic commerce (e-commerce) should be taxed in a similar manner as businesses operating out of fixed premises; however, in practice, this has been hard for Canada (and many other countries) to regulate. This is because under most bilateral tax treaties, a country is generally entitled to tax only those business profits of a **foreign multinational enterprises** (MNE) if the MNE has a subsidiary or “permanent establishment” in their country. This concept of taxation was designed for traditional bricks-and-mortar businesses and does not easily translate to e-commerce business structures.

International tax reform and the digital services tax

Canada, along with the other members of the Organisation for Economic Co-operation and Development Group (OECD), agreed to implement a two-pillar plan for international tax reform on October 8, 2021. Pillar 1 seeks to reallocate jurisdictional taxing rights over a prescribed portion of multinational profits (i.e., a portion of MNEs' income that is above a certain threshold will be taxed in Canada to the extent their users and customers are located in Canada). Pillar Two is intended to ensure that the profits of large MNEs are subject to an effective tax rate of at least 15%, regardless of where they are earned.

On December 14, 2021 the federal government released draft legislation to implement a digital services tax (DST). The Canadian DST is not expected to apply if a multilateral Pillar One agreement is reached by the end of 2023. The federal government prepared the draft DST legislation as an alternative if no such agreement is reached. The DST will be a 3% tax on Canadian-source revenue relating to digital services in excess of \$20 million earned by an individual entity or consolidated group with at least €750 million in global revenue.

Canada's expectation is that its work with the OECD, the G20 and members of the Inclusive Framework will result in a consensus on a new right to tax under the OECD's Pillar One proposals for countries where multinational corporations are providing digital and certain other consumer-facing services to consumers. A high-level agreement on Pillars One and Two was reached in Fall 2021 by 137 countries.

In addition to being taxed on their income under Pillar One and Pillar Two as described above, foreign e-commerce providers may also be subject to GST and PST on their digital sales in British Columbia. This is discussed in more detail below.

Sales tax

Canada has a tax on goods and services

In British Columbia, sales tax is administered both by the province and the federal government. The Government of British Columbia collects the **Provincial Sales Tax** (PST) and the federal government collects **Goods and Services Tax** (GST).

The GST is a form of **value-added tax** imposed on most goods and services supplied in Canada and is currently 5%. Certain supplies of goods and services (described as “zero-rated” supplies) are subject to 0% GST (e.g., exported goods and services, prescription drugs, medical devices and basic groceries). Other supplies (described as “exempt” supplies) are wholly exempt from GST (e.g., used residential property, health care services, educational services and most financial services).

Generally, everyone who buys or receives Canadian goods or services must pay GST and everyone who supplies the Canadian goods or services must collect GST from the buyer and remit the GST to the government of Canada. To collect and remit GST, a supplier must be registered for GST with the government of Canada.

For more information on the GST including instructions on registering a GST account, please visit: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses.html>.

The PST is an additional tax of 7% which applies to most purchases of tangible personal property and certain services; however, the PST typically does not apply to goods acquired for resale and does not apply to any intangible assets.

As of 2021, any person (regardless of where they are located) who sells software or telecommunication services to a person in British Columbia is required to register and comply with the British Columbia PST legislation if their annual revenues from British Columbian residents exceed \$10,000 in a given year. In addition, any person located in Canada, but outside British Columbia, who accepts orders for PST-taxable goods from persons in British Columbia and delivers the goods to British Columbia must be registered for (and charge and collect) PST on such sales if their annual revenues from British Columbian residents exceed \$10,000.

For more information on the PST including instructions on how to register for the PST, please visit: <https://www2.gov.bc.ca/gov/content/taxes/sales-taxes/pst>.

Does GST apply to imported goods and services?

The GST applies to goods and services that are imported into Canada unless that item is specified as a “non-taxable importation” (e.g., prescription drugs). GST must be paid on the **duty-paid value** of the goods (which is the value for duty of the imported goods, plus the applicable customs duty) and is collected when the goods enter Canada. Goods exported from Canada are not generally subject to GST.

Are there any tax credits?

GST is intended to be a **consumption tax** (i.e., a tax paid by the final consumer). Therefore, businesses carried on in Canada and importers that register for GST (called registrants) are eligible to claim a refund for GST paid on goods and services purchased in the course of their commercial activities. This refund is called an “input tax credit” and it applies to virtually all business purchases except those in relation to the supply of financial services (including insurance). As most registrants in the production and distribution chain are able to claim an input tax credit (and thereby receive a refund of GST paid on imports and domestic purchases of goods and services), the final consumer is the only one who bears the burden of paying GST in Canada.

GST and PST on e-commerce and digital sales

Non-resident sellers supplying digital products or services (such as online subscription-based video streaming or more traditional services such as legal and accounting services) to consumers in Canada are required to register for GST and collect and remit the tax on their taxable supplies to Canadian consumers. In addition, digital platform operators are required to register for GST purposes and collect and remit the tax on the supplies to Canadian consumers that are facilitated through the platform. GST also applies in respect of the supply of short-term accommodation in Canada facilitated through a digital accommodation platform.

Canadian and foreign providers of software and telecommunications services may be required to collect and remit PST from all sales to customers located in British Columbia if their annual sales to British Columbian residents exceeds \$10,000. Non-resident sellers can register to collect and remit PST online using [eTaxBC](#), or by completing Form FIN 418 - Application for Registration for PST. Once registered, non-resident sellers must charge and collect PST on the sale of software or telecommunication services to British Columbia customers unless a specific exemption applies.

Personal income tax

Who has to pay income tax in Canada?

A person who moves to Canada to work may have to pay income tax in Canada if they become a **resident** of Canada.

Canadian residents must pay tax on their income earned from all sources, anywhere in the world. The term “income” includes:

- employment income;
- business income;
- income from property; and
- one-half of realized capital gains (net of realized capital losses).

Employment income includes an employee’s salary or wage plus the value of most employee benefits including housing, automobiles, low-interest or interest-free loans, stock options, profit-sharing plans, and insurance benefits.

If a person becomes resident in Canada part way through the year (or leaves Canada part way through the year), they only have to pay income tax in Canada on the portion of their worldwide income earned while they were resident in Canada that year. However, when a person emigrates from Canada, they may be subject to a “departure tax” where, among other things, they are taxed on any unrealized capital gains arising from the increase in value of certain capital property held while that person was resident in Canada.

Non-residents of Canada pay tax only on Canadian employment income, business income, and gains arising from the disposition (sale or transfer) of taxable Canadian property. Certain exemptions from Canadian tax may be available to non-residents depending on their country’s tax treaty with Canada.

For more information, visit: <https://www.canada.ca/en/services/taxes/income-tax.html>.

For information to determine residency status for tax purposes, refer to: <https://www.canada.ca/en/revenue-agency/services/tax/international-non-residents/information-been-moved/determining-your-residency-status.html>.

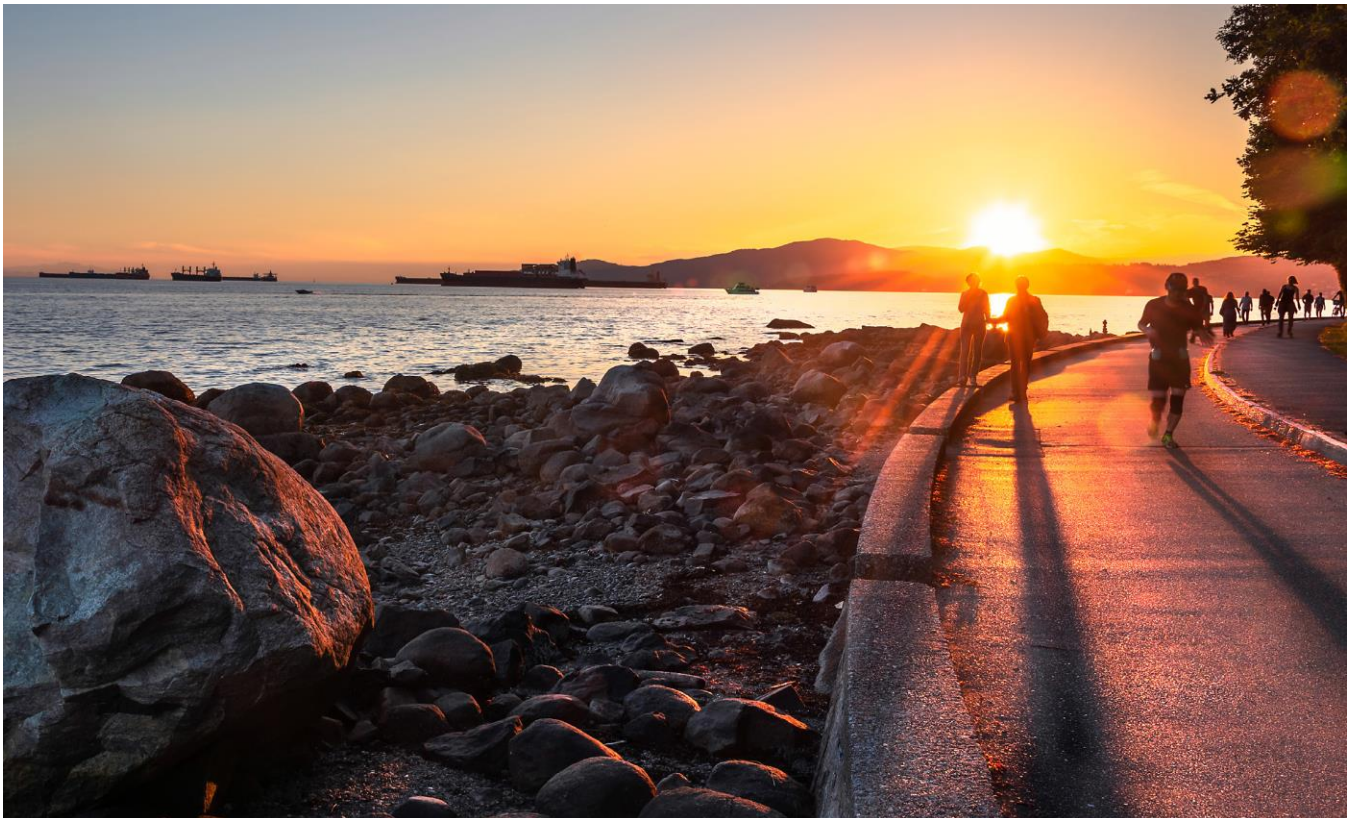
Federal and provincial income tax rates

With respect to individuals, Canada and the Government of British Columbia impose a progressive rate tax structure. This means the amount of income tax that an individual is required to pay increases as their amount of taxable income increases. In general, the tax brackets used to calculate provincial tax are similar to the tax brackets used to calculate federal tax.

As of 2022, the basic federal income tax rates range from 15% to 33% (excluding any surtaxes (an additional tax levied as a percentage of the income tax amount)). For more information, visit: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/canadian-income-tax-rates-individuals-current-previous-years.html>.

In addition to federal income tax, British Columbia imposes its own income tax on all persons who are residents of British Columbia on December 31 of the particular year. As of 2022, British Columbia's income tax rates range from 5.06% to 20.5%. For more information, visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/personal/tax-rates>.

The combined income tax rate ranges from 20.06% to 53.5% depending on a British Columbia resident's income level. The rate of 53.5% applies to income earned by an individual in excess of \$227,092 (i.e., the highest tax bracket). This rate may be subject to change in the future.



PUBLIC COMPANIES

Raising capital through equity financing

A company may want to raise capital through equity financing instead of debt financing. Equity investments in **private companies** are generally made by people involved in the business or by certain investment companies which are less “risk averse” and which have been established to provide merchant banking, mezzanine financing, or venture capital investments for start-up and early-stage corporate ventures.

For **public corporations**, equity financing is achieved by offering shares to the public or by using a private placement exemption under securities legislation. In either case, companies that issue securities must follow registration and prospectus legal requirements.

Are there federal securities laws?

Although some have been proposed, there are no federal laws that apply generally to securities transactions in Canada; securities laws of general application are created by each province.

Although the Canada Business Corporations Act (CBCA) contains rules about **insider trading**, those rules apply only to companies incorporated under the CBCA. The CBCA is not a comprehensive regulatory scheme for the distribution of securities.

The federal Bank Act sets out rules about insider trading and distribution of securities of chartered banks. The federal Trust and Loan Companies Act sets out similar rules about federally chartered trust and loan companies.

Who regulates securities in British Columbia?

Each province of Canada has its own securities legislation and its own securities regulator. However, while the laws are not yet uniform among the provinces, the basic concepts are the same. In addition, Canadian provincial securities regulators co-ordinate their regulatory initiatives through a national organization known as the Canadian Securities Administrators (CSA) to ensure a certain degree of consistency across the country. Information about the CSA can be found on its website: www.securities-administrators.ca.

In British Columbia, the relevant legislation is the Securities Act. The Securities Act is administered and enforced in the province by the British Columbia Securities Commission (BCSC). The objective of the BCSC is to protect the investing public, the integrity of the market and the confidence of investors. More information about the BCSC can be found on its website: www.bcsc.bc.ca.

How does British Columbia monitor securities?

The Securities Act regulates securities in the province. It does this principally through:

- Registration requirements. Participants in the capital markets who **trade** in securities, **underwrite** securities or **give advice** about investing in securities must be **registered**. There are some exemptions for certain types of trades and securities.
- Disclosure Requirements. Securities issuers are required to disclose information to ensure that investors have adequate information on which to base their investment decisions. There are prospectus disclosure requirements and continuous disclosure requirements.
- Take-over bid and issuer bid requirements. These govern acquisitions of significant interests in public companies and acquisitions by companies of their own securities.
- Enforcement powers and remedies. The BCSC has the authority to impose penalties for those who breach securities laws.

More information on securities laws in British Columbia can be found on the BCSC website: www.bcsc.bc.ca/resources/securities-laws-basics/overview-of-bc-securities-laws.

Restrictions on issuing securities

The BCSC requires you to prepare a preliminary prospectus and a final prospectus before there is a **distribution** of securities. In general, a distribution includes a trade in securities that have not been previously issued, a trade in previously issued securities from a “control block” and trades in previously issued securities that are subject to certain resale restrictions.

A **prospectus** is a comprehensive disclosure document about the affairs of the company and the details about the securities being distributed. It must be prepared according to British Columbia securities laws.

There are some exemptions to the requirement for a prospectus. National Instrument 45-106 – Prospectus Exemptions creates a national set of exemptions (with a few differences in each province), such as exemptions for accredited investors, employees and private issuers.

There are continuous disclosure requirements

In British Columbia, public companies that are **reporting issuers** must promptly report any material changes in their business affairs and prepare quarterly interim and comparative annual financial statements with notes (management discussion and analysis of financial condition and results of business). Reporting issuers must also file an annual information form, which provides more analysis and background material about the business. Any person who solicits proxies from voting shareholders of a reporting issuer must provide an information circular to those shareholders.

More information on continuous disclosure obligations can be found at the BCSC website:
www.bcsc.bc.ca/industry/issuer-regulation/continuous-disclosure-obligations.

Further information can be found on the following websites:

- Securities Act, [RSBC 1996] c. 418:
www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/00_96418_01
- National Instrument 45-106 – Prospectus Exemptions: www.bcsc.bc.ca/-/media/PWS/New-Resources/Securities-Law/Instruments-and-Policies/Policy-4/45106-NI-January-7-2022.pdf
- Toronto Stock Exchange and TSX Venture Exchange: www.tsx.com.

PURCHASING LAND FOR BUSINESS

Commercial and industrial land acquisition

The Canadian Bar Association, British Columbia Branch, and the British Columbia Real Estate Association publish a standard form of contract of purchase and sale for commercial real estate, but that contract does not contain many of the representations and covenants considered market for B.C. commercial real estate transactions. Experienced legal counsel can prepare and negotiate an offer to purchase or agreement of purchase and sale that incorporates appropriate protections for a buyer, and addresses concerns or terms that are specific to the deal (such as holdbacks or special post-closing obligations), to the parties (such as with respect to withholding tax obligations) or to the land (such as with respect to commercial tenants, the buyer's application to the relevant municipality with respect to rezoning or redevelopment, or environmental liabilities). Typically, the buyer's lawyer will prepare the form of contract, although if the seller wishes to solicit multiple bids on the property it might prescribe a form of contract for buyers to adapt and submit as part of its bidding process.

Typically, a transaction for the purchase and sale of land in British Columbia will proceed in the following steps:

- **Entering into a contract.** The parties negotiate and enter into a contract for the purchase and sale of the land. Commonly, a deposit is payable on execution of the contract.
- **Fulfilling and waiving conditions precedent.** The parties will then proceed to fulfill any conditions which must be fulfilled or waived by a party before it becomes obligated to complete the transaction. Common purchaser conditions precedent include a due diligence condition (so the purchaser can investigate various matters relating to the land, including title, boundaries, zoning, encumbrances, environmental condition, etc.) and a financing condition.
- **Closing.** On the closing date, the parties will, file an application to transfer title to the land with the Land Title Office and the purchaser will pay property transfer tax (discussed further below).

What is the Agricultural Land Reserve (ALR)?

Land acquired in the Agricultural Land Reserve (ALR) – a provincial zone in which agriculture is recognized as the priority use – is subject to certain restrictions. Landowners should be aware of the activities that may or may not be permitted within the ALR. The ALR protects approximately 4.6 million hectares of agriculturally suitable land across B.C. and is regulated by the Provincial Agricultural Land Commission (ALC).

In general, agricultural and farming uses are permitted in the ALR with a number of compatible other uses. Updates to the Agricultural Land Reserve Use Regulation identify **vertical farming** (i.e., crop production in vertically stacked layers to maximize space) as an allowable use on the ALR. The option for vertical farming is intended to help increase local food supply while reducing energy costs and emissions.

For more information on the ALR and the ALC, visit:

<https://www2.gov.bc.ca/gov/content/industry/agriculture-seafood/agricultural-land-and-environment/agricultural-land-reserve/the-agricultural-land-reserve>.

Owning land

Land in British Columbia can be owned as a freehold interest or leasehold interest. A **freehold interest** is the greatest interest that an owner can hold in land.

A **leasehold interest** is an interest in land whereby the registered owner grants to a lessee (or tenant) an exclusive right to use and occupy land for a fixed period of time pursuant to a lease, and is therefore subject to such additional obligations set out in that contract. A ground lease is a lease with a relatively long initial term (for example, 40-99 years) where the lessee might build and retain ownership of the improvements and buildings on the land until the expiry of the term. Such arrangements are sometimes used for residential developments in British Columbia on lands owned by a municipality or an institution like a university.

Individuals and companies, whether incorporated in British Columbia or a foreign jurisdiction, can own private land in British Columbia. A partnership cannot be the registered owner of land in British Columbia, although a general partner can take registered title to land as a partnership asset, or any form of partnership can take beneficial title to land in British Columbia where a nominee (typically a company) holds the land in trust for the partnership. The bare trust is a relatively common structure used to separate legal and beneficial title to commercial real estate in British Columbia.

Commercial leasing

A foreign investor wishing to conduct business in British Columbia may require physical premises to conduct business operations, and will enter into a lease with the landlord, commonly on the landlord's standard form. Key terms that are commonly negotiated might include the rental rate, term, permitted use, early occupancy for the purpose of preparing the premises for the tenant's business, tenant inducements to lease and any special terms such as a right of first refusal to lease or restrictive covenant.

Freehold title to land in British Columbia is subject, among other statutory exceptions to indefeasible title, to unregistered leases for a term not exceeding three years if there is actual occupation under the lease, and registered lease charges. Notwithstanding this statutory provision, many landlords resist registration of leases on title to their land; exceptions can include where the lease has a long term, or where a tenant has increased bargaining power.

If a lease to be registered on title to land in British Columbia has a term that exceeds 30 years in total, property transfer tax will be payable on registration. If a lease to be registered on title to land in British Columbia has a remaining term of more than 10 years, then under the Land Owner Transparency Act the tenant is obligated to concurrently make certain filings disclosing information about individuals deemed to have, or have control over, a significant interest in the lease.

In British Columbia, a property owner is not permitted to subdivide land into smaller parcels than those of which it is the owner for the purpose of leasing it for a term exceeding three years. This restriction does not apply to leases of a building or part of a building. However, such a lease is not necessarily unenforceable as between landlord and tenant.

Ownership includes interests registered against the land

An owner of land holds title to that property subject to encumbrances registered against title to the property in favour of third parties, which can constitute obligations or restrictions binding a landowner. Common encumbrances include mortgages, statutory rights of way, leases, development-related covenants and builders' liens.

Who owns the land?

Land can be held by two or more persons concurrently. Where there are two or more owners of a parcel, they may hold the land as joint tenants, or as tenants-in-common.

In a **joint tenancy**, all the owners have a joint, equal and undivided interest in the land. When one owner dies, that owner's interest in the land passes to the remaining joint tenant(s). This is known as the **right of survivorship**. Joint tenancies are common among spouses. A joint tenancy may be changed to a tenancy-in-common.

In a **tenancy-in-common**, the owners have a separate interest in the land, which may be held in equal or unequal portions. Upon the death of one of the owners, his or her interest in the property passes according to his or her estate. Each tenant-in-common may sell or mortgage his or her interest in the property independently of the other owner's interest.

How do you register land ownership in British Columbia?

The British Columbia land title system, based on the Torrens registry system, is one of the best in the world for assuring ownership of land. It is based on the principles of indefeasibility, registration and assurance.

When a purchaser becomes the registered owner of land in British Columbia, that constitutes conclusive evidence at law that it has indefeasible title to that land, subject to certain statutory exceptions, such as reservations in the Crown grant and governmental expropriation rights. Its ownership is not voidable or subject to defeat due to historical defects in the chain of title to the land.

British Columbia has established an assurance fund to compensate property owners for landowners that are victim of a title registration error or title fraud.

On an application to register a transfer of title to land in British Columbia, the purchaser must file what is called a "transparency declaration" with the Land Owner Transparency Registry (LOTR), confirming whether the purchaser is required under the Land Owner Transparency Act to make disclosure of the identity and certain information about the ultimate natural individuals defined by statute to have, or have control over, a significant interest in the land (known as interest holders), and if so, it must concurrently file a "transparency report" containing such disclosure. Among other things, the information to be disclosed about interest holders includes: name, whether the individual is a Canadian citizen or permanent resident of Canada (and if not, every country or state of which the individual is citizen), date of birth, address, social insurance number, if any, and tax residency status in Canada. Much of this information is not publicly accessible, but the public is able to search the LOTR database by legal description of land (known as a parcel identifier), and by name of individuals. This statutory disclosure scheme is intended to eliminate hidden ownership of land in British Columbia. For more information on LOTR, visit: <https://landtransparency.ca/>.

Financing options

A purchaser seeking to buy land may require a loan to finance its purchase, whether from an institutional lender such as a bank or credit union, or a private lender. To finance the acquisition of commercial property, a lender will commonly also register an assignment of rents derived from the property in addition to a mortgage and take a security interest in personal property of the borrower, among other things. Where a lender takes a security interest in personal property, it will typically register that security interest in the British Columbia Personal Property Registry pursuant to the Personal Property Security Act.

Multiple mortgages may be registered on title to land, and priority among the lenders will be determined by time of registration, unless otherwise agreed among them.

If a borrower defaults on a loan, the lender may elect to enforce on its mortgage through foreclosure proceedings. A court has discretion to fix the length of the redemption period (that is, the period in which the borrower may redeem the mortgage by paying the amount owed including interest and costs), but in British Columbia the usual redemption period is six months. As part of the foreclosure proceedings, a lender will usually file a certificate of pending litigation against title to the mortgaged land.

Paying taxes on land

When real property (land) is purchased in British Columbia, the buyer will be required to pay a property transfer tax unless an exemption applies. In general, the rate is 1% on the first \$200,000 of the fair market value of the real property up to and including \$200,000, 2% of the fair market value greater than \$200,000 and up to and including \$2 million and 3% of the fair market value greater than \$2 million. Further, if the property includes a residential property worth over \$3 million, a further 2% tax will be applied to the residential property value greater than \$3 million. The most common exemptions for property transfer tax include purchases by first time homebuyers, purchases of newly built homes and transfers upon death of a joint tenant to the surviving joint tenant. The British Columbia Property Transfer Tax Act contains a full list of the exemptions to the property transfer tax, and additional information about exemptions is available here:

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/exemptions>.

In addition to the general property transfer tax, foreign nationals and foreign corporations must also pay additional property transfer tax of 20% on their proportionate share of a residential property's fair market value if the property is within a specified area of British Columbia (e.g., Metro Vancouver Regional District). There are certain exemptions from this additional property transfer tax if you are a confirmed BC Provincial Nominee or if you are acquiring a property on behalf of a Canadian-controlled limited partnership. However, these exemptions are not available in all circumstances.

Foreign investors looking to purchase real property in British Columbia should consult legal counsel to determine whether any of these exemptions apply. For more information about this additional property transfer tax, visit: <https://www2.gov.bc.ca/gov/content/taxes/property-taxes/property-transfer-tax/additional-property-transfer-tax>.

GST also applies to the transfer of most types of property, including commercial property, newly constructed residential housing and substantially renovated residential housing. However, there is an exemption for the purchase and sale of used residential property. The federal Excise Tax Act sets out in detail the type of property and transactions that are exempt from GST and any rebates that may be available.

In addition to property transfer tax and GST, all municipalities within British Columbia charge owners of land **annual property taxes**, which are based on the assessed value of the land and buildings on the land. You can search the applicable municipal government website for current tax rates. The "assessed value" of land and buildings is determined by BC Assessment, an agency that is independent of the municipality. For more information, please visit: <https://www.bcassessment.ca/>.

What happens if a non-resident sells land?

If a **non-resident** of Canada sells land in Canada, the Income Tax Act (Canada) requires the withholding and remittance of income taxes. Whether a person is a resident of Canada is a question of fact and can require an extensive analysis. However, generally, a person is a resident of Canada if they have significant residential ties to Canada (e.g., a home, spouse and/ or dependants in Canada). A person can also be deemed to be a resident of Canada if they visit/stay in Canada for more than 183 days in a given calendar year.

If the seller of Canadian real estate is a non-resident of Canada, the non-resident seller must provide the buyer with a **Clearance Certificate** from the Canada Revenue Agency showing that the seller paid all the income taxes owing on the sale. Refer to section [What taxes do you pay if you buy or sell shares?](#) above for more information.

Industrial and commercial developments

In British Columbia, local governments including municipalities and regional districts have general authority to regulate land use through zoning bylaws. A local government can divide the municipality or regional district into zones and prescribe different permitted uses within each zone, including the density of the use of land and buildings; the siting, size, and dimension of structures on the land; the location of uses on the land; and different standards of works and services provided. A foreign investor wishing to establish a business in British Columbia can consult local zoning bylaws to confirm that the business is a permitted use at a particular location.

Local governments also regulate the development and subdivision of land within their jurisdiction. Property owners wishing to undertake construction or renovations on their land may need to apply for and obtain development permits and building permits from the municipality, and ensure building construction, alterations, or repairs comply with provincial regulations such as the British Columbia Building Code, which establishes building health and safety standards. Post-construction, inspections and occupancy permits may be required.

A developer might apply to rezone land for a use not permitted under zoning bylaws, which requires community support, public hearings and rezoning enactment by council. Developers can consult any regional growth strategies or official community plans applicable to a parcel of land to understand the broad vision and policy framework adopted by a municipality for that area. As a condition of granting approvals, a local government will commonly require a developer to contribute to community amenities, and place specific restrictions on the development process in agreements that can be registered on title to the land.

BUYING EQUIPMENT

Buying or leasing equipment

Equipment is personal property (as opposed to land, which is called real property). Your business can acquire equipment in British Columbia in a number of ways, including:

- buying (purchasing);
- financial leasing; and
- regular leasing.

When you **buy** equipment, it becomes your property as soon as the transaction is complete. Most equipment purchases are financed with a loan from a financial institution, such as a bank or credit union.

You can lease equipment for a set period of time, with an option to buy the equipment at the end of the time period. This is called **financial leasing**. There may be some tax or accounting advantages to this arrangement because all the leasing costs can be charged to your business's operating expenses. Financial leasing is generally more expensive than buying the equipment.

Your business can make regular lease payments in exchange for your continuing right to use the equipment (called **regular leasing**). Your business never owns the equipment and there is no obligation to buy the equipment at the end of the lease term. Leasing costs are charged to the business's operating expenses. This is the best option if you are using technology equipment that changes rapidly or if you require the equipment for a short period of time.

You will have to give security for the equipment

If you cannot buy the equipment outright, the leasing company (lessor) that you lease the equipment from, the financial institution that will finance your purchase, or the equipment seller who provides financing for your equipment purchase will all require your business to grant a **security interest** in the equipment. A security interest is a lien (charge) against the equipment that allows the lessor, financial institution or seller to take back the equipment if your business does not pay its loan or lease payments.

Personal property security in British Columbia

In Canada, each province has authority over security interests in personal property located in the province. In British Columbia, the Personal Property Security Act (PPSA) applies to security interests. The PPSA has rules for all forms of security granted by those who owe money (debtors) against personal property. The PPSA uses an online registration system called the Personal Property Registry (PPR) that records and provides notice of security interests to people who deal with a debtor and the debtor's personal property.

To ensure that a security interest is enforceable against third parties, the security interest must be "perfected", which can be done by registering a 'financing statement' in the PPR, or by taking possession of the collateral in which they have a security interest. The general rule is that the first person to perfect its interest will have priority over other security interests.

For more information, visit: <https://www2.gov.bc.ca/gov/content/employment-business/business/managing-a-business/bc-registry-services-personal-property-registry>.

Special types of security for banks

Canadian chartered banks have a special form of security they can take under the federal Bank Act. For some kinds of businesses that want to borrow money (manufacturers, shippers, wholesale and retail buyers, and dealers in farm, mine and sea products), the bank can take security over their inventory and other property (such as receivables generated from sales). Bank Act security is effective throughout Canada.

Other laws may apply

Other laws may be relevant to financing of equipment. For example, there are special laws which prohibit transfers of property that are intended to avoid creditors (called fraudulent conveyances), and special lien laws that provide protection to those who repair personal property.

Canadian bankruptcy law recognizes the rights of those who have taken security under provincial laws, but their rights may change once a company is bankrupt.



HIRING EMPLOYEES

Labour and employment

In Canada, the term **labour relations** refers to situations involving trade unions. The term **employment relations** refers to employment relationships that do not involve trade unions.

Labour and employment relations are, for the most part, governed by the laws of the province in which an employee works. Federal laws mainly apply to **federal works or undertakings**, which include, for example, interprovincial transportation, telecommunications and banking. The Canada Labour Code applies to these types of businesses. See the Canada Industrial Relations Board website at www.cirb-ccri.gc.ca for more information.

All other businesses are provincially regulated and have similar provisions. This section gives you information about British Columbia's labour and employment laws.

A list of resources for the employing and hiring of workers in British Columbia may be found at the Province of British Columbia website at www2.gov.bc.ca/gov/content/employment-business/employers/hiring-employees.

Employment law in British Columbia

In British Columbia, the Employment Standards Act sets out minimum standards of compensation and conditions for employment. While employers and employees are free to negotiate the terms of their employment agreements, the minimum standards and protections in the Act must be met, including with respect to:

- payment of wages
- minimum wage (refer to the [Government of B.C. website](http://www2.gov.bc.ca/gov/content/employment-business/employment-standards-advice/employment-standards) for the current minimum wage)
- restrictions on working hours
- overtime
- statutory holidays
- vacation and vacation pay
- record-keeping
- termination
- leaves of absence

More information about employment standards can be found at the British Columbia Employment Standards Branch's website www2.gov.bc.ca/gov/content/employment-business/employment-standards-advice/employment-standards.

New employers in almost all industries must register with WorkSafeBC and make payments to a fund for employees who are injured at work. For more information, visit: <https://www.worksafebc.com/en>.

The employer health tax is an annual tax on an employer's B.C. remuneration paid to employees and former employees. For more information, visit: <https://www2.gov.bc.ca/gov/content/taxes/employer-health-tax/employer-health-tax-overview>.

Further information on public health insurance, coverage for prescription drugs and other services provided by the B.C. Ministry of Health is available at: <https://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/ministries/health>.

Trade unions in British Columbia

The British Columbia Labour Relations Code regulates collective bargaining between employers and trade unions as representatives of non-managerial employees. Although the construction industry is organized according to traditional crafts or trades, general industry employees and provincial government employees are typically organized by job function or employer.

An employer can have more than one bargaining unit in a single business.

How trade unions are set up

Trade unions have considerable freedom to **organize employees**, and employers have limited rights to interfere or oppose the union. According to Statistics Canada, approximately 31% of employees in British Columbia were unionized in 2021. However, the unionization rate of private sector employees in B.C. was 14.4% in 2021 according to the same source.

If a union is certified, it has the absolute right to be the **bargaining agent** for all employees in that bargaining unit. The employer and the individual employees, therefore, do not have the right to make individual contracts of employment.

Trade unions require collective bargaining

If a trade union is certified, the employer must bargain in good faith with the union in an attempt to reach a collective agreement. Poor bargaining by the employer or the union may result in the case being taken to the Labour Relations Board.

Laws on work stoppages

Work stoppages such as strikes and lockouts are generally not allowed during the term of a collective agreement and during negotiations leading up to an agreement. If the negotiations do not result in a collective agreement, members of the bargaining unit may start strike action, or the employer may start lockout procedures.

Peaceful picketing is allowed and replacement workers cannot be hired.

Arbitration and dispute resolution

During the term of a collective agreement, all disputes between the union and the employer, including employee discipline and discharge, have to go through a **grievance procedure** and, if not settled, to binding arbitration.

There is a limited right of appeal to the Labour Relations Board and to the British Columbia Court of Appeal. In typical cases, the court will only review an arbitrator's decision if the arbitrator exceeded his or her jurisdiction or interpreted the collective agreement in an unreasonable way.

More information about labour relations in British Columbia can be found at the Labour Relations Board's website: www.lrb.bc.ca/.

British Columbia protects human rights

The British Columbia Human Rights Code **prohibits discrimination** on the basis of many grounds, including race, religion, sex, sexual orientation, age, and physical and mental disability. An employer cannot specify employee qualifications that tend to discriminate against potential employees unless the employer can prove that the qualification is a real occupational requirement. The employer must show that the needs of an individual cannot easily be accommodated.

The Human Rights Tribunal oversees human rights legislation. More information about human rights can be found at the Tribunal's website: www.bchrt.bc.ca.

Employment considerations when acquiring an existing business

The above summary outlines the various labour and employment law issues when **starting** a new business in British Columbia, but also be aware of **successor rights and liabilities** if you are **buying** an existing business in British Columbia.

Labour relations legislation creates a very wide definition of a **sale of business**. Buyers of a substantial part of a business' assets, a lease, or even a purchase from a trustee in bankruptcy, may have to accept existing collective agreements.

Whether the business has unionized employees or not, the buyer can find out if there are outstanding employee lawsuits, grievances, Labour Relations Board complaints, human rights complaints, WorkSafeBC claims or health and safety orders which could affect the ongoing business.

An employee's years of service are deemed by statute to continue with the new employer. Calculation of an employee's entitlement to notice on termination without cause (which may involve a calculation of the employee's years of employment) is important if the buyer of an existing business wants to end the employment of some or all of the existing employees.



IMMIGRATION - Accessing International Talent in Canada

Canadian immigration policy

Canada has a welcoming stance on immigration, admitting over 400,000 new permanent residents in 2021, which is more than 1% of Canada's total population. Nearly half of all new permanent residents immigrate under one of Canada's economic classes that are designed to attract international skills and talent, meeting the needs of industry, and ensuring Canadian businesses remain globally competitive.

The Government of Canada has sole authority over immigration programs and regulations. However, British Columbia, along with each province, has an agreement with the federal government to select economic immigrants that meet B.C.'s labour market needs (see section on [The British Columbia Provincial Nominee Program](#) for details).

You can find more information about immigration to Canada at these agencies' websites:

- **Immigration, Refugees and Citizenship Canada (IRCC):** www.canada.ca/en/immigration-refugees-citizenship.html. The IRCC website has definitions for many of the terms that are highlighted in this chapter.
- **Canada Border Services Agency:** www.cbsa-asfc.gc.ca
- **Employment and Social Development Canada:** www.canada.ca/en/employment-social-development.html

Under Canadian immigration law, a citizen of a country other than Canada is called a **foreign national**. Foreign nationals are not entitled to work in Canada unless they are **permanent residents** of Canada or they are authorized to work under Canada's immigration law. In most cases, a **work permit**, which is a written authorization to work in Canada, is required.

In Canada, **work** is defined as any activity for which a person is paid wages or earns a commission, or an activity that is in direct competition with the activities of Canadian citizens or permanent residents in the Canadian labour market (Immigration and Refugee Protection Regulations, s. 1). An activity may be considered work even if the foreign national is paid from a source outside of Canada.

Ownership or **control** of a Canadian business does not include the right to hire citizens of a country to staff the business. Although the **Canada-United States-Mexico Agreement** (CUSMA) gives some greater flexibility to American and Mexican companies, American and Mexican citizens, as well as other foreign nationals wanting to work in Canada, must meet the criteria set out in Canada's immigration law.

Canada's immigration law allows Canadian employers to hire foreign workers needed for the effective functioning of the Canadian labour market. Employers must show that they have made reasonable efforts to hire or train Canadian citizens or permanent residents. The reason for this policy is to limit the negative impact on work opportunities for Canadians.

Federal immigration programs

Temporary workers

Foreign nationals who are coming to Canada temporarily to work for a Canadian employer (or to produce goods or provide services) usually require a work permit. IRCC issues work permits for specific periods of time, ranging from a few months to three years. Work permits often contain conditions, such as type of work, employer and location of the work, and in some instances, they can be renewed.

There are two streams under which a foreign national can obtain a work permit: the **Temporary Foreign Worker Program**, and the **International Mobility Program**.

Temporary Foreign Worker Program

Under the Temporary Foreign Worker Program (TFWP), a Canadian employer must get a confirmation of an offer of employment from Employment and Social Development Canada (ESDC). This job offer confirmation is called a **labour market impact assessment** (LMIA). ESDC considers several factors when deciding whether to confirm an offer of employment — the wages that will be paid, the working conditions, the employer's recruitment efforts to hire or train Canadian citizens and permanent residents, the transfer of skills and knowledge to Canadian citizens and permanent residents, potential benefits to the Canadian labour market, as well as any regional labour shortages. If ESDC decides that hiring the foreign national will not harm the Canadian labour market, it will approve the offer of employment. Once the LMIA is approved, the foreign national can then apply for a temporary work permit.

For more information, please refer to:

<https://www.canada.ca/en/employment-social-development/services/foreign-workers.html>.

To find out if you need an LMIA, please visit:

<https://www.canada.ca/en/immigration-refugees-citizenship/services/work-canada/hire-temporary-foreign/find-need-labour-market-impact-assessment.html>.

International Mobility Program

Sometimes, a foreign national may be allowed to work in Canada without the employer having to apply for an LMIA. Exemptions from the requirement to obtain an LMIA are set out in Canada's Immigration and Refugee Protection Act. Common exemptions include business visitors, **intra-company transferees** (executives, senior managers, and specialized knowledge workers), as well as certain professionals specified in various **free trade agreements**, such as CUSMA, the General Agreement on Trade in Services (GATS), the Canada-Korea Free Trade Agreement (CKFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Comprehensive Economic and Trade Agreement (CETA). To enter Canada as a businessperson under these free trade agreements, travelers must qualify in one of the following four categories of business persons:

- business visitors;
- intra-company transferees;
- traders and investors; and
- professionals.

More information on International Mobility Program LMIA-exemptions can be found at the following websites:

- **Intra-company transferees:** www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/foreign-workers/exemption-codes/intra-company-transferees.html.
- **International Free Trade Agreements:** www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/foreign-workers/international-free-trade-agreements.html.
 - **Canada-United States-Mexico Agreement (CUSMA):** www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/foreign-workers/international-free-trade-agreements.html#CUSMA.

[residents/foreign-workers/international-free-trade-agreements/cusma.html](https://www.canada.ca/en/immigration-refugees-citizenship/services/foreign-workers/international-free-trade-agreements/cusma.html).

- For more information, refer to section on [Temporary entry for business persons](#).
- **Canada-Korea Free Trade Agreement (CKFTA):** www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/foreign-workers/international-free-trade-agreements/internationals-canada-korea.html.
 - For more information, refer to section on [Temporary entry for business persons](#).
- **Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA):** www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/temporary-residents/foreign-workers/international-free-trade-agreements/canada-eu.html.
 - For more information, refer to section on [Temporary entry for business persons](#).
- **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP):** www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership.
 - For more information, refer to section on [Temporary entry for business persons](#).
- **Skilled immigrants (Express Entry):** www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/express-entry/documents/offer-employment/lmia-exempt.html.

Please refer to the [Canada has trade agreements with many countries](#) section below for more information.

To find out if the exemption from obtaining an LMIA applies to a specific foreign worker, you can contact one of IRCC's International Mobility Workers Unit or get advice from a Canadian immigration lawyer, such as from the Law Society of BC (www.lawsociety.bc.ca/lcbc/apps/lkup/mbr-search.cfm), or an immigration consultant who is a member in good standing of the College of Immigration and Citizenship Consultants: <https://college-ic.ca/>.

Global Skills Strategy (GSS) and Global Talent Stream (GTS)

The Global Skills Strategy (GSS) is a federal program introduced by the Government of Canada as a process that helps employers to attract top talent and find skilled workers in a fast and predictable manner. The strategy features faster application processing times, work permit exemptions and enhanced customer service for eligible LMIA-exempt workers. More information on the GSS can be found at: www.canada.ca/en/immigration-refugees-citizenship/services/work-canada/hire-temporary-foreign/global-skills-strategy/eligibility.html.

The Global Talent Stream (GTS) is a federal program that provides employers with expedited LMIA's to access unique, specialized and highly-skilled temporary foreign workers. The GTS has two categories:

Category A	Category B
Must be referred by a designated partner	For highly-skilled occupations on the Global Talent Occupations List
For specific foreign talent to fill a unique position that will help your company scale-up and grow.	No limit to the number of positions requested per employer.
Limited number of unique and specialized individuals per employer	The employer must commit to increasing skills and training investments for Canadian workers as the mandatory benefit in their Labour Market Benefits Plan .

In 2021, approximately 5,000 positions in Canada were filled through the Global Talent Stream (GTS). More information on the GTS can be found at the following websites:

- Applicant guide for the Global Talent Stream: www.canada.ca/en/employment-social-development/services/foreign-workers/global-talent/applicant-guide.html

- Hire a top foreign talent through the Global Talent Stream: www.canada.ca/en/employment-social-development/services/foreign-workers/global-talent.html.

How do you apply for a work permit?

Information on how to apply for a work permit can be found on the Government of Canada website: www.canada.ca/en/immigration-refugees-citizenship/services/work-canada/permit/temporary/apply.html.

For general information on hiring international talent, please refer to IRCC – The Employer’s Roadmap to hiring and retaining internationally trained workers:

<https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/employer-roadmap-hiring-retaining-internationally-trained-workers.html>.

Temporary workers may bring family members

Foreign nationals coming to Canada on a temporary work permit may bring their spouse or common-law partner and dependent children. Usually, family members will be admitted to Canada for the same length of time as the applicant.

Spouses may work in Canada if they have been issued a work permit or are exempt from having to obtain a work permit under the exceptions set out in the Immigration and Refugee Protection Act. Spouses of skilled workers may be issued open work permits, allowing them to accept work from most employers in Canada. Children who will be studying at an elementary or secondary school do not require a study permit and are usually issued visitor records. A study permit is required for post-secondary education at a college or university.

Workers may need a medical examination or security background check

Foreign nationals who want to enter Canada must meet public health, safety and security standards before they will be admitted to the country. Depending on the person’s nationality, country of residence and the length of their stay in Canada, the foreign national may need a medical examination or a police certificate declaring the absence of a criminal record or providing a copy of the criminal record. Foreign nationals who have been committed or convicted of a criminal offence, as defined in the Criminal Code, may not be allowed to enter Canada.

The IRCC website has a list of the countries for which medical examinations are required: www.canada.ca/en/immigration-refugees-citizenship/services/application/medical-police/medical-exams/requirements-temporary-residents/country-requirements.html.

Workers may need a temporary resident visa

Foreign nationals must apply for a **visitor** or **temporary resident visa** before coming to Canada, unless they are from a visa-exempt country. The Government of Canada website has a list of countries whose citizens require a temporary resident visa: www.cic.gc.ca/english/visit/visas.asp.

Permanent residence in Canada

Citizens of other countries who are not Canadian citizens and who have immigrated to Canada can achieve permanent resident status. A permanent resident is someone who has been given permanent resident status by immigrating to Canada. Although they are not Canadian citizens, they have the right to live, work and study anywhere in Canada; get most social benefits that Canadian citizens receive such as health care; apply for Canadian citizenship after residing in Canada for a minimum of three years; and get protection under Canadian law and the Canadian Charter of Rights and Freedoms.

Permanent residents must pay taxes and respect all Canadian laws at the federal, provincial and municipal levels. Permanent residents cannot vote or run for political office and hold some jobs that need a high-level security clearance.

Permanent residents can sponsor family members and certain relatives to come to Canada.

For more information on family sponsorship please visit:

<https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/family-sponsorship.html>.

Skilled workers can apply for permanent residence

There are various pathways to permanent residence through federal immigration programs. The most common programs are the **Express Entry** and the **Provincial Nominee Program** (refer to the section titled [The British Columbia Provincial Nominee Program](#) below).

The Express Entry stream has three categories under which foreign nationals may apply:

- **Canadian Experience Class:** <https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/express-entry/eligibility/canadian-experience-class.html>
- **Federal Skilled Worker Program:** <https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/express-entry/eligibility/federal-skilled-workers.html>
- **Federal Skilled Trades Program:** <https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/express-entry/eligibility/skilled-trades.html>

For more information about immigrating through Express Entry, please refer to: www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/express-entry.html.

The British Columbia Provincial Nominee Program

The Province of British Columbia administers the **British Columbia Provincial Nominee Program** (BC PNP).

The **BC PNP** is an immigration program that helps to process immigration applications quickly for qualified skilled workers and experienced entrepreneurs and their families who want to **settle in British Columbia**. The BC PNP selects and nominates potential immigrants for permanent residence based on their ability to contribute to the economy in British Columbia: www.welcomebc.ca/Immigrate-to-B-C.

Successful nominees, together with their spouse or common-law partner and dependent children, receive faster processing of their applications for permanent residence to Canada and support from the province for their work permit applications.

The BC PNP has two streams:

- the **Skills Immigration** stream; and
- the **Entrepreneur Immigration** stream.

The Skills Immigration stream

The BC PNP Skills Immigration stream is designed to help B.C. employers who want to recruit or retain qualified foreign workers and meet their current and future skill needs. The Skills Immigration stream is employer driven (except the international post-graduate category) so a foreign national must have a **permanent job offer** from an employer in British Columbia in order to be eligible for nomination. The application to the BC PNP Skills Immigration stream is considered to be a joint application by the employer and the foreign national. If the foreign national is approved as a provincial nominee, they may apply to IRCC for permanent residence under the Provincial Nominee Class.

Five categories of applications will be considered under the Skills Immigration stream of the BC PNP:

- **skilled workers** (workers in a professional, management, technical, trade or other skilled occupation);
- **designated health professionals** (people working for a health authority in B.C.);
- **entry-level and semi-skilled workers** (e.g., workers in select occupations in the tourism/hospitality, long-haul trucking, food processing and other industries);
- **international graduates** (individuals with a valid credential from an eligible Canadian university or college); and
- **international post-graduates** (individuals with a graduate degree in science or engineering from an eligible B.C. institution).

While not a separate category itself, **BC PNP Tech** is an important provincial immigration stream specifically designed for tech employers in British Columbia providing them with the continued ability to recruit and retain international talent in tech occupations when local skilled workers are unavailable. [BC PNP Tech](#) provides a fast-track, permanent immigration pathway for in-demand foreign tech workers and international students. Applicants with a tech **job offer of one year or more** will be eligible, instead of a permanent job offer. Key features of the program include an employer concierge service for companies wishing to support an applicant under BC PNP Tech, as well as targeted tech-only draws to ensure that skilled tech applicants have priority access to the program.

More information on the Skills Immigration stream can be found on the WelcomeBC:

www.welcomebc.ca/Immigrate-to-B-C/Skills-Immigration.

Entrepreneur Immigration stream

The Entrepreneur Immigration stream is designed for experienced entrepreneurs who can support innovation and economic growth in the province. This stream consists of the Base, Regional Pilot and Strategic Projects categories. The **Base category** permits foreign entrepreneurs to start a new business or to purchase an existing business in British Columbia. The **Regional Pilot** category permits foreign entrepreneurs wishing to open a business in a participating community in B.C. The **Strategic Projects** category is designed for foreign corporations that wish to expand their operations into British Columbia as an integral part of the growth and expansion of their core business.

For more information, please refer to the WelcomeBC website: www.welcomebc.ca/Immigrate-to-B-C/Entrepreneur-Immigration.

How do you apply for Canadian citizenship?

Adult permanent residents of Canada may be eligible to apply for Canadian citizenship if at least two years have passed since they became permanent residents of Canada and if they resided in Canada for a minimum of three of the five years before submitting their application for citizenship. To see if you meet the residence requirements for citizenship, you can complete the residence calculator on the Government of Canada website: <https://eservices.cic.gc.ca/rescalc/resCalcStartNew.do?lang=en>.

COLLABORATING WITH INDIGENOUS PEOPLES

'Indigenous Peoples' is a term that collectively refers to the original nations and inhabitants of what is now called Canada. Canada's Constitution Act (1982) distinguishes Indigenous Peoples in three groups: First Nations, Inuit and Métis. First Nations people have lived in what is now known as British Columbia for more than 10,000 years. British Columbia is home to more than 200 distinct First Nations, each with their own geographical territories, unique political, cultural, economic traditions and history. There are over 270,000 Indigenous Peoples in B.C., living in both urban and rural settings.

Indigenous communities in British Columbia and across Canada have a long history of political organization and economic activity, including commercial relationships and trade throughout the Americas and with early European settlers. In the 18th and 19th Centuries, epidemics, displacement and marginalization related to European contact and expansion severely restricted Indigenous political and economic activity and participation. As a result, Indigenous Peoples often experienced adverse environmental and social impacts and saw few direct or tangible benefits from economic development within their territories.

Today, British Columbia works in collaboration with Indigenous communities and organizations, industry, and federal and local governments to support reconciliation through the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration; 2007). An important aspect of reconciliation is advancing the prosperity of Indigenous Peoples through increased participation in the economy. This may include enhancing opportunities and reducing barriers to equity ownership, business partnerships, hosting facilities on nation lands, nation- or member-owned business development and procurement, and training and employment for members.

As operators on the land base, businesses participate in reconciliation alongside government and Indigenous Peoples. As Indigenous rights continue to expand and policy decisions increasingly emphasize the importance of Indigenous self-government and economic development, collaboration between Indigenous Peoples and non-Indigenous businesses is becoming increasingly common in British Columbia, as well as in Canada.

Legal and Policy Context

A combination of public policy and legal decisions has both defined and affirmed specific Indigenous rights and obligations and provided for the general recognition of Indigenous rights in the Canadian Constitution (1982). Passage of the [Declaration on the Rights of Indigenous Peoples Act \(2019\)](#) established the UN Declaration as the framework for reconciliation in B.C. The Government of British Columbia is currently working in consultation and collaboration with Indigenous Peoples to determine how the UN Declaration should apply in B.C.

British Columbia is committed to advancing lasting and meaningful reconciliation through economic development that recognizes Indigenous Peoples are full partners in all aspects of the economy. This includes working with Indigenous Peoples to address barriers to economic participation; supporting First Nations self-determination over their lands and resources; acknowledging, respecting, and upholding Indigenous rights and First Nations title; and building enduring and productive forums for Indigenous Peoples to lead and contribute to economic development initiatives. Businesses seeking opportunities to invest in British Columbia play an important role in advancing reconciliation and will enjoy many benefits to working in collaboration with Indigenous partners.

Economic, Investment, and Business Context

Similar to the economic diversity of countries around the world, First Nations in B.C. are at various stages of interest and readiness for investment and economic development. Some First Nation governments have sophisticated public administration, economic development operations and experience working with companies on trade, investments, and major projects in their territories. Other First Nations have an emerging interest and capacity to participate in economic development. Currently, many Indigenous nations in British Columbia are 'investment ready' and are actively seeking opportunities to collaborate with industry.

British Columbia is also home to numerous Indigenous-led organizations that work alongside First Nations to build the capacity of their communities in the areas of economic self-governance, business acumen, professional

administration, economic sector development, infrastructure development, and productive engagement with industry. British Columbia is also supporting the establishment of an Indigenous-led Centre of Excellence in First Nations Economic Development.

The growing importance of ESG (Environmental, Social, and Governance) frameworks by financial markets to evaluate investment risk has placed added emphasis on corporate social and environmental responsibility when working with Indigenous communities. Collaborating with Indigenous communities on economic inclusion presents an opportunity for industry to meet the requirements of international investment markets while building positive business relationships. British Columbia is establishing an ESG Centre of Excellence to support jurisdictional excellence and industry leadership in responsible investing.

Approach and Assistance

Early engagement and negotiated approaches to the building of agreements between industry and Indigenous nations are highly recommended. This provides the parties with the opportunity to effectively collaborate and foster new avenues for successful business relationships and operations. A substantial and growing number of Indigenous nations and industry proponents have negotiated successful business partnerships and agreements across an array of economic sectors – reflecting a positive and dynamic investment environment.

The Province of British Columbia is committed to advancing reconciliation with Indigenous Peoples, including the negotiation of a variety of agreements – such as treaties, reconciliation agreements, and resource and revenue-sharing agreements – that support Indigenous socio-economic well-being and economic opportunity. The Province also maintains relationships and seeks to collaborate with Indigenous nations and organizations on economic policy, programs, and development opportunities. As such, the Province is well placed to assist prospective investors in engaging effectively with Indigenous Peoples and realizing successful business partnerships.



OBTAINING PERMITS AND LICENCES

Business permits and licences

The Government of British Columbia has delegated some of the authority to regulate businesses to municipal governments. In particular, municipal governments have the authority to pass bylaws and make regulations, and to issue licences for businesses and to regulate their activities.

Business licences allow cities and municipalities to regulate the types and locations of businesses in their communities.

Municipalities may also regulate businesses through zoning or building bylaws, or through bylaws that apply to specific industries such as taxi services or cannabis sales. For more information on which permits and licences are required for your business, visit: <https://www.bcbizpal.ca/?b=59>.

Applying for a business licence

To apply for a business licence, a business can go to a municipality's licensing office and complete a form describing the business and the address. Alternatively, one may be able to submit a business licence application through BC Registry Services' OneStop: <https://onestop.gov.bc.ca/> – an online business registration portal. One must also pay a fee for the licence.

Commercial or industrial businesses may also require building inspections, plumbing inspections, electrical inspections, fire inspections and health inspections before a licence is issued. Businesses operated from residences, such as a bed and breakfast operation, have specific regulations that must be complied with before a licence is issued.

Other permitting requirements

Before a business licence is issued, the business may also have to get approval from the police, fire or health departments. One may also need an environmental permit depending on the nature of the business. More information can be found in the following section on [environmental issues](#).

Some professionals, such as doctors, lawyers, accountants, registered massage therapists, plumbers, electricians, and engineers, must be certified to practice in British Columbia. In addition to obtaining a business licence, one may also have to get approval from the appropriate governing body or licensing agency. The applicant must show professional certification or trade qualifications when applying for the business licence.

To attract certain businesses, municipal governments may reduce or streamline administrative requirements or approvals to encourage businesses to locate in their region, and otherwise manage the business environment through planning controls and supports. Since municipalities have the authority to set their own property tax rates, the tax rates vary among communities in British Columbia. It is advisable for business to work closely with the municipality where it is located to understand municipal bylaws and supports.

British Columbia's environmental priorities

British Columbia is home to very diverse geography, ranging from rocky coastlines to forest, lakes, and mountains. This geographic diversity offers many economic opportunities including natural resource development, agriculture, and tourism. However, environmental protection and management is crucial for maintaining this diversity for future generations. British Columbia is proud to be a leader in sustainable environmental management and is committed to reducing greenhouse gas emissions (GHGs) to 80% below 2007 levels by 2050.

CleanBC

In 2018, the government of British Columbia released its **CleanBC Plan** aimed at reducing climate pollution, while creating more jobs and economic opportunities for people, businesses and communities in the province. Overall, CleanBC strives to address climate change while providing British Columbian businesses the resources and skills to thrive in a low-carbon economy.

The Government of British Columbia updated its vision and goals for CleanBC in 2021 with its “Roadmap to 2030”. The Roadmap to 2030 focuses on eight key areas of the provincial economy listed below, with goals and supportive strategies identified for each area:

- low carbon energy;
- transportation;
- buildings;
- communities;
- industry (including oil and gas);
- forest bioeconomy;
- agriculture, aquaculture, and fisheries; and
- negative emissions technologies.

Some of the key features of CleanBC’s current and forthcoming initiatives designed to support British Columbian businesses in the transition to a low-carbon economy include:

- **The CleanBC Go Electric program** offers vehicle rebates and funding for cleaner fleets and charging or hydrogen fueling stations.
- **A clean buildings tax credit** on eligible retrofits.
- **An improved British Columbia Building Code** designed to increase efficiency standards.
- **PST exemptions and incentives** to make heat pumps more affordable and homes more energy efficient.
- **The CleanBC Communities Fund** will support a large-scale transition to biofuel.
- **A Workforce Readiness Framework** will address the labour and workplace opportunities that will emerge through CleanBC’s implementation.
- **Expanding job training** for electric and zero-emission vehicles and other sectors linked to a low-carbon economy.

For more information, please visit <https://cleanbc.gov.bc.ca/> and <https://www2.gov.bc.ca/gov/content/environment/climate-change/industry>.

Canadian governments and businesses are increasingly focused on addressing environmental impacts from climate change through corporate social responsibility, and environmental, social, governance (ESG) models that follow the United Nations’ Sustainable Development Goals.

Canada's environmental laws

Environmental laws are enacted in Canada by the federal government, ten provincial governments and three northern territorial governments. Municipal governments, under authority delegated by provincial or territorial legislatures, also legislate locally in specific environmental areas such as noise and sewer use. While the Canadian Constitution assigns different areas of responsibility to the federal parliament and the provincial legislatures, federal and provincial environmental regulatory regimes frequently overlap. Environmental protection falls primarily under the jurisdiction of the provinces, which have similar but not identical regulatory requirements.

Legislation covers:

- environmental permits;
- environmental assessment and review procedures;
- emission allowances;
- emission limits;
- spills and spill reporting;
- contaminated site clean-up;
- waste reduction and disposal; and
- toxic substances (importing, exporting, transporting, identifying, and handling).

Depending upon the nature of the proposed activities, a business may be required to comply with legislation from all three levels of government.

The primary federal regulatory authority is Environment Canada. Numerous laws at the federal level deal with environmental protection and management. These laws each carry a specific purpose and relate to a particular aspect of environmental policy. Some examples of Canada's environmental laws include: the Fisheries Act, the Antarctic Environmental Protection Act, the Species at Risk Act, and the Canada Wildlife Act.

The Canadian Environmental Protection Act (CEPA) is the most important legislation the federal government uses to regulate activities affecting the environment. CEPA applies to lands, works and undertakings that are within the jurisdiction of the federal government. CEPA is primarily responsible for the management of **oceans** and the regulation of **toxic substances and hazardous waste** entering or leaving Canada or crossing provincial borders, and toxic and polluting substances that do not fall within the jurisdiction of the provincial government. CEPA lists certain substances that cannot be discharged into the environment.

British Columbia's environmental laws

Each province in Canada, including B.C., has enacted some form of primary environmental protection law and has created a key environmental regulator. In British Columbia, the principal environmental statute is the Environmental Management Act (EMA), administered by the British Columbia Ministry of the Environment and Climate Change Strategy. The **Environmental Protection Division** of B.C.'s Ministry of Environment and Climate Change Strategy is the main provincial authority implementing environmental regulations. This ministry keeps records of permits and approvals granted under the EMA.

Numerous laws exist at the provincial level that work to address environmental protection and management. Similar to federal environmental laws, these laws each involve a specific purpose and target a certain aspect of environmental policy. Some examples of British Columbia's environmental laws include: the Water Sustainability Act, the Water Protection Act, the Park Act, the Forest and Range Practices Act and the Oil and Gas Activities Act.

In some areas, such as transportation of dangerous goods and species at risk, provincial legislation tracks the relevant federal legislation.

All provinces maintain some form of licensing system for discharges to air, water and land, which typically impose site-specific requirements on activities that have the potential to affect the natural environment.

When a major project is proposed in British Columbia, it must undergo an environmental assessment. British

Columbia's Environmental Assessment Office (BC EAO) manages the province's environmental assessments and is harmonized with Canada's EAO. BC EAO follows a clearly defined process outlined in the Environmental Assessment Act to conduct the assessment of a major project and produce a detailed Assessment Report. That report is then given to provincial ministers to make a decision on whether the project should proceed.

The EMA prohibits the introduction of waste into the environment from industries listed in the Waste Discharge Regulation. It also prohibits the introduction of waste into the environment from any activity in a manner or quantity that causes pollution. Pollution is defined in the EMA as the presence in the environment of substances or contaminants that substantially alter or impair the usefulness of the environment. Waste is broadly defined to include air contaminants, litter, effluent, refuse, biomedical waste, hazardous waste and any other substance designated by the provincial Cabinet, whether or not the waste has any commercial value or is capable of being utilized for a useful purpose.

Under the EMA, certain industries, trades, businesses, operations and activities as prescribed in the Waste Discharge Regulation (WDR) require a permit for the storage, treatment, or discharge of waste. Under the WDR, businesses are classified as low, moderate, or high risk. Businesses identified as high risk in the WDR must obtain a permit. Businesses in the moderate category, while not required to obtain permits, are required to follow other practices. All businesses, regardless of their classification in the WDR, must ensure that their operations and activities do not cause pollution.

Activities that introduce waste into the environment may operate as long as they do so in accordance with a permit, a Code of Practice or a regulation. The Waste Discharge Regulation prescribes the activities that may operate under a Code of Practice, as well as those that must have a permit.

The EMA establishes a detailed regime for dealing with hazardous wastes. The Hazardous Waste Regulation establishes detailed siting and operational requirements and performance standards for facilities, including on-site management facilities dealing with hazardous wastes. Also, any person generating hazardous waste must register the waste and apply for a provincial identification number.

The EMA, in conjunction with the Contaminated Sites Regulation (CSR), also governs the treatment of spills or contaminated sites in British Columbia. The purpose of the legislation is to ensure that contaminated soil, surface water, sediments and ground water are cleaned up to scientifically based standards.

Under the EMA, responsibility for the contamination is based on a polluter-pays principle. This means that a person who has contaminated or contributed to the contamination of land should pay for the clean-up, regardless of who currently owns the land.

There is a public registry for contaminated sites that contains current and historical information about contaminated sites including site investigations and profiles, approvals and remediation orders. This information is available to the public. For more information, visit: <https://www2.gov.bc.ca/gov/content/environment/air-land-water/site-remediation/site-information>.

A person can be charged with a wide variety of offences under CEPA and EMA. Penalties include fines, imprisonment, injunctions, civil remedies and proceedings, and compensation orders. Directors and officers of a company may be personally liable for the company's violation of environmental legislation if they directed, authorized or agreed to commission of the offence. To avoid personal liability for environmental offences, directors and officers must prove that they took steps to avoid and minimize the effects of an accidental discharge (such as creating an environmental management system).

The EMA also includes numerous regulations related to specific activities and/or substances. For example, the Recycling Regulation sets out requirements for British Columbia's recycling program. This program has been continually expanding and currently includes beverage containers, electronic and electrical equipment, solvent and flammable liquids, pesticides, tires, gasoline and oil filters, lubricating oil, pharmaceuticals, paint, and packaging and paper products.

The Ozone Depleting Substances and Other Halocarbons Regulation prohibits the release of an ozone depleting

substance from air conditioning, fire extinguishing, and refrigeration equipment, or any other container used in the recycling, re-use, reclaiming or storage of ozone depleting substances.

The Municipal Wastewater Regulation establishes municipal effluent quality requirements and applies to all discharges to the ground, sewer system or combination of sewer systems, and to water and to all uses of reclaimed water. It prohibits the discharge of non-domestic waste to a municipal wastewater facility unless the pre-discharge quality of the waste meets the standard or is within the range specified in the Hazardous Waste Regulation.

There are many other pillars to environmental regulation in British Columbia such as Transport of Dangerous Goods Act, Water Sustainability Act, Water Protection Act, Utilities Commission Act, Clean Energy Act, Metal Dealers and Recyclers Act, Mines Act, Natural Resource Compliance Act to name just a few.

Environmental permitting and working with Indigenous Peoples

Indigenous Peoples in Canada have various rights that often directly relate to the permitting process, particularly when they involve natural resources and effect the environment on their territories. Therefore, businesses requiring certain permits should collaborate with Indigenous Peoples to understand their rights and address any concerns to successfully obtain required permits.

If you need a permit to use federal or provincial land (Crown land) for an activity that may impact Indigenous land or rights, the government must consider what effect the activity may have on the Indigenous Peoples before granting a permit.

As part of the review process, the government may consult with any Indigenous groups who may be affected by the proposed activity. Indigenous interests may have to be accommodated, and efforts made to minimize impacts, to the extent practicable, if the consultations suggest there may be significant undesirable effects on asserted or proven Indigenous rights.



IMPORTING AND EXPORTING

Canada encourages international trade. These federal laws set out the tariffs on imported goods (Canadian Customs Tariff) and the procedure for importing goods and how tariffs are remitted (sent to the government) (Customs Act). There are also rules about what kinds of goods require import and export permits (Export and Import Permit Act). The Government of Canada has a website with information on exporting at <https://www.cbsa-asfc.gc.ca/export/menu-eng.html> and <https://www.cbsa-asfc.gc.ca/export/guide-eng.html>, and on importing at <https://www.cbsa-asfc.gc.ca/import/menu-eng.html>.

The Province of British Columbia is also active in promoting trade and investment in British Columbia. More information can be found at the following links:

- Trade and Invest BC: <https://www.britishcolumbia.ca/for-bc-businesses/get-help-exporting/>
- Small Business BC: <https://smallbusinessbc.ca/international-trade>

Canada belongs to the World Trade Organization

The World Trade Organization (WTO) agreements, negotiated and signed by most of the world's trading nations, set the rules for international commerce. These agreements bind governments to keep their trade policies within agreed limits. Although the governments sign the agreements, they affect business organizations trading within the WTO member states. Because most countries trading with Canada are WTO members, trade from Canada is usually governed by WTO rules, unless another specific trade agreement takes priority over the WTO agreement.

Canada has trade agreements with many countries

Canada is a party to many trade agreements that reduce the duty to be paid on imports or exports, provide greater access to local markets, help with fair treatment when trading in another country and provide protection for investments.

The **Canada-United States-Mexico Agreement** (CUSMA) is a free-trade agreement between Canada, the United States and Mexico entered into force on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA). CUSMA relieves tariffs on qualifying goods. The **rules of origin** in CUSMA govern which goods are eligible for special tariff treatment and encompass both transportation and processing rules. To claim preferential duty rates, the importer must have the relevant certification of origin to substantiate that the goods are qualifying goods. If goods destined for Canada transit outside the United States or Mexico, the goods may still retain its originating status if it remains under customs control in the territory of a non-party to CUSMA. Further information about CUSMA is available on the website of the Government of Canada: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/index.aspx?lang=eng>.

Canada has also entered into the following free trade agreements:

- **Canada-Chile Free Trade Agreement;**
- **Canada-Colombia Free Trade Agreement;**
- **Canada-Costa Rica Free Trade Agreement;**
- **Canada-European Free Trade Association Free Trade Agreement** (in force for the following countries: Iceland, Liechtenstein, Norway, and Switzerland);
- **Canada-European Union: Comprehensive Economic and Trade Agreement** (in force for the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, and Sweden);
- **Canada-Honduras Free Trade Agreement;**
- **Canada-Israel Free Trade Agreement;**
- **Canada-Jordan Free Trade Agreement;**
- **Canada-Korea Free Trade Agreement;**
- **Canada-Panama Free Trade Agreement;**
- **Canada-Peru Free Trade Agreement;**
- **Canada-Ukraine Free Trade Agreement;** and
- **Comprehensive and Progressive Agreement for Trans-Pacific Partnership** (in force for the following countries: Australia, Japan, Mexico, New Zealand, Singapore, and Vietnam; not yet in force for Brunei Darussalam, Chile, Malaysia, and Peru).

If your business is located in these countries or if you want to export to these countries from Canada, special rules may apply, including reduced rates of import and export duties, rights of market access, and non-discrimination and investment protection.

An overview of all of Canada's trade agreements is available on the Government of Canada website: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/index.aspx?lang=eng#dataset-filter>.

Canada promotes and protects foreign investments

Canada enters into bilateral agreements known as **Foreign Investment Promotion and Protection Agreements** (FIPAs) with other countries. Canada currently has 38 FIPAs that are in force and is in the process of negotiating FIPAs with the Democratic Republic of the Congo, Gabon, the Republic of Georgia, Ghana, India, Kazakhstan, Kenya, Macedonia, Mauritania, Mozambique, Pakistan, Qatar, Rwanda, and Tunisia.

In 2021, the Government of Canada introduced an updated model FIPA. The modernized and inclusive model FIPA is intended to ensure all Canadians, including women, Indigenous Peoples and smaller businesses, are able to benefit from the investment agreements and to provide a stable, rules-based investment mechanism for Canadian businesses investing abroad.

Additional information on FIPAs can be found on the Government of Canada website: https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/2021_model_fipa_summary-2021_modele_apie_resume.aspx?lang=eng.

There are penalties for not following trade rules

If Canada's import and export rules are not followed, there may be penalties such as criminal prosecution (which may include payment of fines or imprisonment), the seizure of goods and the seizure of the vehicle, vessel, or aircraft used to transport the goods.

The **Administrative Monetary Penalty System** (AMPS) is a monetary penalty system for not following the laws

and regulations for importing or exporting. It sets out the fine for each violation and the penalty may increase each time an importer or exporter repeats a violation.

Who controls importing and exporting?

The **Canada Border Services Agency** (CBSA) is the federal agency that controls the importing and exporting of goods. You must report all goods brought into Canada to CBSA. CBSA checks that imported goods comply with Canadian laws, and it also collects duties and taxes payable on imported goods.

The CBSA website provides an overview of their policies and guidelines: <https://www.cbsa-asfc.gc.ca/menu-eng.html>.

Do you need a business number?

All individuals or business organizations in Canada that import or export goods on a commercial basis must get a business number from the Canada Revenue Agency (CRA). For more information on registering a business number with the CRA, visit: <https://www.canada.ca/en/services/taxes/business-number.html>.

Importing goods into Canada

If you import goods into Canada, you must pay customs duties and follow Canadian federal laws that regulate customs procedures, quotas, product standards and labeling requirements within Canada.

Not all goods can be imported into Canada

Some goods cannot be imported into Canada because they are illegal in Canada or because of international concerns, such as human rights, embargoes, and conservation, or to protect domestic industries.

You may need a permit to import some goods into Canada

The federal Export and Import Permits Act does not allow some goods to be imported into Canada unless you get an import permit. The goods on the **Import Control List** include certain weapons, animal and agricultural products, clothing, textiles, and footwear from countries that Canada has agreed to restrict trade with. There are quotas for some goods. You can get an import permit only if the exporter has an export quota and an export licence.

Other goods such as alcoholic beverages, radiation emitting devices, hazardous products, explosives, offensive weapons, oil and gas, and animal and agricultural products require a permit to be imported.

You must follow packaging and labelling requirements

Pre-packaged goods sold in Canada are subject to federal and provincial packaging and labelling requirements. There are general obligations on the type of product company information that must be displayed, as well as bilingual labelling requirements (Consumer Packaging and Labelling Act (Canada)). For goods such as drugs, foods and textiles there are additional obligations (Food and Drugs Act and Textile Labelling Act).

You may have to pay customs duty

Canada charges customs duty on some goods imported into the country. Canada has signed the **International Convention on the Harmonized Commodity Description and Coding System**. The **List of Tariff Provisions** (in the Schedule to the Customs Tariff) categorizes goods by description and sets out the applicable duty rate. The current Customs Tariff files can be found on the CBSA website: <https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>.

Canada applies different duty rates (preferential and non-preferential) to the same goods, depending on where they

were manufactured, grown or extracted. Goods from certain countries will have different rates, including countries that are classified as a Most Favoured Nation and countries that have trade agreements with Canada.

More information about tariffs can be found on the Canada Tariff Finder website: www.tariffinder.ca/en/getStarted.

You may be able to reduce the customs duty you have to pay

Canada wants to promote trade and support Canadian industries so there are programs that reduce the amount of customs duty you have to pay. CBSA has drawback and remission programs that you can use to reduce, eliminate or defer the payment of customs duties on certain goods.

The **drawback program** allows some importers to get a full or partial drawback (refund) on customs duties paid on goods that are later exported or goods that are imported for manufacturing in Canada and eventually exported.

Canadian customs law allows a **refund of duties** on some imported goods if the business meets performance requirements related to production, exports or employment. These refunds are called **remissions** and they allow designated companies, importers in designated industries and importers of designated products to partially or entirely avoid duties or taxes (permanently or temporarily). For example, a permanent remission order is in force for machinery that is not available from any Canadian manufacturer.

You may have to pay taxes or excise duties

Generally, when goods and services are imported into Canada, you must pay **Goods and Services Tax (GST)**, which is equal to 5% of the value of the goods plus the amount of any duty and/ or excise tax on the goods. If the goods are to be used in your commercial activities carried on in Canada, you may be able to claim an input tax credit which effectively refunds the GST owing. If certain goods (e.g., inventory) are acquired by an export-oriented business that does not manufacture or produce goods in Canada, the Export Distribution Centre Program may permit such goods to be imported without having to pay the GST.

If you produce, package, store, transport, or sell spirits, beer, tobacco and related products you have to pay a special form of tax called **excise tax** (federal Excise Act, 2001).

Additional information on GST rules for imports can be found on the Government of Canada website: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-imports-exports.html>.

You may have to pay anti-dumping and countervailing duties

Dumping occurs when goods are exported to Canada at prices below home market prices, or below the total cost of production. **Countervailing duties** are imposed when the exporting country subsidizes goods imported into Canada. Some imported goods may be subject to **anti-dumping** and countervailing duties (under the Special Import Measures Act). These rules help to protect Canadian producers from unfair import competition. You may have to pay anti-dumping and countervailing duties on the goods as well as other tariffs.

CBSA investigates complaints about dumping, makes decisions on dumping and enforces the payment of the duties. These duties can be imposed only after CBSA has made a proper inquiry. The **Canadian International Trade Tribunal**, an independent tribunal, also decides questions of whether dumped or subsidized imports will have a negative impact on Canadian producers.

Get more information about importing

The following CBSA publication contains more information on importing into Canada: A Step-by-Step Guide to Importing: <https://www.cbsa-asfc.gc.ca/import/guide-eng.html>.

Exporting goods from Canada

You may need a permit to export certain goods

Exports are controlled through a permit system. If you want to export goods included in the **Export Control List** from Canada to any country (except the United States), and all exports from Canada to countries specified in the **Area Control List**, you must obtain a **Canadian Export Permit** to lawfully export. The Export Control List includes weapons and munitions, nuclear goods, high technology goods, goods having potential military applications and related technical information, lumber and certain agricultural products, U.S. origin goods, and many chemical goods that could be used for warfare.

The relevant country for Canadian export control purposes is the country in which the exports will ultimately be consumed. Goods that originate in the United States that are exported from Canada also require an export permit in order to prevent circumvention of United States export controls.

You or your agent must apply in writing for an export permit. The Trade Controls Bureau, part of Global Affairs Canada, reviews your application and issues the permit.

A **General Export Permit** is often available, and you can use it without making an application every time. If one is not available, then you must make a specific application for an export permit.

You may need to make an export declaration

Certain commercial goods are subject to an **export declaration** when exported to countries other than the United States.

Canada may not trade with some countries

Canada participates in international organizations and imposes international economic sanctions to help bring about a change in the behaviour of specific countries or individuals. Canada follows decisions of the United Nations Security Council on sanctions and makes them law (under The United Nations Act). Usually, the sanctions are directed towards specific countries and may establish a trade embargo against certain goods. Currently Canada has imposed economic sanctions on a number of countries. For a list of currently sanctioned countries, refer to: https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/current-actuelles.aspx?lang=eng.

The Canadian government can also make its own decision to impose economic sanctions on other countries. Or, it may follow a decision of an international organization other than the United Nations, such as the North Atlantic Treaty Organization (NATO) (under The Special Economic Measures Act).

Canada has implemented measures to suppress international terrorism. Under the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism, Canadian financial institutions must report if they are in possession or control of the property of a listed person.

Get more information on exporting

The following publications contain more information on exporting from Canada:

- **A Step-by-Step Guide to Exporting:** www.tradecommissioner.gc.ca/guides/exporter-exportateurs/exporting-guide-exportation.aspx?lang=eng.
- **Exporting Goods from Canada - A Handy Guide for Exporters:** www.cbsa-asfc.gc.ca/export/guide-eng.html.

Trade and Invest BC has also published links to helpful resources on its website for British Columbia businesses looking to export goods: <https://www.britishcolumbia.ca/for-bc-businesses/get-help-exporting/>.



PROTECTION OF INTELLECTUAL PROPERTY

How does Canada protect intellectual property?

Canadian laws protect:

- trademarks;
- copyright;
- patents;
- industrial designs;
- integrated circuit topographies; and
- trade secrets.

Intellectual property is governed mainly by federal legislation. The Canadian Intellectual Property Office (CIPO) is responsible for maintaining databases for various types of intellectual property registered in Canada. More information about CIPO and various Canadian intellectual property laws and lists of trademark and patent agents, can be obtained at the CIPO website: www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/Home.

Trademarks

A **trademark** is a mark that is used to distinguish your goods or services from other people's goods or services. It can be a word or phrase, a picture or design, the shape of a product or its packaging, or anything that distinguishes your product from other products, as long as the mark is used as a trademark. Examples of trademarks include COCA-COLA, the Coca-Cola glass bottle and MICROSOFT.

Registering a trademark in Canada gives you the **exclusive right to use** the trademark in Canada for 10 years. You can renew registration for further 10-year periods. You cannot register certain types of marks, such as marks that are mainly the name or surname of an individual or clearly descriptive (or deceptively misdescriptive) of the character or quality of goods or services.

More information regarding trademarks and trademark registration is available at the CIPO website: www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr00002.html.

Copyright

Copyright is the **exclusive right to produce or reproduce** in any material form, perform, or publish a work or any substantial part of the work. You have copyright in your work as soon as you create it. You do not have to register anything to get copyright. Generally, copyright exists for the life of the person who created the work and for 50 years following his or her death.

More information regarding copyright and copyright registration is available at the CIPO website: www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr00003.html.

Patents

A patent gives you the **right to exclude others** from making, constructing, using and selling the patented **invention** for a period of 20 years from the date you file your application for the patent. You cannot renew the patent after the 20-year period has expired.

Inventors use patents to protect their work. An **invention** is any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement to these. For example, these may be inventions: a product or device (such as a can opener), a process or method of doing something (such as a method for curing leather), an apparatus (such as a machine for producing hinges) and a composition (such as a chemical composition used as a pharmaceutical).

More information about patents is available at the CIPO website: www.ic.gc.ca/eic/siTe/cipointernet-internetopic.nsf/eng/h_wr00001.html.

Industrial design

An industrial design is a **design** which has only visual appeal or serves only as a form of ornamentation for an item. For example, the ornamentation or visual design features of a video game controller or of a vacuum cleaner may be registered as an industrial design. However, there is no protection for the way a design functions, any method of producing the design or merely the configuration of an item.

Registration of an industrial design gives the owner the exclusive right to make, import, or sell items to which the design is applied. The owner's rights are protected for up to 15 years from the date of registration, provided that maintenance fees are paid when due.

More information regarding industrial designs and industrial design registration is available at the CIPO website: www.ic.gc.ca/eic/siTe/cipointernet-internetopic.nsf/eng/h_wr02300.html.

Integrated circuit topography (Microchips)

Integrated circuit topography is a three-dimensional configuration of electronic circuits (contained in an integrated circuit product). Integrated circuit products (generally called **microchips**) are products intended to perform electronic functions and in which the elements (at least one of which is an active element), and some or all of the interconnections, are integrally formed in, on or both in and on a piece of material.

Registration of a topography gives the owner the exclusive right to reproduce the topography, manufacture an integrated circuit product incorporating the topography, and import and sell the topography or integrated circuit product. The owner's rights are protected for 10 years from the date on which the application for registration is filed. Registration does not protect functions performed by the integrated circuits.

More information regarding integrated circuit topographies and their registration is available at the CIPO website: www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr02282.html.

Trade secrets

The term **trade secret** is used to refer to any information of value to a business that is kept **confidential**. While there is no legislation in Canada that relates to trade secrets, there is protection for a trade secret under Canadian law if:

- it is not publicly available or otherwise generally known within the relevant industry or trade; and
- it is treated as secret or confidential at all times by its owner, who has taken steps to protect it.

More information regarding trade secrets is available at the CIPO website: www.ic.gc.ca/eic/siTe/cipointernet-internetopic.nsf/eng/wr04318.html.

PRIVACY ISSUES

The Personal Information Protection Act (PIPA) governs the collection, use and disclosure of personal information by private organizations in British Columbia:

www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/03063_01.

The Personal Information Protection and Electronic Documents Act governs the collection, use and disclosure of personal information by private organizations in the course of commercial activity: www.laws-lois.justice.gc.ca/ENG/ACTS/P-8.6/index.html.

The Office of the Privacy Commissioner of Canada provides advice and information for individuals about protecting personal information: www.priv.gc.ca/en.

If PIPA applies to your business, you can get more information from the Office of the Information and Privacy Commissioner for British Columbia's website: www.oipc.bc.ca.

A Guide for Businesses and Organizations to British Columbia's Personal Information Protection Act contains helpful information on PIPA: www.llbc.leg.bc.ca/public/pubdocs/bcdocs2016/595248/1438.pdf.



SPECIAL BUSINESS PROGRAMS AND SUPPORT

The federal and British Columbia provincial governments offer tax credits and funding opportunities focused on developing innovative technologies, workforce development to create good-paying jobs and encourage workforce diversity, and to maintain a competitive and sustainable business climate across the province.

This section highlights only some of the key provincial and federal programs that support a favorable business climate in B.C. and Canada. For a complete list of available federal programs, and many B.C. programs, please visit Innovation Canada's [Business Benefits Finder](#). For general information about available funding opportunities in B.C., please visit:

<https://www.workbc.ca/employer-resources/funding-and-programs/incentives-and-tax-credits.aspx>.

For specific tax credit and funding programs that may be applicable to your business, please contact the Trade and Invest BC office for details.

Incentives and credits for particular activities

Credits for research and development (R&D): Scientific Research and Experimental Development Tax Program

The **Scientific Research and Experimental Development Program** (SR&ED) provides **tax credits** to encourage research and development in Canada. It is administered by the Canada Revenue Agency (CRA) and is the largest single source of federal government support for business led research and development projects. The program provides more than \$3 billion in tax incentives to over 20,000 claimants annually.

Applicants must be operating either basic research, applied research, or experimental development in Canada and be developing new products, processes or making incremental improvements to them.

Eligible expenditures include labour, contractors, materials and overhead costs that directly relate to and commensurate with the needs of the activity required to attempt to resolve the technological uncertainty, obstacle or challenge.

The SR&ED program offers different levels of funding depending on the eligible expense:

- **Labour:** Up to 69% of eligible salaries (including overhead).
- **Contractor:** Up to 36% of contractor costs.
- **Materials:** Up to 45% of materials consumed.

The claimant can receive investment tax credits on qualifying expenditures through a cash refund, a reduction of taxes payable, or both. Unused investment tax credits can be carried back three years or forward 20 years to apply against tax payable in those years. The amount of the investment tax credits will depend on whether or not the claimant is a qualifying **Canadian-controlled private corporation** (CCPC).

A foreign company operating in Canada may still make use of the available SR&ED benefits. For example, a foreign company might undertake SR&ED activities through a Canadian subsidiary or contract SR&ED work out to a Canadian company that will factor the SR&ED benefits into the contract price.

The reporting deadline for this program is 18 months from the end of the tax year in which the qualifying expenses were incurred.

Full details of the SR&ED program can be found on the CRA's website: <https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program.html>.

In addition to the federal SR&ED program, there are also provincial variations of SR&ED that your business can apply to on top of the federal program. For more information on British Columbia's SR&ED program please visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/scientific-research-development>.

Strategic Innovation Fund

The [Strategic Innovation Fund](#) (SIF) is a key Government of Canada program that supports large-scale, transformative and collaborative projects that help position Canada to prosper in the global knowledge-based economy. SIF allocates repayable and non-repayable contributions to firms of all sizes across all of Canada's industrial and technology sectors with the goal of supporting the Canada's competitiveness. Businesses may be eligible to receive a contribution of **up to 50% of eligible expenses for projects** that support, attract and retain investment in industrial or technological facilities in Canada. The program has two broad components:

Business Innovation and Growth (Streams 1 to 3)

- Stream 1: **R&D and Commercialization** – encourage R&D that accelerates technology transfer and commercialization of innovative products, processes and services,
- Stream 2: **Firm expansion and growth** – facilitate the growth and expansion of firms in Canada, and
- Stream 3: **Large-scale Investment Attraction and Reinvestment** – attract and retain large-scale investments to Canada.

Collaborations and Networks (Streams 4 & 5)

- Stream 4: **Collaborative Technology Development & Demonstration Advancement** – advance industrial research, development and technology demonstration through collaboration between the private sector, researchers and non-profit organizations, and
- Stream 5: **National Innovation Ecosystems Support** – support large-scale, national innovation ecosystems through high impact collaborations across Canada.

In streams 1 to 3, the applicant must be a for-profit corporation, incorporated pursuant to the laws of Canada and proposing to carry on business in Canada. In stream 4 & 5, applicants are a consortium that may include Canadian universities, colleges, research institutes, for-profit corporation (including SMEs) and/or not-for-profit entities. A consortium must consist of two or more members. Further considerations regarding eligibility can be found in the SIF Program Guide: <http://www.ic.gc.ca/eic/site/125.nsf/eng/00007.html>.

Training tax credit for apprentices

The training tax credit is for employers and apprentices who take part in eligible apprenticeship programs administered through the Industry Training Authority (ITA).

The training tax credit is effective until the end of 2022. Budget 2022 proposes to extend the training tax credit for another two years to December 31, 2024.

The ITA oversees B.C.'s industry training and apprenticeship system, including the administration of Red Seal (Inter-provincial) and non-Red Seal (B.C.-recognized) training programs.

There are three main elements to the training tax credit:

- Basic credit for non-Red Seal training programs
- Completion credit for Red Seal and non-Red Seal training programs
- Enhanced credit for First Nations individuals and persons with disabilities

For more information on B.C.'s tax credit for apprentices, visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/training/apprentice>.

The federal government provides a credit for [employers](#) and a grant for [apprentices](#) for Red Seal programs.

British Columbia Employer Training Grant (ETG) Program

The B.C. Employer Training Grant program (ETG) supports skills training to address provincial labour market needs. Employers are eligible to receive **up to \$300,000 per fiscal year** (April 1 – March 31). Participants are not to pay for training or any training-related expenses. All costs are to be paid for in full by the employer who will be later reimbursed between 60% and 100% depending on the training stream. For more information, refer to: <https://www.workbc.ca/Employer-Resources/BC-Employer-Training-Grant/What-is-the-B-C-Employer-Training-Grant.aspx>.

Hiring talent: MITACS – hiring undergraduate, Masters or Ph.D. level talent

Mitacs is a national, not-for-profit organization that has designed and delivered research and training programs in Canada for over 20 years. Working with 70 universities, 6,000 companies, and both federal and provincial governments, they build partnerships that support industrial and social innovation in Canada. Through [Mitacs' Accelerate](#) program, companies can solve their business challenges with research expertise, matching funds and one-to-one support. Graduate students and post-doctoral fellows from over 70 universities can apply their specialized expertise to help business take on research challenges. Internships start at four months and can scale up based on business needs. Each **4-month internship** project receives **\$7,500 in direct funding from Mitacs**, with companies matching the organization's contribution. Please visit: <https://www.mitacs.ca/en/programs>.

British Columbia's Small Business Venture Capital Program

The Small Business Venture Capital Tax Credit is for corporations that invest in shares of a registered venture capital corporation or eligible business corporation. The small business venture capital tax credit encourages investors to make equity capital investments in B.C. small businesses to give small businesses access to early-stage venture capital to help them develop and grow. Investors receive up to a **30% tax credit on their investment**. For more information, visit: <https://www2.gov.bc.ca/gov/content/employment-business/investment-capital/venture-capital-programs>.

Incentives and credits for particular industries

Included below are select examples of tax credits and incentives for particular industries. For more information on your particular industry and eligibility, please contact Trade and Invest BC.

B.C. Interactive Digital Media Tax Credit

The B.C. Interactive Digital Media Tax Credit (IDMTC) program provides a refundable 17.5% tax credit on eligible salary and wages incurred by eligible corporations to develop interactive digital media products in B.C. For more information, please visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/interactive-digital-media>.

Film and television tax credit

The B.C. film and television tax credit is for eligible corporations that produce eligible film or video productions in British Columbia. The credits are for domestic productions with qualifying levels of Canadian content. For more information, please visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/film-tv>.

Production services tax credit

The B.C. production services tax credit is for accredited production corporations that produce accredited film or video productions in British Columbia. The credits are available to both domestic and foreign producers and there is no Canadian content requirement. For more information, visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/production-services>.

Mining exploration tax credit

The B.C. mining exploration tax credit (METC) is for eligible corporations and corporations that are active members of partnerships conducting grassroots mineral exploration in B.C. The corporation or partnership must incur qualified mining exploration expenses for determining the existence, location, extent or quality of a mineral resource in B.C. The credit applies to exploration for all base and precious metals, coal and some industrial minerals. Drilling expenses for oil and gas do not qualify. The credit is calculated as 20% of qualified mining exploration expenses less the amount of any assistance received or receivable. For more information, please visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/mining-exploration>.

Mining allowances, credits and exemptions

You may be able to reduce your taxes if you have eligible [exploration expenses](#) or you're eligible for any of the following tax allowances, credits or exemptions:

- [Investment allowance](#)
- [New mine allowance](#)
- [Cumulative tax credit](#)
- [Reclamation tax credit](#)
- [Nisga'a exemption](#)

For more information, please visit: <https://www2.gov.bc.ca/gov/content/taxes/natural-resource-taxes/mining/mineral-tax/coal-other-mines/reduce>.

Logging tax credit

You can claim a provincial logging tax credit if you paid logging tax to B.C. on income earned from logging operations for the year. For more information, please visit: <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/logging>.



SELLING AND PARTNERING WITH GOVERNMENT

The federal and British Columbia governments often **buy goods and services from outside private suppliers**. For example, the government may hire private contractors to build buildings, consultants to analyze a particular problem, or suppliers for equipment. The purchases are typically arranged through an on-line tendering process.

How does the Government of Canada buy goods and services?

Public Services and Procurement Canada (PSPC) is the government's largest purchasing organization and annually purchases over \$20 billion worth of goods and services. PSPC buys goods on behalf of most departments of the federal government; services tend to be purchased directly by the departments themselves.

MERX Canadian Public Tenders is the name of the electronic tendering system for the Government of Canada. More information can be found on their website: <https://www.merx.com/>.

How does the Government of British Columbia buy goods and services?

In British Columbia, individual ministries identify their needs for certain goods and services and then generally prepare a **requisition** (request) for the Procurement Services Branch (PSB). The PSB then determines which type of tendering process to use. For more information, visit the BC Procurement Resources website: <https://www2.gov.bc.ca/gov/content/bc-procurement-resources>. One common method is BC Bid, an on-line tendering site for the government of British Columbia. See the BC Bid website: <https://www.bcbid.gov.bc.ca/>.

The Government of British Columbia also implements some large-scale public infrastructure projects in partnership with private businesses (called **Private-Public Partnerships** (PPP)) to deliver goods and services. Contracts are usually performance-based.

Infrastructure BC is a corporation owned by the Government of British Columbia. Its mission is to encourage public-private partnerships by bringing together government ministries and private corporations. More information can be found on its website: <https://www.infrastructurebc.com/>.

Typical PPPs are in the fields of transportation, health and advanced education. A private partner may design, construct, finance, maintain or operate a project. Examples of recent PPPs include health care centres, highways and bridges.

Appendix: DOING BUSINESS IN B.C. CHECKLIST

<u>GENERAL</u>		
<input type="checkbox"/>	1.	Determine whether you need to submit a business investment review application or notification to the Minister of Innovation, Science and Industry or the Minister of Canadian Heritage and make the appropriate filing(s).
<input type="checkbox"/>	2.	Decide on a business structure (e.g., sole proprietorship, corporation, partnership, society). If you choose to incorporate a company, decide whether you want to incorporate under British Columbia or federal laws.
<input type="checkbox"/>	3.	Submit your business name request to the appropriate Registry.
<input type="checkbox"/>	4.	Register your business or form your organization.
<input type="checkbox"/>	5.	Open a bank account for your business.
<input type="checkbox"/>	6.	Obtain a Business Number from the Canada Revenue Agency and obtain any additional necessary registrations (e.g., for payroll, import/export, GST).
<input type="checkbox"/>	7.	Obtain a business licence from your municipality (required in most cases).
<input type="checkbox"/>	8.	Obtain a PST registration (if necessary).
<input type="checkbox"/>	9.	Determine whether there are any industry-specific licences, permits and/or regulations that may be applicable to your business (e.g., environmental, mining or water use permits).
<input type="checkbox"/>	10.	Obtain appropriate insurance for your business (e.g., property insurance, directors/officers insurance, etc.).
<input type="checkbox"/>	11.	If desired, set up a website and obtain a domain name.
<u>EMPLOYMENT</u>		
<input type="checkbox"/>	12.	Determine whether you need to register your business with WorkSafeBC for workers' compensation coverage.
<input type="checkbox"/>	13.	If you have employees, ensure that you obtain a payroll deductions account from the Canada Revenue Agency under your existing Business Number (see item 6 above).
<input type="checkbox"/>	14.	Obtain information about your obligations as an employer under the Employment Standards Act (B.C.).
<u>OTHER CONSIDERATIONS</u>		
<input type="checkbox"/>	15.	Understand your obligations with respecting to protecting the personal information of your customers.
<input type="checkbox"/>	16.	Obtain information about your business' obligations with respect to tax.
<input type="checkbox"/>	17.	If your business will be selling consumer products, determine what packaging, content or labeling laws are applicable.
<input type="checkbox"/>	18.	Determine whether you will need an export/import licence for your business.
<input type="checkbox"/>	19.	Register your trademark or industrial design or apply for a patent (if applicable).

