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LEGAL GUIDE · SEPTEMBER 2026

Setting up a business in Canada

Incorporating your company, running it, contracting and protecting your assets: the legal path to setting up, from the federal level to Québec.

The journey in six chapters

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SECTION 01

Canada and its legal framework

A federal territory, a G7 economy, two legal systems side by side.

Montréal, Québec

Almost 20 times France, ten provinces, three territories

10M km²

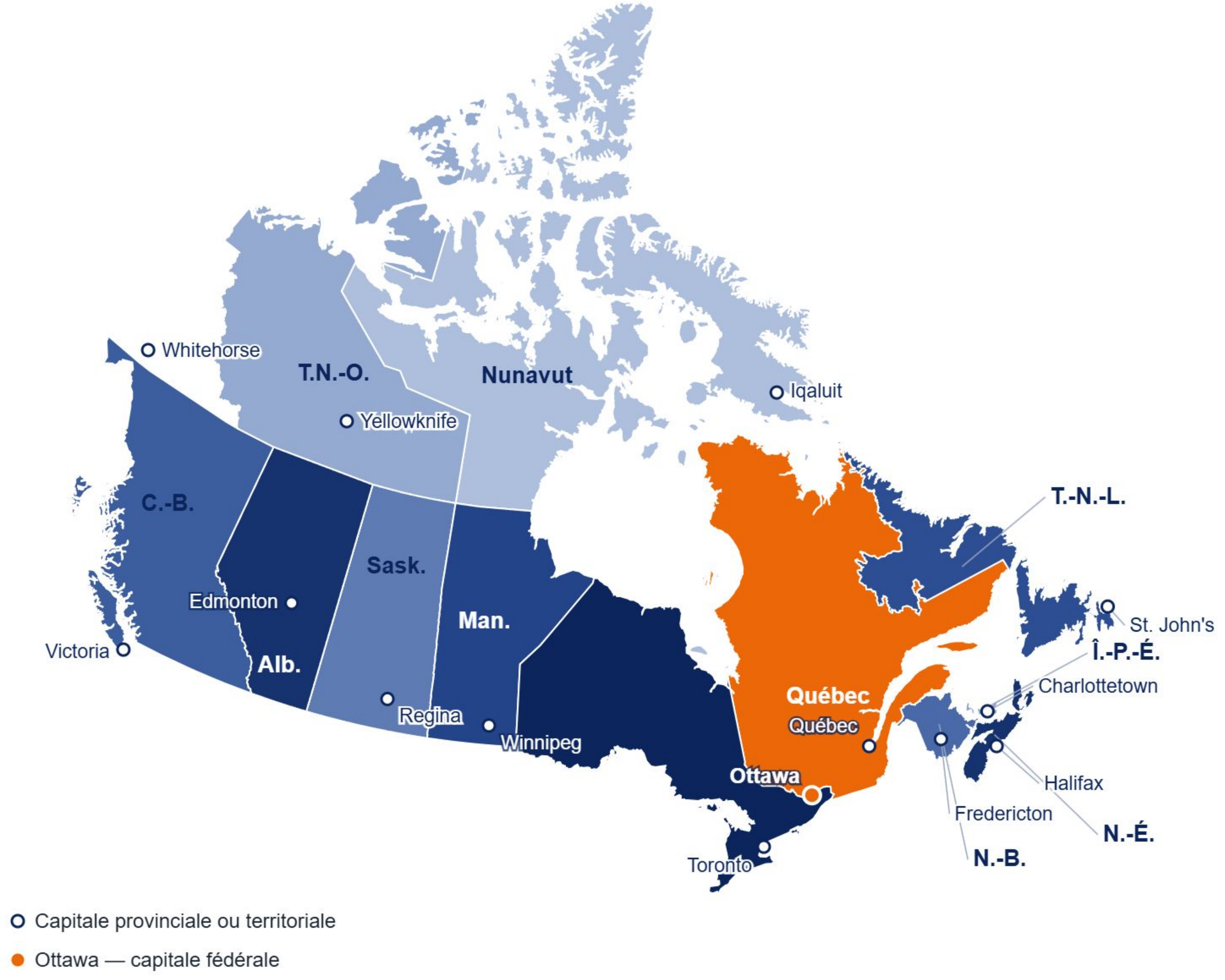
in area, the 2nd largest country in the world, about 20 times the size of France

10 + 3

provinces and territories, from west to east and north to south

1 federation

in which each province enjoys very broad legislative autonomy

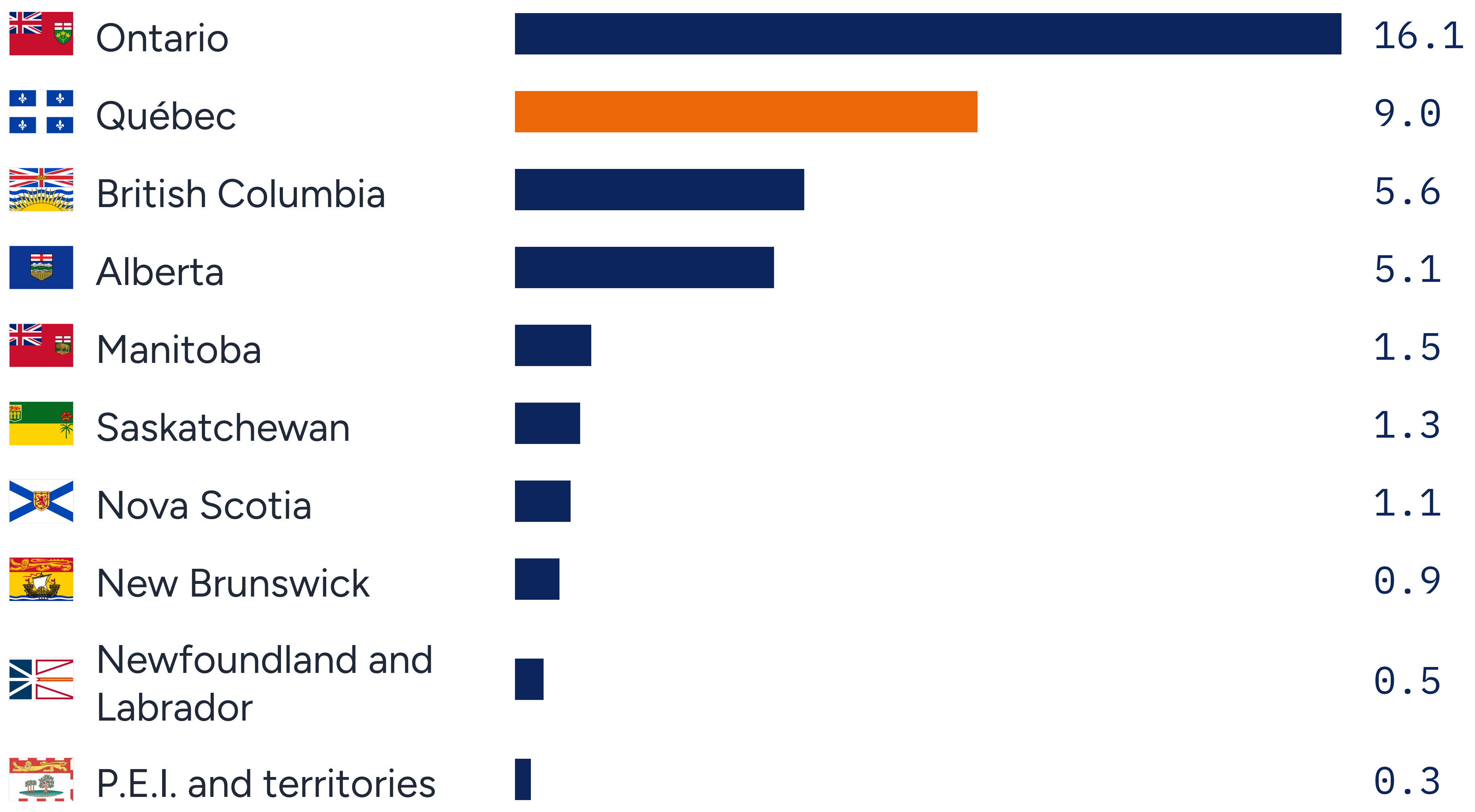


41.4 million people, concentrated along the border

41.4M

inhabitants as at 1 April 2026. After two years of record migratory growth, lower immigration targets have stabilised the population.

- **61%** of the population lives in Ontario and Québec.



Source: Statistics Canada, quarterly demographic estimates as at 1 April 2026 (table 17-10-0009-01). Figures in millions of inhabitants.

A G7 economy, with the lights on green

41.4M

inhabitants

as at 1 April 2026, including 2.6M non-permanent residents

6.4%

unemployment in July 2026

the lowest in two years · Québec 5.6% · Ontario 6.8%

1.5%

growth in 2026

2nd in the G7, with 1.9% forecast for 2027

12.5%

net debt / GDP

the lowest ratio in the G7 for 20 years

AN OPEN MARKET

CETA · Europe

The agreement between Canada and the European Union eliminates most customs duties between the two markets.

CUSMA · North America

NAFTA’s successor opens up the US and Mexican markets from Canada.

Setting up in Canada means producing at the crossroads of both agreements.

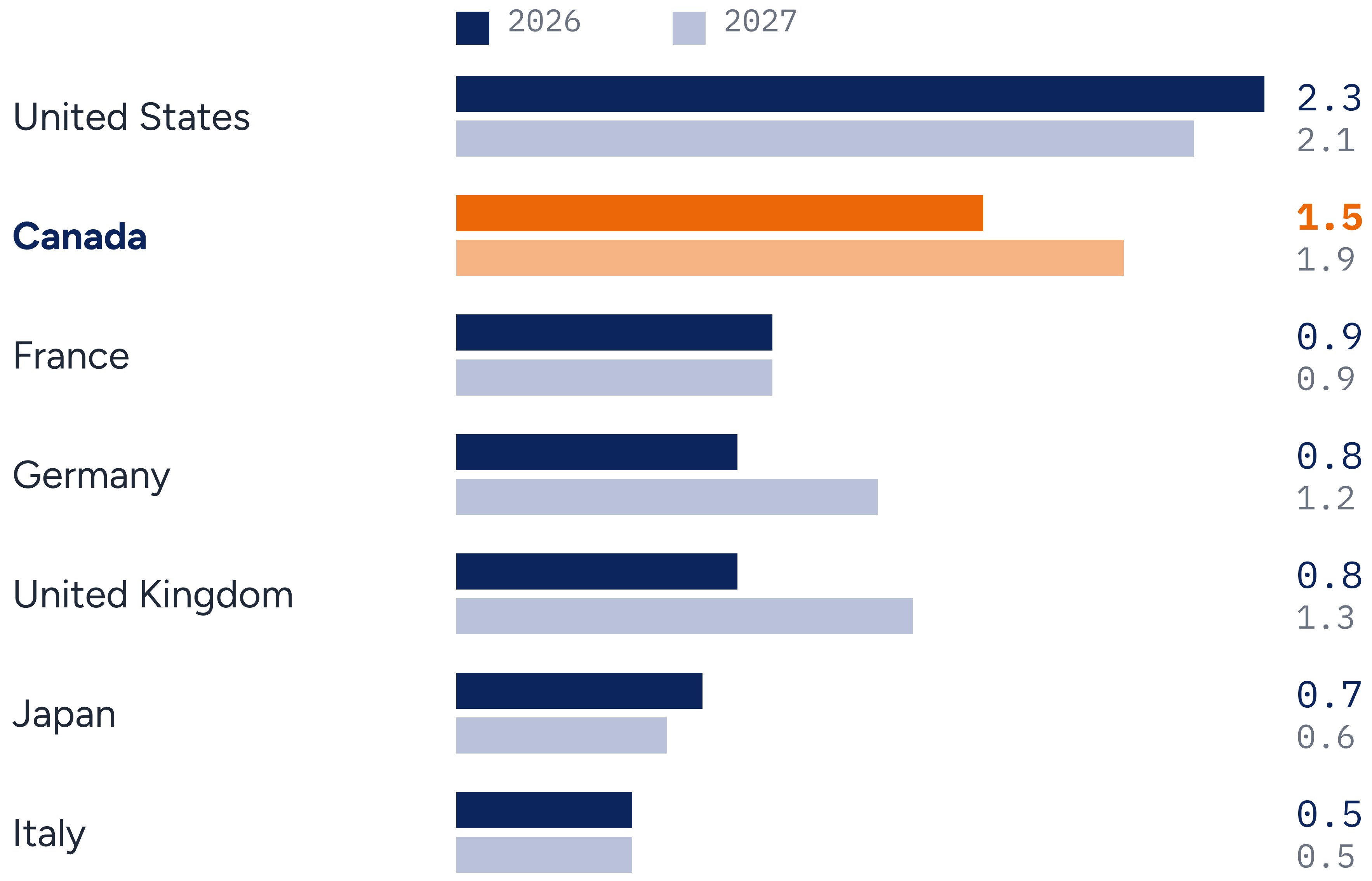
Sources: Statistics Canada, 1 April and July 2026 · IMF, World Economic Outlook, April 2026

Canada, second-fastest growth in the G7 in 2026

2nd

in the G7 for real GDP growth in 2026, at 1.5%, with 1.9% forecast for 2027.

Only the United States does better among the G7 countries.



Source: International Monetary Fund, World Economic Outlook, April 2026. Real GDP growth, in %.

Four dates to make sense of the Constitution

1763

Treaty of Paris

France cedes its Canadian territories to Great Britain.

1774

Quebec Act

Brought into force on 1 May 1775. London recognises two systems of law: French law in civil matters, English law in criminal matters.

1867

British North America Act

The federation of Canada is born. Sections 91 and 92 divide powers between the federal level and the provinces: exclusive powers (health, for example) or shared powers (the QBCA).

1994

Civil Code of Québec

A recasting of the 1865 Civil Code of Lower Canada, inspired by the Napoleonic Code: persons, property, obligations.

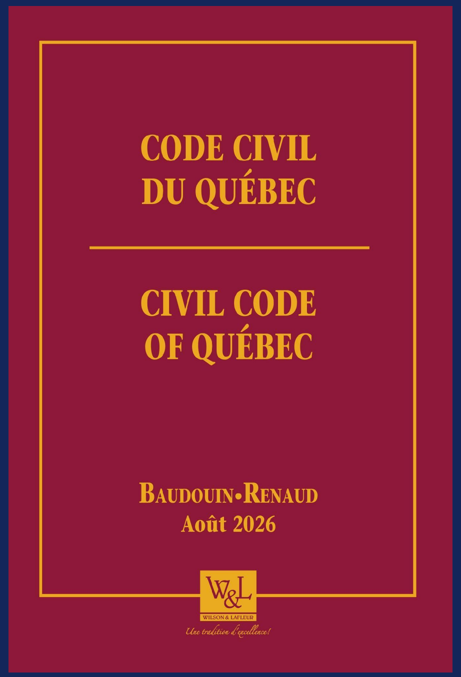
— Article 1375 CCQ makes good faith a fundamental element of the contract: it “shall govern the conduct of the parties, both at the time the obligation arises and at the time it is performed or extinguished”.

Civil law in Québec, Common Law elsewhere

QUÉBEC

Codified civil law

The Civil Code of Québec governs persons, property and obligations. Heir to the Civil Code of Lower Canada and to the French tradition, it governs matters falling within provincial jurisdiction.



9 PROVINCES AND 3 TERRITORIES

Common Law

Judge-made law of British tradition applies throughout the rest of the country, including before the courts that hear private-law commercial disputes.

— Two legal systems sit side by side within one and the same country, while federal statutes apply from coast to coast.

Federal or provincial: who legislates on what

Two legal frameworks overlap. Some fields fall exclusively to one or the other order of government; others are shared.

FEDERAL JURISDICTION

Exclusive

- Banking law
- Criminal law
- Competition, patents and trademarks
- Air transport, airports

SHARED JURISDICTION

Corporate law

A company may be incorporated either under the Canada Business Corporations Act or under a provincial statute, for example Québec's Business Corporations Act.

PROVINCIAL JURISDICTION

Exclusive

- Contract law
- Law of successions
- Civil liability
- Labour standards, consumer protection

— A federal corporation carries on business throughout the country, but remains subject to provincial statutes of general application: taxation, regulation of contracts, legal publicity.

Business law with a far lighter touch

Business law, and company law in particular, is largely inherited from the Anglo-Saxon tradition. It leaves economic actors far more room for manoeuvre than in France.

Commercial lease

No minimum term, no statutory right to renew.

Non-competition clause

No requirement to pay any consideration.

Share capital

No minimum required on incorporation.

THE LIMITS: SECTOR-SPECIFIC STATUTES

- **Competition Act** (federal): prohibits certain practices, including tied selling and resale price maintenance that harms competition.
- **Consumer Protection Act** (Québec): governs contracts between consumers and merchants.

Significant differences exist from one province to another, for example Alberta’s specific rules on franchise agreements.

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SECTION 02

Incorporating a company

A single legal form, two incorporation regimes, and a choice worth preparing.

Toronto, Ontario

One legal form, two incorporating statutes

Canadian law knows nothing of the French distinction between SA, SAS and SARL: you incorporate a **business corporation**, under the Canada Business Corporations Act (CBCA) or under a provincial statute such as Québec's Business Corporations Act (QBCA). In both cases, shareholders' liability remains limited to their contributions.

	Federal · CBCA	Provincial · QBCA
Head office	May be transferred from one province to another	Fixed in the province of incorporation
Field of activity	The whole of Canada, subject to registering in the provinces of activity	The province, extensible to others through licensing formalities ($75 to $500 depending on the province)
Directors	At least 25% Canadian residents (at least one if fewer than four)	No residency requirement
Corporate name	Federal review of the name	Stricter: must comply with the Charter of the French Language
Share capital	No par-value shares	Par-value shares and partly paid shares are possible

Three criteria to settle the question

01 **Composition of the board**

The federal requirement that a quarter of directors be Canadian residents — at least one where the board has fewer than four — may be a problem for a French group that wants to keep control of the board.

02 **Geographic scope of the business**

Activity confined to one province, or a Canada-wide rollout in the short term.

03 **Type of business**

Some sectors fall essentially to the federal level, aerospace for instance: a federal charter is often more appropriate there.

Our reading

There is no single decisive criterion that would dictate one incorporating statute over the other. The choice is built from the governance structure you want, the rollout timetable and the sector.

We are here to advise you and settle on the best option.

Incorporating: information, fees, numbers

WHAT YOU NEED TO GATHER

- The address of the head office. We can provide a registered address at our offices.
- The names and addresses of the directors.
- The corporate name, optional: a “numbered” company is possible. Otherwise an availability search is required, and the name must comply with the Charter of the French Language (s. 17 of the Act respecting the legal publicity of enterprises). An English version may be added.

GOVERNMENT FEES

Federal incorporation, online	$200
Incorporation in Québec (QBCA)	$397
Name reservation	$27
Annual updating declaration	$106

TWO IDENTIFICATION NUMBERS

NEQ: the Québec Enterprise Number, assigned on incorporation. A federal corporation carrying on business in Québec must register with the Registraire des entreprises within 60 days.

BN: the federal Business Number, used by the Canada Revenue Agency. Assigned automatically on federal incorporation; a corporation incorporated in Québec must apply for it separately to the CRA.

Sources: Corporations Canada · Registraire des entreprises du Québec, fees in force at 1 January 2026 (indexed annually)

Organising the company by resolution

The legal person comes into being at the incorporation stage. What remains is to organise it, by resolutions of the directors and the shareholders.

01 Adopt the company's by-laws.

02 Adopt the form of the share certificates and of the registers.

03 Authorise the issue of shares.

04 Appoint the officers: president, secretary, treasurer.

05 Choose the company's financial year end.

06 Choose the company's bank and accountant.

NOTE

The first financial year cannot exceed 53 weeks from incorporation (a tax rule), unlike the rule that applies in France.

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SECTION 03

Running the company

Share capital, shareholders, the board of directors, and the true extent of directors' liability.

Vancouver, British Columbia

Share capital and shareholders

Federally as provincially, the company operates much like a French société anonyme with a board of directors.

SHARE CAPITAL

- The articles define the rights and privileges attaching to each class of shares: voting rights, rights to dividends, rights to the residue on liquidation.
- Shareholders of the same class must be treated equitably.
- Share capital is protected by statute: the directors may not encroach on it.
- There is no minimum share capital, and the amount is not made public.

SHAREHOLDERS

No residency requirement: the shareholder may be French, and may be the sole shareholder.

The majority or sole shareholder may hold office as a director and hold an employment contract at the same time.

Shareholders may withdraw all or part of the board’s powers by unanimous shareholder agreement — they then assume the corresponding liabilities (s. 146(5) CBCA).

The board of directors: powers and duties

ITS ROLE

To manage the business of the company and to enter, in its name, into any contract permitted by law.

To elect the officers: president, secretary, treasurer.

Its powers may be withdrawn in whole or in part by the articles or by a unanimous shareholder agreement.

Comply with the law

Act within the limits of the law, the constituting act, the by-laws and, where applicable, the unanimous shareholder agreement.

Loyalty and honesty

Derive no personal benefit from the office, disclose any conflict of interest in writing, preserve the confidentiality of deliberations.

Care and diligence

The duty is not to take the best decision, but to obtain the information needed for the decision to be an informed one.

Good faith and fairness

Act in the interest of the company and fairly towards every class of shareholder, including minority shareholders.

— A decision that is unfair to a group of shareholders, even if otherwise lawful, may be challenged through the remedy for abuse, known as the “oppression remedy”.

The civil liability of directors

> "To abide by the rules of conduct which lie upon him, according to the circumstances, usage or law, so as not to cause injury to another."

ARTICLE 1457 CCQ

Where a director fails to act in accordance with these rules, he may be held liable, personally and on his own patrimony, for the injury that results from that failure.

THREE TYPICAL SITUATIONS

Making false representations.

Falsifying documents.

Failing to negotiate in good faith.

There is no presumption of liability against a director: wrongful conduct must be proved.

Statutory liability, without proof of fault

"Statutory" liability flows from a specific *statute*, as opposed to the open-ended rules of conduct of article 1457 CCQ.

PROTECTING THE STATE

Amounts owed to government

Directors are solidarily liable for the sales taxes (GST and QST), income taxes and payroll withholdings, known as source deductions, that the legal person has failed to remit.

PROTECTING WORKERS

Wages and safety

Solidary liability for wages left unpaid during the term of office, up to six months' wages (CBCA, s. 119; Canada Labour Code, s. 251.18).

Personal penalties are possible where the company breaches the Act respecting occupational health and safety (s. 241).

PROTECTING INVESTORS

Dividends and shares

A dividend declared or a share redemption authorised where the accounting or solvency tests are not met: solidary liability up to the amount not recovered.

An issue of partly paid shares approved by vote or acquiescence: an obligation to restore the amounts in question.

— To this must be added the Securities Act (CQLR c V-1.1, s. 205), which allows a director to be personally sanctioned for an offence committed by the company.

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SECTION 04

Dealing with third parties

Employees, distributors, landlords: what Canadian flexibility changes in practice.

01 OVERVIEW 02 CREATE 03 RUNNING — **04 PARTIES** 05 IP 06 VISAS

Château Frontenac, Québec City

The employment contract: the key principles

Employment contracts fall under provincial legislation, unless the company's object is within federal jurisdiction (airports, banks). In Québec, individual relationships are governed by the Civil Code and the Act respecting labour standards (ALS), collective relationships by the Labour Code.

Form and term

Oral or written, for a fixed or an indefinite term. A fixed-term contract may be renewed, subject to the risk of requalification as an indefinite-term contract.

A floor of minimum rights

The ALS sets weekly hours, vacation, notice and the minimum wage, and lists “prohibited practices” that may justify setting aside a dismissal and ordering reinstatement.

Non-competition without consideration

Unlike in France, it requires no payment. But it must be in writing, in express terms, and limited as to time, place and type of work to what protects the employer's legitimate interests (art. 2089 CCQ).

Loyalty after the contract

Even without a clause, the employee remains bound by a duty of loyalty and confidentiality “for a reasonable time after cessation of the contract” (art. 2088 CCQ).

Collective dismissal

Above 10 employees of the same establishment over two months: notice to the Ministry of 8 to 16 weeks depending on headcount, which does not replace the individual notices (ss. 84.0.1 and 84.0.4 ALS).

The trade-off

This flexibility has a flip side: a relatively volatile workforce, which retention policies need to take into account.

Notice and paid vacation: the two scales

NOTICE OF TERMINATION OF EMPLOYMENT · S. 82 ALS

Less than one year of uninterrupted service	1 wk
1 to 5 years	2 wks
5 to 10 years	4 wks
10 years and over	8 wks

Written notice is required before any end of contract or layoff of six months or more. Given during a layoff, it is null, except for seasonal employment. Four exemptions: s. 82.1 ALS.

ANNUAL VACATION · SS. 68 AND 74 ALS

UNINTERRUPTED SERVICE	LENGTH	INDEMNITY
Less than one year	1 day per full month, max. 2 weeks	4%
1 year to under 3 years	2 continuous weeks	4%
3 years and over	3 continuous weeks	6%

Reference year: 1 May to 30 April, unless another date is agreed.

— Either party to an indefinite-term contract may end it on reasonable notice (art. 2091 CCQ), often far longer than the ALS scale, which is only the floor. Requiring written notice in the contract is strongly advisable.

Three ways to bring your products to market

01

Manufacturer's agent

The agent receives exclusive representation of the products in a defined territory, in return for a commission on sales. Both parties act as independent contractors; the manufacturer keeps control of pricing, shipping and invoicing.

The equivalent of the French commercial agent.

02

Dealership

The manufacturer grants a dealer exclusive rights to sell its products in a territory; the dealer undertakes to resell them in its own name and to maintain after-sales service.

Corresponds to the French contrat de concession.

03

Franchise

Exclusive rights to a manufacturing, sales or service concept in a territory, in return for an entry fee and royalties calculated on the franchisee's turnover.

In Québec it is not governed by any specific statute, unlike Ontario, Alberta, Manitoba, New Brunswick and P.E.I.

POINT TO WATCH

Canadian law grants no proprietary right in the clientele: a manufacturer's agent can claim a clientele indemnity only if it has been provided for in the contract. In Québec, the pre-contractual disclosure obligations specific to French franchising do not exist. A termination held to be abusive may, however, give rise to a right to compensation (art. 1375 CCQ).

The commercial lease: everything is negotiable

- No statutory security of tenure of the kind created by the French decree of 30 September 1953.
- No right to renewal, absent the landlord's express agreement. The tenant therefore has no leasehold right to assign. The usual term in Québec is five years.
- Renewal must be expressly provided for in the original lease. Failing a provision on the amount, the landlord will set the new rent freely.
- Negotiation is entirely open, including on who bears maintenance and rental repairs.

THE "NET LEASE" TRAP

The term, in common use in Québec, means that the tenant bears:

i the rent itself

ii a share of the operating costs

iii "administration fees", themselves calculated as a percentage of the operating costs

— Local practice, like the vocabulary used, differs sharply from the French market. Guidance at this stage is essential.

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SECTION 05

Protecting intellectual property

A single office, CIPO, and four families of rights to secure before entering the market.

Supreme Court of Canada, Ottawa

A single office: CIPO

The Canadian Intellectual Property Office is the Canadian equivalent of the French INPI.

CIPO administers and processes intellectual property in Canada. Its fields of activity cover five families of rights:

- Trademarks
- Industrial designs
- Patents
- Integrated circuit topographies
- Copyright

Protecting your intellectual property rights is often decisive for the value of your operation in Canada. It is built as a strategy, before entering the market.

The trademark, the first asset to secure

It carries your company's reputation and the quality of its products. It may be a name, a distinctive shape of the product or of its container. To be registrable, a mark must be distinctive and must be used in association with goods or services.

10 years

of exclusive use throughout Canada, renewable indefinitely (ss. 19 and 46(1) of the Trademarks Act)

$491

in official fees for electronic filing in a first Nice class, plus $149 per additional class

14 months

CIPO service standard for the first examination action since 1 April 2026; current projected wait, about 8 months

45

classes in the Nice international classification; each product or service must be classified

Always start with a search

Filing must be preceded by an availability search of the register and of the market: CIPO may refuse registration for confusion with an earlier right.

A trade name is not a trademark

The name under which a business operates can be registered only if it also serves as a mark, that is, to identify goods or services.

Sources: CIPO, 2026 fee schedule (fees indexed annually) · service standard in force since 1 April 2026

The six stages of registration

01

Application

Filing with the Trademarks Office together with the prescribed fees. The application is entered on the register as “pending”.

02

Examination

The Office searches for potentially conflicting marks and checks that the application complies with the Act and its regulations.

03

Approval

Once examination is complete, the Office approves the application.

04

Advertisement

Publication in the Trademarks Journal. Anyone has two months to file a statement of opposition, which may delay registration by several months.

05

Allowance

If no opposition is filed within the time limit, the application is allowed.

06

Registration

The mark is entered on the register. Since 2019 no separate fee is payable on registration: the fees are paid on filing.

— BDG handles every one of these stages on your behalf.

Patents, industrial designs, copyright

Patents

20 years

from the filing date

An exclusive right over an invention, valid throughout Canada but nowhere else. In return, the holder provides a complete description: the information is made public after 18 months.

The invention must be new, useful and inventive. The patent is granted to the first applicant: filing early is a strategic reflex.

Industrial designs

10 / 15 years

whichever ends later

Protection ends on the expiry of 10 years after registration or 15 years after filing, whichever is later, subject to payment of the maintenance fees.

What is protected are the visual features of a finished article (shape, configuration, pattern, ornamentation), not its materials or how it works.

Copyright

Life + 70 years

since 30 December 2022

The general term went from 50 to 70 years after the year of the author's death, to comply with CUSMA. The change is not retroactive.

A work is protected as soon as it is created. Registration provides a certificate for use in court. Moral rights cannot be assigned, but the author may waive them.

Computer programs are protected as literary works: source code as well as object code.

Sources: Patent Act · Industrial Design Act, s. 10 · Copyright Act, as amended on 30 December 2022

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SECTION 06

Immigration

Bringing your teams over: the essentials in two slides. The detail is covered in a dedicated presentation.

Montréal, Québec

The work permit: two routes

Foreign nationals wishing to work in Canada must apply for and obtain a work permit. Two routes lead there.

ROUTE 01

The classic route · the LMIA

The worker must hold a job offer from a Canadian employer. The employer obtains a favourable Labour Market Impact Assessment (LMIA) from Employment and Social Development Canada.

The document is sent to the future employee, who files the permit and visa application. In Québec, a Certificat d'acceptation du Québec (CAQ) is also required where the job is subject to an LMIA.

ROUTE 02

LMIA exemptions

Several exemptions tied to particular situations exist. The most common when setting up:

- C12 Intra-company transfer
- C11 Entrepreneur or self-employed
- Trade agreements: CUSMA, CETA
- Francophone Mobility, outside Québec

— This list is not exhaustive and the programs change regularly. Our teams help you obtain the permit and choose the right strategy.

Beyond the permit: settling for the long term

Beyond the work permit, a candidate may aim for **permanent residence** and, where the conditions are met, **Canadian citizenship**.

The firm assists you at each of these stages, from assembling the file through to the decision.

— See our dedicated presentation: BDG · Immigration

WHAT TO PREPARE UPSTREAM

The structure of the subsidiary determines access to the intra-company transfer exemption.

Québec applies its own selection requirements, distinct from the federal ones.

Processing times drive the opening timetable: anticipating them avoids pushing back the launch.

France and Québec: the same thing, different words

IN FRANCE →	IN QUÉBEC
Administrateur	directeur
Agent commercial	agent manufacturier
Bailleur	locateur
Capital social	capital-actions
Fixer un rendez-vous	céduler un rendez-vous
Statuts de société	charte
Commissaire aux comptes	vérificateur
Société	compagnie
Société cotée en bourse	compagnie publique
Constitution	incorporation
Rétrogradation	démotion
Finalement, en fin de compte	éventuellement
Exemption d'impôt	congé fiscal
Dirigeant de société	officier
Exploiter	opérer
Période d'essai	période de probation
Redressement fiscal	cotisation
Registre du commerce	Registraire des entreprises
Démissionner	résigner
Licenciement	rupture du contrat pour motif économique
Congédiement	rupture du contrat pour motif personnel
Postuler	appliquer
Retenues sur salaires	déductions à la source (DAS)

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We look forward to welcoming you to Canada

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