

Comparison between Canada and Ontario as Proposed Jurisdiction of Incorporation

This Comparative Chart is not comprehensive and does not show all of the differences between Canada and Ontario as the jurisdiction of incorporation; however, the purpose of this Comparative Chart is to identify the major differences which should be considered prior to incorporation, particularly with respect to the residency requirements of directors (Item 10).

Description		CANADA	ONTARIO
1	Governing Statute	<i>Canada Business Corporations Act, RSC 1985, c.C-44 ("CBCA")</i>	<i>Business Corporations Act, RSO 1990, c. B.16 ("OBCA")</i>
2	Prestige Factor	Arguably, a Federal corporation may have a greater prestige factor for foreign clients.	N/A
3	Incorporation	<p>\$200.00 (electronic filing) or \$250.00 (paper filing) Express four (4) hour service is available at additional \$100.00 fee</p> <p>No original signature is required for either the electronic or paper filing of Federal articles of incorporation. Electronic articles of incorporation may be filed online directly with Corporations Canada or, alternatively, a paper filing may be made by email to Corporations Canada (long processing time). There are no transmission fees for electronic filings.</p> <p>Corporations Canada's Hours of Operation (Online): 24 / 7 (including weekends and holidays)</p> <p style="text-align: center;">IMPORTANT</p> <p>Effective as of and from September 15, 2021, after incorporation, each Federal corporation is required to use its assigned Federal corporation key in order to make any government filings with Corporations Canada to report corporate changes (such as changes to the directors, registered office address, articles, etc.). For more information, please click on the link below:</p> <p>https://www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/cs04178.html</p>	<p>\$300.00** (electronic filing or paper filing)</p> <p>No original signature is required for either the electronic or paper filing of Ontario articles of incorporation. Electronic articles of incorporation may be filed using one of the two primary service providers ("PSP") under contact to the Ontario Ministry of Government Services ("Ontario Ministry") or, alternatively, a paper filing may be made by email to the Ontario Ministry (longer processing time). Online transmission fees vary depending on the PSP but are in the range of \$50.00 to \$75.00.</p> <p>PSP Hours of Operation: 8:00 a.m. to 6:00 p.m., Monday to Friday (closed on weekends and holidays).</p> <p>Ontario Ministry's Hours of Operation (Online): 24 / 7 (including weekends and holidays)</p> <p>The two (2) PSPs are: eCore by Dye & Durham Corporation and ESC Corporate Services Ltd.</p> <p style="text-align: center;">IMPORTANT</p> <p>The NEW online Ontario Business Registry ("OBR") was launched on October 15, 2021 to offer certain online searches and government filing services directly to Ontario businesses that are registered, incorporated or licensed to carry on business in Ontario. To access the OBR directly, each such business will require an Ontario company key issued by the Ontario Ministry, a ONE-key ID and a ServiceOntario account . For more information, please click on the link below:</p> <p>https://www.ontario.ca/page/ontario-business-registry</p>
4	Capacity to Carry on Business	A Federal corporation may carry on business under its corporate name throughout Canada but its capacity to carry on its business and exercise its powers in any jurisdiction outside Canada is subject to the laws of that jurisdiction. Please see Item 8 below.	An extra-provincial licence or registration from the province/territory as well as the approval of the Ontario corporation's name in each such jurisdiction is required to be obtained in order for an Ontario corporation to use its name and register to carry on business in any such jurisdiction in compliance with the legislative requirements of each such province/territory. Please see Item 8 below.

Description		CANADA	ONTARIO
5	Name Search	<p>A Federal NUANS database search of the proposed name is required to be filed in support of the proposed incorporation. Corporations Canada may refuse the proposed name if it determines that the proposed name is too general, deceptive or too similar to a name already in existence in Canada. Corporations Canada has very strict requirements which must be met before it will permit a corporation to incorporate in the Federal jurisdiction under its proposed name.</p> <p>A Name Decision Letter in respect of the proposed corporate name should be requested from Corporations Canada prior to incorporation to determine whether the proposed name will be acceptable to Corporations Canada, failing which, Corporations Canada will not permit incorporation under the proposed name. Corporations Canada's turnaround time for issuing a Name Decision Letter is 24 to 48 hours. The disbursement cost for the Federal NUANS name search report and submission to Corporations Canada for the Name Decision Letter is \$75.00.</p>	<p>An Ontario biased or weighted NUANS search of the proposed name is required, dated not more than 90 days prior to submission of articles of incorporation.</p> <p>Unless the proposed corporation is identical to an existing name in Ontario or includes a prohibited or restricted word pursuant to Ontario Regulations, the proposed name will not be refused by the Ontario Ministry as the onus of responsibility for any confusion will rest with the incorporator. The disbursement cost for the Ontario NUANS name search report \$55.00.</p>
6	Language of Name	The name of a Federal corporation may be in English and/or French (or a combination thereof); other languages may be set out in articles of incorporation for use outside Canada.	The name of an Ontario corporation may be in English and/or French (or a combination thereof). The articles of incorporation may allow the name to be set out in any language.
7	Registered Office	The location of the registered office may be anywhere in Canada but the province/territory must be specified in the articles of incorporation. The initial municipal address of the registered office is required to be reported in a separate Form 2 Notice to be filed with Corporations Canada at the time of incorporation.	The location of the registered office may anywhere in Ontario but the initial municipal address must be specified in the Ontario articles of incorporation at the time of incorporation.
8	Extra-Provincial Registrations	By right, a Federal corporation is entitled to carry on its business in any province/territory in Canada under its corporate name; however, like an Ontario corporation, the extra-provincial registration of a Federal corporation is still required before carrying on business in such province or territory. This involves the filing of the prescribed extra-provincial application forms and extra-provincial annual returns as well as the payment of prescribed government fees (varies with each province/territory).	Unlike a Federal corporation, an Ontario corporation is required to have its name pre-approved for use in each province/territory where it wishes to register to carry on business. The extra-provincial registration requirements, prescribed forms and government fees for an Ontario corporation are otherwise similar to those of a Federal corporation.
9	Corporate Records and Accounting Records	Subject to the CBCA, the corporate records of a Federal corporation may be maintained at its registered office or at any other place in Canada designated by the directors. If accounting records of a Federal corporation are kept outside Canada, adequate accounting records to enable the directors to ascertain the financial position of the Federal corporation are required to be kept at the registered office of the Federal corporation or any other place in Canada designated by the directors.	<p>Subject to the OBCA, the corporate records of an Ontario corporation may be kept in a minute book in hard copy format or in any electronic or digital format at its registered office address in Ontario or at such other place in Ontario designated by its directors.</p> <p>In addition, an Ontario corporation is required to prepare and maintain adequate accounting records but, if the retention requirements of any taxing authority in Ontario or Canada are satisfied, the accounting records need only be retained by the Ontario corporation for 6 years from the date of its last fiscal year end.</p>

Description		CANADA	ONTARIO
10	Directors' Residency Requirements	<p>At least 25% of the directors of a corporation must be Resident Canadians (as defined below); however, if a Federal corporation has less than four (4) directors, at least one (1) director must be a resident Canadian.</p> <p style="text-align: center;">“Resident Canadian”</p> <p>(a) Canadian citizen ordinarily resident in Canada,</p> <p>(b) Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons, or</p> <p>(c) permanent resident within meaning of the <i>Immigration and Refugee Protection Act</i> and ordinarily resident in Canada, EXCEPT a permanent resident who has been ordinarily resident in Canada for more than one year after the time at which he/she first became eligible to apply for Canadian citizenship.</p>	<p style="text-align: right;">NEW (July 5, 2021)</p> <p>Effective as of July 5, 2021, the OBCA was amended to eliminate the requirement for directors of Ontario corporations to have a resident Canadian quorum on the board. In other words, Ontario corporations are not required to have any resident Canadians on the board of directors..</p> <p>Notwithstanding the above, each director of the Ontario corporation must still indicate whether he/she is a resident Canadian (as defined below).</p> <p style="text-align: center;">“Resident Canadian”</p> <p>(a) Canadian citizen ordinarily resident in Canada or permanent resident within the meaning of the <i>Immigration and Refugee Protection Act</i> ordinarily resident in Canada, or</p> <p>(b) Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons.</p>
11	Federal Business Number (Tax)	<p>Canada Revenue Agency (“CRA”) automatically assigns to the Federal corporation the Federal Business Number within about three (3) or four (4) business days after incorporation (available on Corporations Canada’s database). Thereafter, any director of the Federal corporation may contact CRA by telephone or online to register the Federal corporation for HST (harmonized sales tax) and/or any other tax accounts.</p>	<p>Effective as of and from October 15, 2021, CRA automatically assigns to the Ontario corporation the Federal Business Number within about three (3) or four (4) business days after incorporation (available in each PSP’s website or through the ONe-key portal, as appropriate). Thereafter, any director of the Ontario corporation may contact CRA by telephone or online to register the Ontario corporation for HST and/or any other tax accounts.</p>
12	Ownership of Property (Ontario only)	<p>There is no requirement for a Federal corporation to retain a register with information regarding any real property owned by it or disposed of by it.</p>	<p>Under the OBCA, an Ontario corporation is required to prepare and maintain at its registered office a register of its ownership interests in Ontario owned or disposed of by the Ontario corporation together with a copy of any deeds, transfers or similar documents containing the municipal address, registry or land titles division, legal description and assessment roll number (if any).</p> <p>Under the <i>Forfeited Corporate Property Act, 2015</i> (“FCPA”), following the dissolution of an Ontario corporation, any personal or real property owned by such Ontario corporation is forfeited to the Crown. After three (3) years following the date of dissolution, the forfeited assets (including any real property) may be sold or otherwise disposed of by the Province of Ontario.</p>
13	ISC Register (Canada only) (Ontario - PENDING)	<p>Effective as of June 13, 2019, every “private” (non-distributing) Federal corporation (except for certain exempted corporations) is required to maintain a register of individuals who have “significant control” (“ISC Register”), whether directly or indirectly, over such Federal corporation. The purpose of the ISC Register is to provide detailed information about individuals who own and control corporations which are governed by the CBCA and the information may be used to help law enforcement agencies expose activities such as money laundering, tax evasion and/or terrorist financing. The ISC Register is required to be retained in the Federal corporation’s minute book and be updated annually. The ISC Register may be accessible by shareholders and/or creditors in accordance with the CBCA. There are prescribed penalties for non-compliance with this requirement.</p>	<p>As at the date hereof, there is no requirement under the OBCA requiring an Ontario corporation to maintain an ISC Register or similar register setting out information about individuals who have “significant control” over the Ontario corporation; however, on November 4, 2021, the Ontario government introduced Bill 43, being the <i>Build Ontario Act (Budget Measures), 2021</i>, to amend the OBCA to require every Ontario corporation to prepare and maintain a register of individuals with “significant control” over such corporation.</p> <p>When Bill 43 is passed, the requirement for this register will come into force on January 1, 2023.</p>

Description		CANADA	ONTARIO
14A	Corporate Maintenance	<p align="center">Corporate Searches</p> <p>(a) Corporate Search: An electronic Federal Corporate Search Report for the Federal corporation is available from Corporations Canada (no fee).</p> <p>(b) Public Documents: Ordinary copies of public documents filed with Corporations Canada (such as copies of articles of incorporation, articles of amendment, notices re director changes, etc.) are available online at Corporations Canada's website (no fee). The usual turnaround processing time is about one (1) business day.</p> <p>(c) Government Certified Charter Documents: Government certified copies of any public documents on file with Corporations Canada are available from Corporations Canada, upon written request by email (\$40.00 per document).</p>	<p align="center">Corporate Searches</p> <p>(a) Corporate Search: An electronic Ontario Corporation Profile Report is available from the Ontario Ministry, through the PSP (\$22.00 average disbursement cost) or directly through the ONE-Key portal (\$8.00 fee).</p> <p>(b) Public Documents: Ordinary copies and government certified copies of public documents contained on the microfiche for the Ontario corporation (such as copies of the articles of incorporation, articles of amendment, etc.) are available from the Ontario Ministry. The disbursement cost is approximately \$14.00 and \$3.00 for each document obtained. The Ontario Ministry's processing time is about five (5) business days (depending on their backlog).</p>
14B	Corporate Maintenance	<p align="center">Corporate Filings</p> <p>(a) Federal Corporate Annual Return Filing Obligations: A Form 22 Federal corporate annual return is required to be filed directly with Corporations Canada each year within 2 months of its anniversary date of incorporation. The electronic filing: is \$12.00 and the paper filing is \$40.00. This is not a tax return. Failure to comply for two (2) consecutive years may result in the cancellation of the charter of the Federal corporation.</p> <p>(b) Ontario Notice Filing Obligations (if Federal corporation carries on business in Ontario): An Ontario Initial Return under the <i>Corporations Information Act</i> (Ontario) with information regarding the registered office address is required to be filed with the Ontario Ministry (if carrying on business in Ontario). There is no government fee but the PSP will charge an online transmission fee of approximately \$35.00.</p> <p>(c) Reporting Changes to Directors and Registered Office: Form 3 and Form 6 Notices to report changes in directors and/or registered office address may be electronically filed with Corporations Canada (no fee). An Ontario Form 2 Notice of Change is required to be filed with the Ontario Ministry to report any change in the registered office address (if carrying on business in Ontario). There is no government fee but the PSP will charge an online transmission fee of approximately \$35.00.</p> <p>(d) Articles Filings: Articles of incorporation, amendment, continuance, etc. may be electronically submitted for filing with Corporations Canada (with a Federal corporation key) or emailed to Corporations Canada for processing (longer processing time). There are various prescribed government filing fees but no separate online transmission fees. No original signature is required for either an electronic filing or a paper filing.</p> <p>Corporations Canada's Operating Hours (Online): 24 / 7 including weekends and holidays.</p>	<p align="center">Corporate Filings</p> <p>(a) Ontario Corporate Annual Return Filing Obligations: Effective October 15, 2021, each Ontario corporation is required to file with the Ontario Ministry, through the PSP (with an online transmission fee of approximately \$20.00), directly through the ONE-Key portal (no fee) or by email to the Ontario Ministry, an Ontario corporate annual return within six (6) months after the financial year end of the Ontario corporation. This is not a tax return. Failure to comply with this filing obligation may result in the cancellation of the charter of the Ontario corporation.</p> <p>(b) Reporting Changes to Directors, Officers and Registered Office: Notices of Change may be electronically filed with the Ontario Ministry through the PSP, directly through the ONE-Key portal) or by email to the Ontario Ministry. There is no government fee but the PSP will charge an online transmission fee (approximately \$20.00).</p> <p>(c) Articles Filings: Effective as of and from October 15, 2021, articles of incorporation, amendment, continuance, etc. may be electronically submitted for filing with the Ontario Ministry, either through the PSP (with an online transmission fee), through the ONE-Key portal (with the Ontario company key) or by email directly to the Ontario Ministry (longer processing time), as appropriate. There are various prescribed government filing fees depending on the filing. No original signature is required for either an electronic filing or a paper filing.</p> <p>PSP Hours of Operation: 8:00 a.m. to 6:00 p.m., Monday to Friday (closed on holidays under <i>Retail Business Holidays Act</i>).</p> <p>Ontario Ministry's Operating Hours (Online): 24 / 7 including weekends and holidays.</p>