

A photograph of a modern glass skyscraper with a grid of windows. In the foreground, the flag of Quebec, which is blue and white with four white fleur-de-lis, is flying from a tall silver pole. The flag is slightly tattered and is blowing in the wind. The building's windows reflect the sky and the flag. The overall scene is bright and professional.

DOING BUSINESS IN QUÉBEC

Your gateway to North America

lavery
Lawyers

Québec's advantages

Foreign companies deciding to set up business in Québec can take advantage of:

- ▶ numerous tax benefits, such as research and development credits;
- ▶ a gateway to North America;
- ▶ low set-up and operating costs;
- ▶ privileged access to over 460 million consumers thanks to trade agreements such as the North American Free Trade Agreement (NAFTA) and the Comprehensive Economic and Trade Agreement (CETA);
- ▶ a quality workforce; and
- ▶ a dynamic business environment.

Main forms of business in Québec

In Québec, companies can do business in various legal forms:

- ▶ the branch
- ▶ business corporation ("corporation")
- ▶ partnership: i) general partnership, ii) limited partnership, and iii) joint venture (or undeclared partnership)
- ▶ trust
- ▶ cooperative

Financing

On its website, the organization, Info entrepreneurs, lists over 560 sources of financing in Québec, in the form of:

- ▶ Loan guarantees
- ▶ Equity investments
- ▶ Loans and cash advances
- ▶ Tax refunds and credits
- ▶ Crowdfunding
- ▶ Wage subsidies
- ▶ Grants, contributions and financial assistance

Tax incentives

The governments of Canada, Québec and some municipalities offer tax incentives based on the company's area of business, the type of project being undertaken, or the location of its operations. Such incentives include:

- ▶ Tax credits for research and development expenditures (R&D) (federal and provincial)
- ▶ Tax holidays for large investment projects exceeding \$100 million (Québec)

- ▶ Reduced tax rate on income from patented technology developed with the support of Québec R&D credits
- ▶ Non-refundable tax credits for international financial centres (Québec)
- ▶ refundable tax credits for job creation in certain designated regions (Québec)
- ▶ Tax credits for workforce skills training (Québec)
- ▶ Tax credits for the acquisition of manufacturing and processing equipment (Québec)

In Québec, certain types of income (including dividends) paid to non-residents may be subject to withholding tax. An efficient corporate structure should be created.

Language considerations

The Charter of the French Language makes French the official language of Québec. The Office québécois de la langue française (OQLF) is the agency responsible for overseeing the use of language in commerce and business.

The Charter sets out a procedure for ensuring that French is central to the operations of companies having at least 50 employees. Businesses with more than 100 employees must set up a francization committee.

- ▶ Corporate name: must be in French. May be accompanied by an English version, but the French version must be predominant.
- ▶ Product labelling: any description must be in French. There may be text in another language, as long as the French is at least equivalent.
- ▶ Commercial documentation: must be available in French, except for private contracts, which may be in English.
- ▶ Public signs and posters and commercial advertising: may be bilingual as long as the text in French is predominant. Signs on any public road must be in French only.
- ▶ Websites: information about products available in Québec must be in French.
- ▶ Trademarks: if there is no registered trademark in French, the English version of the trademark may appear in the French version of the commercial documentation and advertising.
- ▶ Language of work: employees have the right to work in French and communications must be in French.

Tax considerations

The federal, provincial and territorial governments all have the power of taxation. Income tax treatment may vary depending on the company's legal form and industry.

Therefore, companies:

- ▶ must register with the income tax authorities and pay income tax annually, and also register for the GST and QST in order to collect the consumption taxes for remittance to the tax authorities;
- ▶ are entitled to tax credits and refunds for the purchase of goods and services relating to their operations;
- ▶ having employees must register for purposes of making source deductions and must withhold income tax and contributions to various programs (Employment Insurance, Québec Pension Plan, Québec Parental Insurance Plan, Health Services Fund, the Commission on Labour Standards, Pay Equity, and Occupational Health and Safety, and the Workforce Skills Development and Recognition Fund).

Legal considerations

To successfully set up a business in Québec, every company should consider the following legal matters:

Business law

- ▶ Legal form and incorporation
- ▶ Business finance
- ▶ The Investment Canada Act
- ▶ The civil law and common law
- ▶ Drafting of contracts and clauses
- ▶ Agreements and partnerships
- ▶ Directors' and officers' liability
- ▶ International trade law and customs duties
- ▶ Government relations
- ▶ The Act respecting the legal publicity of enterprises
- ▶ Taxation
- ▶ General tax considerations
- ▶ Taxes (federal government, Québec government and municipal governments)

Litigation and dispute resolution

- ▶ Class actions, arbitration and mediation

Real estate law

- ▶ Construction law
- ▶ Urban planning
- ▶ Commercial leases

Intellectual property law (IP)

- ▶ Trademarks, patents, copyright and industrial designs

Competition law

- ▶ Advertising and marketing
- ▶ Competition law
- ▶ The Consumer Protection Act
- ▶ Criminal and penal law

Privacy law

- ▶ Canada's Anti-Spam Legislation (CASL)
- ▶ The Privacy Act

Social law

- ▶ The Act respecting labour standards
- ▶ Employment contracts
- ▶ Occupational health and safety
- ▶ Pension plans and employee benefits
- ▶ Human rights
- ▶ Labour relations
- ▶ Immigration and employee transfers
- ▶ Employment insurance

Environmental law

- ▶ Environmental responsibilities
- ▶ Climate change and greenhouse gases

About Lavery

Any foreign company wishing to do business in Québec should be able to rely on a reputable law firm to help it get established and give it advice on all Québec and Canadian legal and regulatory matters.

Whether in the area of business law, social law, tax law, business finance or directors' and officers' liability, our team of 200 lawyers can assist you at every stage in the process of setting up your business in Québec by providing you with the best advice to help you successfully navigate through the Québec and Canadian legal environments.

Aside from the specific legal considerations, Lavery works with a network of business partners, such as Investissement Québec, Montréal International, and the French Chamber of Commerce in Canada, that we can introduce you to in order to expand your network and ensure the smooth transition of your business to Québec.

Lavery is also a member of the World Services Group, an influential international network whose members are recruited, by invitation only, for their sense of innovation and the excellence of their services. This network brings together law firms and other service providers in more than 115 countries, enabling the lawyers at Lavery to act in a broader variety of files.

Québec Overview

Interesting statistics

- ▶ Employment rate: 59.7% (2015)
- ▶ Unemployment rate: 7.6% (2015)
- ▶ QST: 9.975% (2016)
- ▶ Minimum wage: \$10.75 (2016)
- ▶ Unionization rate: 39.6% (2015)
- ▶ GDP per capita: \$45,048 (2015)

Highlights

- ▶ Capital: Québec City ("Québec" is an Algonquin word meaning "where the river narrows")
- ▶ National holiday: June 24
- ▶ Currency: CAN \$
- ▶ Official sport: Ice hockey
- ▶ Premier: Mr. Philippe Couillard
- ▶ Made in Québec: Bombardier, CGI, Cirque du Soleil, Moment Factory, Power Corporation, Couche-Tard, CAE, SNC Lavalin, the Caisse de dépôt et placement du Québec, and more.

Demographics (2016)

Men: 4,158,100

Women: 4,105,500

Total population: 8,263,600

Mother tongue (2015)

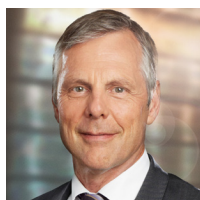
- ▶ Official language: French
- ▶ Languages spoken: more than 80
 - French: 78.1%
 - English: 7.7%
 - More than one tongue: 2%
 - Mother tongue other than French: 12.3%

Education

- ▶ High school diploma: 86%
- ▶ Post-secondary certificate, diploma or degree: 29%

Main industries

- ▶ Aerospace
- ▶ Agri-food
- ▶ Aluminum
- ▶ Biotechnologies
- ▶ Construction
- ▶ Industrial design
- ▶ Energy
- ▶ Environment
- ▶ Life sciences
- ▶ Fashion and clothing
- ▶ ICT
- ▶ Ground transportation
- ▶ Mines



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