



Aird & Berlis LLP Article Similarities between the United Kingdom and Canada

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Most of our clients from the U.K. are often surprised to learn that there are many similarities between operating in Canada and in the U.K. As a high level introduction to doing business in Canada, we have set out some of these similarities below.

Types of Entities

The choice is quite simple for U.K. companies looking to expand into Canada. The most commonly used vehicle is a standard corporation, which can be formed under Canada's federal corporate statute or under any one of the provincial or territorial corporate statutes. A federal incorporation requires at least 25% of its directors to be Canadian residents; however, most provinces, including Ontario, do not have this requirement. Similar to a private limited company (PLC) in the U.K., a standard corporation provides limited liability and is a separate legal entity from its parent company.

We note that other types of entity structures do exist; however, these are not covered here because they are less commonly used by companies looking to expand into Canada.

Annual Corporate Maintenance Requirements

In the same way that a PLC has to file a confirmation statement at least every 12 months to confirm that there have been no changes since the last filing, Canadian corporations also have to file an annual return (depending on the jurisdiction, it may be referred to as an annual report or annual renewal) to keep the corporation in good standing and to confirm that there have been no changes to certain basic information since the last filing.

Unlike in the U.K., Canadian corporations are not required to disclose their financial statements publicly.

Register of Individuals with Significant Control

There is a growing trend across Canada that requires Canadian corporations to create and maintain a register of "individuals with significant control" over the corporation. Many provinces have implemented this requirement, but this information is not disclosed publicly like in the U.K., though certain governmental entities can require that it be disclosed to them. Quebec is currently the only Canadian jurisdiction that requires public disclosure of a corporation's beneficial shareholder ownership information. The Government of Canada also recently proposed legislation that would require federal corporations to disclose such information publicly.

Employment Law

Similar to the U.K., an employee is generally entitled to a minimum amount of notice from the employer by statute when the employee is terminated without cause. In addition, the Province of Ontario requires severance pay, permitted there is a sufficient payroll for those who are employed for at least five years. Notice may be given in advance of the termination date (working notice) or paid to the employee in lump sum or as salary continuance while the employee does not attend work (pay in lieu of notice). The requirements vary widely across Canada, but an employer is generally obliged to provide an employee with approximately one to two weeks' notice per year of service, usually up to a maximum of eight weeks' notice, depending on the province. Additionally, an employment contract can stipulate the amount of notice/severance to be provided and seek to limit the employee to only their statutory minimums.

We hope this information has shed some light on expanding into Canada. We would be happy to answer any questions you have about doing business in Canada.

Aird & Berlis LLP is a full-service, corporate-oriented firm with more than 230 lawyers with specialities in all principal areas of business law. In 2022 alone, we helped more than 100 companies enter the Canadian market. We have proudly assisted many of our clients grow from a small operation with a few remote Canadian employees to a large-scale Canada-based division, some of which are now being publicly traded.

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Fiona has extensive experience advising international businesses entering the Canadian market. To date, she has advised more than 100 companies expanding into Canada. Fiona advises clients in this space all day, every day. She has been practising for more than a decade and is a regular speaker and writer on market expansion matters. Fiona is proud to have been recognized by *The Best Lawyers in Canada*, *The Canadian Legal Expert Directory* and *Benchmark Canada*.

A proactive and comprehensive approach is required to succeed in a new market. Fiona manages teams of other lawyers and patent agents to provide her clients with a full range of legal services to help their businesses grow. She acts as project manager to ensure her clients receive seamless legal services in all relevant areas.

Fiona takes great care to understand her clients' businesses and deliver advice that is tailored to meeting their specific needs. Her responsiveness, dedication to clear communication and hands-on approach show that she is personally invested in the success of her clients.



Michael F. Horvat

Partner

Michael is a member of the firm's Workplace Law Group. His practice focuses on all aspects of labour and employment law in both the federal and provincial jurisdictions. He advises employers in a number of industries, including manufacturing, transportation, retail, electrical distribution, construction and financial services, on various matters, including employment standards, human rights, discipline, discharge, union certification, grievances, wrongful dismissal, executive employment matters and transactions, as well as general labour and employment law issues.

Michael represents employers before the courts and administrative tribunals, such as the Ontario Labour Relations Board, the Ontario Superior Court of Justice, the Ontario Divisional Court, the Ontario Court of Appeal, the Grievance Settlement Board, the Canadian Railway Office of Arbitration, the Ontario Employment Standards Branch, the Ontario Workplace Safety and Insurance Board and in grievance arbitration and mediation.

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Andrew Magnus

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Andrew is a member of the firm's Capital Markets Group. He has experience in mergers and acquisitions, corporate finance and securities law. His practice spans a variety of industry sectors where he has participated in a variety of transactions, including public and private equity financing, debt financing, share and asset purchase transactions, corporate reorganizations and ongoing general corporate and commercial activities. Andrew frequently advises international clients on doing business in Canada.

In 2010/2011, Andrew accepted a secondment with a private equity fund in London, England and worked on a variety of transactions involving the acquisition and management of opportunistic real estate investments in the residential and hospitality sectors.



Felix Ng

Associate

Felix is a dedicated corporate lawyer. He is committed to learning about the intricacies of his clients' businesses in order to help them reach their goals. Felix's clients appreciate his responsiveness and problem solving skills on a wide variety of corporate matters.

Felix is a member of the firm's Corporate/Commercial Group. His practice focuses on M&A transactions and advising international clients on expanding their businesses into Canada. Felix represents clients in a range of industries, including pharma, e-commerce, transportation, agriculture, food and beverage and construction.

Felix has passed Level III of the Chartered Financial Analyst (CFA) Program.

Disclaimer: This article offers general comments on legal developments of concern to business organizations and individuals and is not intended to provide legal advice. Readers should seek professional legal advice on the particular issues that concern them.