



Expanding Your Engineering Company into Canada

May 2024

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The demand for engineers in Canada remains strong, and foreign engineers have been increasingly drawn to the Canadian market due to its robust economy and stable political environment. Canada's emphasis on technological advancement and investment in research and development will continue to provide engineers with opportunities for growth and innovation. Additionally, Canada's proximity to the U.S. provides easy access to cross-border partnerships, further enhancing Canada's appeal for both individual engineers and engineering companies.

For engineering companies looking to expand into Canada, there are many considerations, including choosing the appropriate company structure, navigating the regulatory environment and determining suitable management and oversight processes. This article summarizes the requirements for setting up a company in Ontario that will be eligible to perform engineering services.

Jurisdiction of Ontario and Legal Landscape

Legal jurisdiction in Canada is divided between the federal government, 10 provincial governments, and three territorial governments. The engineering profession is provincially/territorially regulated, meaning each province and territory has its own regulatory body to govern the conduct of engineers. In the Province of Ontario, this regulatory body is the Association of Professional Engineers of Ontario (the "**PEO**").

The PEO and the engineering profession as a whole are mostly governed by the *Professional Engineers Act* (Ontario) (the "**PEA**"), while corporate matters in Ontario are generally governed by the *Business Corporations Act* (Ontario) (the "**OBCA**").

The PEA provides that a person or a business engaging in the "practice of professional engineering" must obtain a certificate of authorization and must practice in accordance with such certificate. The PEA defines "practice of professional engineering," which broadly captures the services an engineering company will be looking to provide, and, generally, all engineering companies in Ontario will be subject to the PEA.

Incorporation

One of the first steps to consider when establishing a business in Canada is incorporation of a Canadian entity. If incorporating an entity in Ontario, an engineering company must choose between two options: (1) a standard Ontario corporation incorporated under the OBCA, or (2) an Ontario professional corporation.

The PEO has stated that it is not necessary for a company performing engineering services to be a professional corporation. Further, an Ontario professional corporation must be operated by an Ontario licensed engineer or engineers. We will work with you and your tax advisors to determine the optimal approach for your company.

Shareholders and Directors

There is no requirement for the shareholders of the company to be licensed engineers under the Act, so long as the company is a “standard corporation” and not a “professional corporation.” A professional corporation would require all shareholders to be engineers licensed by the PEO. Nevertheless, there is still a requirement to designate an individual who is licensed to assume the responsibilities of the company.

Ontario does not have any residency requirements for shareholders or directors of corporations incorporated in Ontario. The shareholder and director residency flexibility provided under the OBCA makes Ontario an appealing jurisdiction for incorporation.

Certificate of Authorization

Once incorporated, the entity will need to ensure it is permitted to provide engineering services. The PEA requires an engineering company to hold a certificate of authorization (“**COA**”) to provide services that are within the practice of professional engineering.

In order to obtain a COA, the corporation will need to apply to the Registrar of the PEO. The COA will be issued if the corporation meets the following requirements and qualifications, as set out by the regulations to the Act:

1. The applicant shall designate as the person or persons who will assume responsibility for and supervise the services within the practice of professional engineering to be provided under the certificate of authorization one or more holders of: (i) a licence, (ii) a temporary licence or (iii) a limited licence;
2. The applicant shall submit to the Registrar a completed application in the form titled “Application for Certificate of Authorization”, dated November 2013 and available from the PEO; and
3. The applicant shall pay the applicable fees specified by the by-laws.

The COA must be renewed annually, on or before the anniversary of the date on which the certificate was issued.

Engineers Licensed Outside of Canada

The company should consider who they plan to hire as engineers and where these individuals are licensed as early as possible. It is important for the company to think about where these engineers are currently licensed, as there may be additional steps required to permit them to work as a professional engineer in Ontario.

Only individuals who are a P.Eng. licence holder with another Canadian regulator can submit a P.Eng. transfer application. This means a professional engineer who holds a licence from outside of Canada will have to requalify in Ontario, which includes:

1. Completing the application requirements as set out below; and
2. Passing the National Professional Practice Exam.

The application will be assessed within 180 days of submission, and such applicants must attempt the National Professional Practice Exam within 180 days of their application being confirmed for completion. The [National Professional Practice Examination](#) website provides a schedule of upcoming sittings for this examination, as well as further information on this examination.

i. Application Process for International P.Eng. Licence Holder

There are four main application requirements:

1. Academic requirements
2. [Experience requirement](#) (a minimum of 48 months of acceptable, verifiable professional engineer experience – must be met through a competency-based assessment (CBA) model)
3. [Identification](#) (government-issued ID)
4. [Good character assessment](#) (can be completed through an online PEO portal)

ii. Academic Requirement Component

The academic requirements to apply for a P.Eng. licence depend on whether the applicant has a bachelor's degree from an engineering program that is accredited by the Canadian Engineering Accreditation Board ("CEAB"), or a bachelor's degree that meets PEO's acceptance criteria.

Applicants whose undergraduate engineering degrees have been awarded by a Canadian university with a program accredited by CEAB are deemed to satisfy PEO's academic requirements if they have met the academic qualifications. These applicants must ensure that original transcripts of their academic studies are sent directly to PEO by the institutions from which they received their degrees in an institution-sealed envelope. Photocopied or faxed transcripts and/or "student issued" transcripts are not acceptable.

Programs accredited by the CEAB are listed [at this link](#).

Applicants who did not obtain an undergraduate engineering degree from a CEAB-accredited program must hold a bachelor's degree that meets PEO's acceptance criteria and successfully complete [the technical examination program](#).

Conclusion

Although this article is only intended to provide an overview, it introduces key considerations to be contemplated by engineering companies looking to enter Ontario to ensure compliance with particular Ontario laws. Aird & Berlis will continue to monitor developments in this area. Please contact Fiona Brown if you have any questions or require any assistance related to an engineering company looking to operate within Canada or Ontario.

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.

Expanding Your Engineering Company into Canada Q&A

Category	Question	Answer
Governance	Is there a separate regulatory body that governs the conduct of engineers in Ontario?	Yes – The PEO governs the “practice of professional engineering” in Ontario. The PEO and the profession as a whole are governed mostly by the PEA, while corporate matters in Ontario are generally governed by the OBCA.
Timing	How long does it take to incorporate?	Within 24 hours after we have the required information. Everything can be done electronically and signed via DocuSign. We make the process as smooth and simple as possible.
Type of Corporation	What type of corporation should I incorporate?	Two options – Either a standard Ontario corporation or an Ontario professional corporation. The PEO has stated that it is not necessary for a company performing engineering services to be a professional corporation. We will work with you and your tax advisors to determine the optimal approach. Note that there are no C Corps, S Corps or LLCs in Canada.
Certificates and Licences	Do I need to obtain any certificates or licences to operate an engineering company?	Yes – the PEA requires an engineering company to hold a certificate of authorization (“ COA ”), which must be renewed annually. In order to obtain a COA, the corporation will need to apply to the Registrar of the PEO. We can assist with this process.
Directors and Shareholders	Do any of the shareholders of the company need to be licensed engineers?	No – There is no requirement for the shareholders of the company to be licensed engineers under the PEA, so long as the company is a “standard corporation” and not a “professional corporation.” A professional corporation would require all shareholders to be engineers licensed by the PEO.
Resident Canadian Director	Do I need a resident Canadian director to incorporate an Ontario company?	No – There is no requirement in Ontario for a Canadian resident to act as director.
Engineers Licensed Outside of Canada	Can a professional engineer who is licensed outside of Canada work as a professional engineer in Ontario?	Yes – However, a professional engineer that holds a licence from outside of Canada will have to requalify in Ontario. This process will differ depending on where the professional engineer obtained their licence.

Contact



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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 Lexpert 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.

Fiona is pleased to offer a multitude of resources answering often-asked questions about expanding into Canada, including [this video](#) and [this one-page guide](#).



Felix Ng

Partner

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

**Michael Palma**

Associate

Michael combines his legal expertise and business acumen to structure deals, manage risks and contribute to the growth of the companies he serves. His personable approach allows him to build strong relationships with clients and stakeholders.

Michael is a member of the firm's Corporate/Commercial Group. He advises on a broad range of corporate/commercial matters including mergers and acquisitions, share and asset deals, contract negotiations, corporate governance and regulatory compliance.

Michael summered and articulated at Aird & Berlis prior to joining the firm as an associate.

**Bardia Jalayer**

Legal Trainee

Bardia summered at the firm in 2021 and 2022. In connection with his law school's Integrated Practice Curriculum, he also completed a professional placement at the firm in fall 2022.

Bardia recently graduated with Distinction from the Lincoln Alexander School of Law at Toronto Metropolitan University and holds a Bachelor of Arts from the University of Western Ontario.