

Limitations

Certain activities regulated by federal legislation have limits on the level of foreign ownership. These restrictions do not apply to nationals of NAFTA countries. Table 3.1 provides a summary of the main limitations.

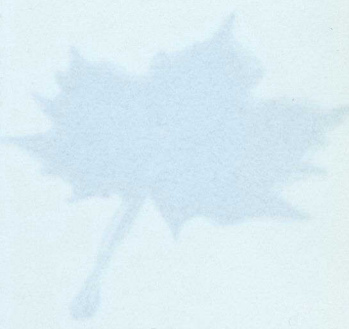
Like the federal government, all provincial governments welcome foreign investment, but they too have some limitations: a special tax, for example, on the acquisition of agricultural land, or specific legislation in areas such as book publishing in Ontario and Quebec.

Investors from NAFTA Countries

The NAFTA provides for national treatment of investors from the U.S. and Mexico. NAFTA coverage extends to investments made by any company incorporated in a NAFTA country, regardless of its country of origin.

REMITTANCE OF FUNDS

There are no restrictions on the foreign investor's ability to repatriate investment or profits. Canada has no exchange controls and the Canadian currency is freely convertible to American or other currencies. There are, however, withholding taxes on the payment to non-residents of certain dividends, interest, salaries, bonuses, commissions, or other amounts for services rendered. (See Chapter 14.)



DOING BUSINESS

The day-to-day operations of a business involve countless activities. The day-to-day operations of a business involve countless activities. The day-to-day operations of a business involve countless activities. The day-to-day operations of a business involve countless activities.

The articles of incorporation must include, among other information, details on the rights, restrictions, privileges and conditions attached to each class of shares. Corporations may have one or more classes of shares, but at least one class should have full voting rights. The corporation's articles must also name the officers and directors of whom the shareholders elect. The corporation's directors, elected by the shareholders, are charged with the overall management of company operations. It is possible, however, to restrict the powers of the directors through a unanimous shareholders' agreement. Shareholders are generally liable to the company, to shareholders or to third parties under certain provisions of federal and provincial laws or for damages resulting from negligence that anyone might incur.

The federal government and provincial governments are attracted by the ready access to the North American market. A provincial charter and incorporation are usually preferable when a company intends to restrict its activities to one province. Provincially incorporated companies must be registered in each province or territory in which they wish to conduct business outside the incorporating jurisdiction. The federal government and provincial governments are attracted by the ready access to the North American market.