

The name chosen for a partnership must not be the same as that of any other registered firm or similar enough to cause confusion. The use of "and Co." and "and Company" is permissible. The words "limited", "incorporated" or their abbreviations cannot be used. In Quebec, all partnership business documents must bear the word "registered" or its abbreviation. Customarily partners sign an agreement covering the purpose of business, the name of the firm, the duration of the agreement, the place of business, capital to be contributed, division of profits and losses, the rights of management, and the procedure for termination or reorganization of the partnership.

Provincial and territorial laws both require that partnerships be registered with the proper authorities. Partnerships must also comply with the law by obtaining licenses or permits which may be required by any of the three levels of government for certain types of business. Generally only one licence is required, rather than one for each member of the partnership.

General Partnership

In a general partnership the members are jointly liable (liable in equal shares) for the debts of the partnership. They are also jointly and severally liable (each member liable for the full amount). Each partner can bind the partnership irrespective of the consent of the other partners.

Registration consists of filing a declaration signed by all partners, stating the full name and residence of each, the firm name under which business is to be carried on, and the time during which the partnership has existed. The declaration must also include an affirmation that the parties named are the acknowledged partners. Declarations are to be filed at the appropriate provincial or territorial registry.

The principal advantages of a general partnership are its simplicity, income tax treatment of business income and deductions, and the sharing of risk.

Limited Partnership

A limited partnership is composed of one or more general partners who conduct the business and one or more partners who contribute the capital. As opposed to the unqualified liability of a general partner, a limited partner is normally liable to the firm or its creditors only to the extent of the capital he has agreed to contribute. He may share in profits according to the partnership agreement, but must take no part in the management of the firm.

Parties to a limited partnership must sign a declaration stating the name under which the business is to

be carried on, the nature of the business, the names and addresses of all general and special partners indicating which are the former and the latter. The declaration must also state the amount of capital each limited partner has contributed, the date when the partnership is to commence and terminate, and the principal place of business. The declaration must be notarized.

The principal advantages of a limited partnership are the limited liability for limited partners, income tax advantages and the sharing of risk.

Corporation

A Canadian corporation is a legal entity which is distinct from its shareholders and may be established either under federal law or under the laws of any one of the 10 provinces or two territories which are the equivalent of provinces for this purpose. The choice of a particular provincial or federal law will depend on a number of factors including: the nature of the business, scope of operations (national or local), disclosure and reporting requirements, share structure desired, and the residence of the directors.

Public or Private Corporations

Canadian corporations are either public or private. Private corporations are restricted in their right to transfer shares, they are prohibited from offering securities for public subscription, and they are limited to a maximum of 50 shareholders. Public corporations are not subject to these restrictions but they must conform to the disclosure requirements which are laid down by provincial and federal securities authorities. Canadian corporations are now generally established by articles of incorporation or memoranda of association. Some specialized federal companies use the "Letters Patent" system or a special government act (e.g., insurance companies or banking and loan institutions). There is no general minimum capital requirement.

The cost of incorporating includes application fees which vary on a graduated scale from \$125 for the minimum capital of \$40,000 or less, to an unlimited maximum. Some jurisdictions, including the federal jurisdiction, provide for an unlimited maximum capital fee of \$200. It is also necessary to budget for legal fees which will vary depending on the complexity of the application.

The principal advantages of a corporation are the limited liability of the shareholder, the greater control of the business, and the ease of investment.

Incorporation under Federal Law

Federal incorporation ensures that a company can exer-