



Table 4

Assistance to Business

Information and services available from the Government of Canada:

- Information on establishing a plant or locating sources of supply.
- Information on federal or provincial incentives to industry.
- Statistical and market data on Canadian production, imports and exports.
- Special import studies of individual products normally grouped under general classifications.
- Introduction to Canadian firms looking for new products to manufacture under licence, contract, or other arrangement.
- Advice and guidance on laws, regulations and other matters pertaining to the establishment and conduct of business in Canada.
- Introduction to associations, government agencies, provincial governments and municipal industrial commissioners.
- Location of sources of specialized and technical data.

3. Forms of Business Organization

Foreign investors can operate in Canada using the same forms of business organization as Canadian investors, although taxation considerations and the Foreign Investment Review Act may affect the choice of the investment method selected. Taxation considerations are covered in Chapter 6 while the Foreign Investment Review Act is discussed in Chapter 2.

The principal forms of business organization which may be established in Canada are: Sole proprietorship, Partnership and Corporation. Each form is discussed in this chapter. It should be noted that only a brief description is possible and prospective investors should investigate each form thoroughly with their legal and accounting advisors to ensure that it is possible to achieve their business objectives within the context of the form they have chosen.

Sole Proprietorship

This is a business owned by an individual which is carried on under his own or a trade name. Sole proprietorships come under provincial or territorial jurisdiction. The owner may be obliged to register the name and disclose his residential address or similar information.

Generally stated, those who are capable of entering into a binding agreement in Canada are capable of engaging in any lawful business activity. They are, of course, bound by general legal principles governing persons, property and obligations, but apart from that, there are no other legal requirements.

Almost all businesses, whether large or small, are affected by some form of government licensing. Sole proprietorships, partnerships, and corporate or other forms of business organization are equally affected. Most of the "control" requirements outlined in the following section on partnership also apply to a sole proprietorship.

Partnership

Partnerships are essentially proprietorships shared by more than one person. Partnerships take two basic forms; "general" and "limited". Each has the same power but differ in liability (in some instances), and in the liability of the members to one another and to the public. In some of the provinces, the Partnership Act makes no distinction between "general" and "limited" partnerships. In practice, however, partnerships fall under one or the other class.