



Info-CRAC®

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THE HUMAN SIDE OF CORPORATE BUSINESS

50% Decrease for Federal Incorporations: Quebec incorporations still less expensive, but the gap is closing

The hottest news in the corporate world is the \$250 reduction in the fee for a federal incorporation. This huge price change will come into force on April 1st, 2001.

Other Prices to Decrease

Also in effect at the same time will be the following price changes: a \$10 fee reduction for filing an annual return (paper format) and a \$30 reduction when it is filed electronically. In addition, the electronic filing of incorporations will afford an additional \$50 fee reduction (for a total reduction of 60%).

Quebec Still Less Expensive

Notwithstanding the good news, Quebec provincial incorporations are still more economical (see chart below). We should also add the amount of \$40 to be paid each year by federal corporations for the filing of annual returns.

Chart of Fee Comparison (paper)		
Since April 1st, 2001	Federal	Quebec
Incorporation	\$ 250	\$ 300
Registration (Quebec)	\$ 212	\$ 0 (*)
TOTAL	\$ 462	\$ 300
Prior to April 1st, 2001	Federal	Quebec
Incorporation	\$ 500	\$ 300
Registration (Quebec)	\$ 212	\$ 0 (*)
TOTAL	\$ 712	\$ 300

(*) When an initial declaration is filed within 60 days, otherwise: \$73.

Why Such an Important Price Cut?

According to our sources, the objective is to increase the number of federal incorporations, particularly in the province of Ontario. Each year, there are approximately 55,000 new incorporations in Ontario, which is almost double that of Quebec charters. However, federal charters account for only slightly over 5% of the total incorporations in Ontario. Federal incorporations are most popular in Quebec: approximately 60% of all federal charters have their head offices in this province. One explanation for this statistic could be the restriction regarding the continuance of Quebec companies into other jurisdictions. There is no such restriction in the other provinces, including Ontario.

Consequences

The objective seems understandable, but it is important to note that it will take twice as many incorporations to achieve the same sum of revenues prior to the price cut. Moreover, we have been informed that there will be no additions to the staff at Industry Canada. We can certainly anticipate that this will impact on the quality of service to be rendered. Already the Certification and Corporate Inquiries Unit is having difficulty coping with the demand due in part to a staff shortage. We will monitor this situation closely.

Electronic Filing: A Possible Solution

Industry Canada is relying strongly on its electronic filing system to reduce the pressure on its staff. In order to assist in achieving its objectives, CRAC has created a new service for the electronic filing of articles of incorporation using the federal system, at a very attractive price. Depending on the reliability of said system when dealing with a large volume of requests, the turnaround time for issuance of the certificate of incorporation should be greatly reduced.

FLASH...

C.B.C.A. Amendments are Re-Introduced

You may recall Bill S-19, whose main purpose was to amend the Canada Business Corporations Act, was introduced last year. It died when Parliament was dissolved with the calling of the last federal election. In its place, Bill S-11 was introduced on February 6th, 2001. This Bill represents the first major revision of the Act since 1975, when it came into force. Among the changes proposed are those concerning the liability of directors and reducing the residency requirements for directors.

A New Look for our Website

A more airy and stylized look: that is what is new in our Website since a month now. You will find the following links quite useful:

- the main forms in .PDF format, ready to print;
- a chart of the latest turnaround time for filings;
- information regarding trade-marks on the IPC page;
- the Info-CRAC newsletter in .PDF format.

Turnaround schedule for Corporate Services as of April 1st, 2001

SERVICES	PROVINCIAL	FEDERAL
TaxExpress™ (GST / QST / QDAS)	5 days	
Name Search Report and Reservation	*24 hours	24 hours
Certificate of Incorporation	*1 to 2 days	2 days
Certificate of Amendment	*1 to 2 days	2 days
Certificate of Continuation, of Continuance or of Amalgamation	*1 week	3 to 6 days
Certificate of Dissolution	1 to 2 weeks	2 to 3 days
Notice of Change (Federal) or Amending Declaration (Quebec)	1 to 2 weeks	2 days
Letters Patent for Non-Profit Corporations	*1 week	20 days
Attestation / Certificate of Good Standing or of Compliance	*24 hours	48 hours
Revival		3 to 6 days
Initial Declaration	1 to 2 weeks	
Declaration of Registration	*1 week	
Annual Declaration	*1 week	
Revocation of Striking-Off (s. 54 Legal Publicity Act)	*2 to 3 days	

The turnaround times may vary slightly according to each file () = Priority service available.*

Federal incorporations... (cont'd)

For more information on the conditions attached to this new service, please contact us.

Will There be a Fee Reduction at the Provincial Level?

It is quite possible that the Inspector General will try to bridge the gap between the provincial and federal government fees for incorporating. It should be noted that a 25% fee reduction was declared last year at the provincial level (incorporation fee now \$300, down from \$399).

A word of thought...

***“Neither a lofty degree of intelligence
nor imagination nor both together
go to the making of genius.***

Love, love, love, that is the soul of genius”.

***Wolfgang Amadeus Mozart
(1756-1791)***

C.R.A.C.'s Workshops

A Great Success



We are pleased to report that the three workshops/conferences held during the month of March were a great success.

Here are some of the comments written in the survey distributed to those in attendance: "This helps us to better understand the results of a name search and allows us to have answers during discussions with our clients"; "I would have paid a registration fee for this workshop but it is a plus you give your clients"; "It would also have been beneficial to have the written material available in English" (translated). Given the demand, we may have another series of workshops/conferences in the fall. We are also considering to hold these workshops in the outskirts of Montreal.

We wish to thank you for your tremendous interest and participation.



An Essential Service for Corporate Practitioners: **TAXEXPRESS™**



Ordering tax numbers together with the incorporation

Join the many practitioners who now provide this essential service for their clients upon forming a new business. With this service, you receive the following tax numbers: GST, QST and Source Deduction (Revenue Quebec) and the Business Number (Revenue Canada). Once secured, these tax numbers can be communicated to the corporation's accountant. It is as simple as filling out our questionnaire and faxing it to us. A great way to better service your client.

Price: \$50 (\$85 with Revenue Canada) (including service fees and taxes).

For more information, please contact Me Franca Sucapane (ext. 328).