

In this issue:

[Joint Filing of Annual Declarations – One Year Later...](#)

[Annual Visit from Corporations Canada](#)

[State of Delaware Launches Online Filings](#)

[Corporate Delays](#)

[Contact Us](#)

[Price List](#)

[About CRAC](#)

[Previous Issues](#)

Joint Filing of Annual Declarations – One Year Later...

Dealing with the new rules on joint filing of annual declarations that came into effect in 2006 was probably very frustrating for you. If it's any consolation, you weren't alone. Many firms experienced numerous problems with respect to the joint filing situation.

Ironically, government authorities introduced the joint filing option to lighten the administrative burden for companies but according to complaints that were voiced by many of our clients, it has been anything but! Quite the contrary, the task of filing an annual declaration has become unnecessarily arduous.

Difficulties with joint filing

First of all, explaining to your own clients the joint filing rules and all that it implies, was certainly not an easy job given the confusion and misinformation surrounding this subject. For example, it seems that employees of the *Ministère du Revenu du Québec* (the "MRQ") misled people by stating that companies had no choice but to file the form LE-630, a schedule to the tax return. Now, we know that a client can choose to exercise one of the following two options for his company: either he asks his accountant to file the form LE-630 with the MRQ, or he asks his lawyer to file the annual declaration with the Registrar's office.

Having that choice, however, forces the lines of communication to remain open between all those concerned. Otherwise, the client may find himself in a situation where both forms were prepared, that is, the LE-630 form and the annual declaration. What a waste of time, not to mention, money, as the client may find himself having to pay the fees of both professionals. Or even worse, it could happen that the declaration is not filed at all, because it was unclear to the lawyer and the accountant who was to do what, causing the company to be in default.

Another problem our clients have experienced is in obtaining a certificate of attestation, a document required by the lawyer in the closing of a deal. To be in good standing and obtain a certificate of attestation, the company's 2006 annual declaration must be filed within 6 months of its financial year end. Since the financial year end date is often not known and not published in the CIDREQ register, it becomes difficult to determine whether or not the annual declaration is due, thus giving rise to additional delays.

FOOD FOR THOUGHT

"The important thing in life is not to triumph but to compete."

Pierre de Coubertin

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The financial year end date is crucial in determining the filing period of the annual declaration and whether the company is in good standing or not, so it is contrary to any logical reasoning that this date should not be published in CIDREQ.

We believe that the date of the financial year end should be published in CIDREQ just like it is made known in the Strategis register by Corporations Canada. This would certainly be a step in the right direction in an attempt to alleviate some of the problems raised regarding the certificate of attestation.

We see another inconvenience caused by the joint filing. You now have to order the pre-printed annual declaration from the Registrar's office whereas in the past you or your client received it directly in the mail, without having to order it. On this point, we have a simple solution for you.

IncoWeb® serves as a simple solution

This new online service is an innovative solution for completing and printing your annual declaration. Thanks to an exclusive feature IncoWeb® downloads, in real time, the complete file information from the CIDREQ register. All you need to do is enter the changes to the information regarding the company, if any, and your annual declaration is ready. No need to order it from the Registrar's office any more, you can generate your annual declaration in IncoWeb® in record time!

The annual declaration is accepted in paper format only in Quebec. Still IncoWeb® allows you three easy ways to file it and they are as follows:

- 1 – Print the completed form in IncoWeb® and file it yourself with the Registrar's office. For a limited time, this service is free of charge.
- 2 – Print the completed form in IncoWeb® and send it to CRAC for filing. In this case, we charge a service fee for filing.
- 3 – Send the completed form to CRAC electronically via IncoWeb®. We print, sign and file the annual declaration and charge you a service fee. In this case, there's a rebate for the service of transmitting the form online.

Without a doubt, IncoWeb® can make your job easier in the preparation and filing of your annual declarations. For more information regarding this new online service, call us at 514-861-2722 / 800-361-5744 or email us crac@crac.com.

Need improvements

One of the things we recommend is to reduce the waiting time on the phone in order to free the lines at the MRQ and the Registrar's office. Moreover, to mitigate the confusion already surrounding this matter, the information disseminated by these government employees should be accurate and not misleading.

Obviously, we can't list all the problems with joint filing, but one thing is certain, there is room for improvement in this new system in place. Now that MRQ and the Registrar have had a year to assess and address the difficulties, it should be interesting to see if they will implement the much-needed improvements. We certainly hope so.

Top



Annual Visit from Corporations Canada

Once again this year, Corporations Canada held their annual client information session in Montreal on January 26, 2007 at the Delta Hotel.

This meeting is intended to bring clients and staff members of Corporations Canada together for an informal review and discussion of their programs and services. Some of their challenges for 2007 will be to ensure database integrity by providing precise and updated information and to renew the computer system to improve some functionalities.

Briefly, here are some of the topics that were discussed at the meeting:

- Annual return

- the period to file the annual return is 60 days from the corporation's anniversary date, effective January 1, 2007.
- certificates of amendment, amalgamation, etc., may now be issued even if the annual returns required are not filed *immediately*. However, the requirement to file them still stands, and the annual returns will eventually have to be filed otherwise the corporation will be subsequently dissolved by the Director.

- Corporate names

- in the NUANS report, there will be "three zeros" added in front of a corporation's corporate number in order to standardize the system and facilitate its integration to their own system.
- they wish to review the name granting rules by integrating the two documents that currently deal with corporate names, that is, the "Name Granting Compendium" and the "Name Granting Guidelines". This is another one of their goals for 2007.

- Revised forms

- Form 4 – Articles of Amendment – and Form 15 – Articles of Revival – were simplified to make them more user-friendly.
- new title for Form 2 "Initial Registered Office Address and First Board of Directors". This form is to be filed only with articles of incorporation, amalgamation and continuance and not for a change of address of registered office or of directors.

- Revised policies

- regarding not-for-profit corporations (e.g.: model for general by-laws and surrender of certificate) to be released at the end of 2007.
- regarding corrections of certificates pursuant to s. 265 of CBCA when the errors are made by the Director.
- regarding the consent of a director required for the use of his or her name in a corporate name (s. 26 of Regulation). It was announced that they would go ahead with this change. However, our inquiries following the meeting revealed that this decision is still in review. We'll keep you posted.

Each year, Corporations Canada sets goals that they sometimes achieve and sometimes they don't. No matter what their rate of success, or failure, in attaining their goals, they do make themselves available nonetheless in scheduling these annual meetings for those who wish to attend them, and this initiative is definitely very much appreciated by all. See you again next year!

[Top](#)



State of Delaware Launches Online Filings

Starting this year, Delaware Division of Corporations has changed to an online filing and payment system in order for you to enjoy the convenience and low cost of online filing. You will no longer receive your corporation's franchise tax report in paper format like you did in the past. You will have to avail yourself of this new online system beginning with your corporation's *2006 Annual Franchise Tax Report*.

Indeed, your corporation's *2006 Annual Franchise Tax Report* is due **on or before March 1, 2007**. Should you fail to file it, your corporation will not be in good standing and will be assessed \$100.00 in late penalties plus interest.

You begin your online filing at <http://delecorp.delaware.gov> and fill in each screen as required to complete the report and payment for your corporation. If you don't wish to do so yourself, you should contact your corporation's registered agent so that he can do it for you.

Finally, there is also a franchise tax hotline you may call for assistance at 302-857-4600.

[Top](#)



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