16.

Establishing a Business in Québec: Practical Considerations

A. Introduction

Destination of Choice for Business

Canada is a federation made up of ten provinces and three territories, and its capital city is Ottawa, located in the province of Ontario.

Canada is a destination of choice for businesses due to its stable government, independent judiciary, effective customs system, qualified and diverse labour force, and high standard of living. Québec, like Ontario, Alberta and British Columbia, boasts a thriving business environment.

	Canada	Québec
Capital	Ottawa	Québec City
Largest city	Toronto	Montréal
GDP (expenditures)	$2,229 billion*	$434 billion**
Population	41.6 million***	9.1 million****

*Source: Statistics Canada (May 2024).
**Source: Institut de la statistique du Québec (May 2024).
***Source: Statistics Canada (August 2024)
****Source: Statistics Canada (August 2024)

Legal and Constitutional Framework

Canada is characterized by the co-existence of two legal traditions: civil law, which applies in the province of Québec, and common law, which applies at the federal level and in all other provinces and territories.

The Canadian Constitution divides legislative jurisdiction between the federal parliament and the provincial and territorial legislatures. Some jurisdictions are shared, such as taxation, the environment and immigration. Legal persons in Canada are therefore subject to laws enacted by both the federal parliament and the relevant provincial or territorial authority.

Key areas of federal jurisdiction	Key areas of provincial jurisdiction	Key areas of shared jurisdiction
Banks – Postal service	Property and civil rights	Taxation
Patents, trademarks and copyright	Administration of justice	Environment
Employment insurance	Interprovincial trade	Public works
Bankruptcy	Municipal institutions	Immigration
National defence	Health	Agriculture
Criminal law	Education	Transportation and communications
Telecommunications	Real estate	Corporate law

B. Creating a Business

Business Corporations

Depending on your specific situation, you can decide to incorporate under the provincial or federal system when creating a business corporation in Canada.

In Québec, business corporations are created and governed by the *Québec Business Corporations Act* (QBCA). Under the federal system, they are created and governed by the *Canada Business Corporations Act* (CBCA).

A business corporation can do business anywhere in Canada, whether federally or provincially incorporated, although provincially incorporated companies must register in each province where they do business in accordance with applicable provincial corporate registration rules. Registration is a simple formality and is not costly.

There are several similarities between the two corporate regimes. For example, regardless of the system chosen, business corporations can decide not to hold in-person shareholder or board meetings and a written resolution signed by all the shareholders or directors can be used instead of holding a meeting.

The governance rules, described more fully below, are also nearly identical between the different legislative regimes. Shareholders of both types of corporations can decide not to have their annual financial statements audited, and both systems have harmonized their rules on the protection of minority shareholders.

Different Types of Businesses

A business can be created using one of the different legal forms available, such as a sole proprietorship, partnership or business corporation (also called a "company" or "legal person"). The most common form used is a business corporation.

The table below illustrates some of the differences between the two corporate regimes. Note that with regard to the two first points, foreign investors find the Québec system particularly attractive.

	LCSA (Canada)	LSAQ (Québec)
Residency of directors	At least 25% of directors (or if less than three directors, at least one of them) must be Canadian residents	No Canadian residency requirement
Shareholders' meetings	In Canada	Can be held outside Québec if permitted by the articles or if all the shareholders agree
Head office	In Canada	In Québec
Financial tests applicable to distributions and return of capital	Must pass a solvency test and balance sheet test	Several cases where only the solvency test is required

Finally, the QBCA is generally seen as more advantageous for small and medium-sized businesses, given its special rules, such as the possibility of issuing unpaid shares as a means of financing the corporation, and more flexibility in terms of governance. It should be further noted that a QBCA corporation owned by a single shareholder may choose to avoid establishing a board of directors if it has signed a declaration removing all powers from the board of directors.

Incorporation Processing Times and Fees

Creating a corporation is simple and easy to do in Canada. Corporations Canada is the relevant authority when incorporating federally. In Québec, the *Registraire des entreprises du Québec* is the relevant authority. Under both regimes, the processing time may vary from 24 to 48 hours from the date the application is filed.

Below are some of the fees charged by these authorities:

	Canada	Québec
	Incorporation Fees	
Regular Service	$200	$378
Priority Service	$100 (additional fee)	$567 (total)
Annual Declaration / Return	$12	$101
	Registration Fees in Québec	
Regular Service	$378	None
Priority Service	$567	

After incorporating under the QBCA or registering a federal corporation in Québec, a Québec Enterprise Number (NEQ) will be assigned, which is the official identification number of each enterprise doing business in Québec. This 10-digit reference number helps simplify dealings between the business and Québec government institutions.

Federal corporations, once incorporated, will also receive a business number (BN) from Corporations Canada. Both the NEQ and BN are also used by the federal and Québec tax authorities to identify corporations for taxation purposes.

Additional fees apply to obtain Goods and Services Tax (GST) and Québec Sales Tax (QST) numbers.

Note that corporations must file an annual declaration within the time limit prescribed by regulation confirming that the information held by the government authorities is accurate or needs to be updated. Federal corporations file an annual return with Corporations Canada while Québec corporations, and any other corporations registered in Québec, file an annual declaration with the *Registraire des entreprises*.

On March 31, 2023, the required reporting obligations of businesses to the *Registraire des entreprises* were expanded. Businesses must now provide a list of their "ultimate beneficiaries." The term "ultimate beneficiaries" includes any individual holding a number of shares carrying at least 25% of the voting rights or corresponding to at least 25% of the fair market value of the shares issued by the business, or individuals who, through their direct or indirect influence, can exercise control over the business. These amendments were introduced to increase corporate transparency.

In addition, as of January 22, 2024, private corporations governed by the *Canada Business Corporations Act* are required to provide Corporations Canada with their register of "individuals with significant control." Like the provincial definition, the federal term "individuals with significant control" includes any individual holding a number of shares carrying at least 25% of the voting rights or corresponding to at least 25% of the fair market value of the shares issued by the business, or individuals who, through their direct or indirect influence, can exercise control over the business.

Key Characteristics and Corporate Governance

Both federal and Québec corporations normally have unlimited capital. A corporation receives subscriptions from its shareholders and issues shares as needed.

In terms of corporate governance, both types of corporations have a shareholders' meeting, which is where the power to appoint or dismiss the corporation's directors is exercised. Unless they have signed a unanimous shareholders' agreement or a sole shareholder declaration (for Québec companies) that removes some or all of the powers of the board of directors, the corporation's shareholders do not directly participate in the administration of the corporation's affairs. A business corporation is therefore generally administered by one or more directors who make up the board of directors.

The board of directors in turn appoints the corporation's officers, which usually includes the "president," who manages the company's daily affairs, and a "secretary," who is often required to certify the resolutions adopted by the directors or the shareholders. A corporation can have only one director, who is also the sole officer–but, unlike the CBCA, under the QBCA this person does not have to be a Canadian resident.

The corporation's directors have a duty to be prudent and diligent, and also honest and loyal. They must act in the interests of the corporation.

Under both the QBCA and CBCA, directors may be held liable both civilly (for example, for wages for services rendered for the corporation up to six months, the illegal declaration or payment of dividends, or the corporation's failure to withhold source deductions and remit taxes from employee wages), or criminally, under various laws, in particular with regard to polluting the environment.

Other Business Structures

Sole proprietorship – A form of business with a single owner who often does business under their own name and who is also called a self-employed worker.

Partnership – Has no legal personality and comes in three forms: general partnership (G.P.), limited partnership (L.P.), and undeclared partnership (or joint venture).

Trust – Has no legal personality and is created under the *Civil Code of Québec*.

Co-operative – A group of members who use goods or services and want to pool resources to satisfy a common need.

Non-profit organization – A group of members pursuing patriotic, philanthropic, scientific, artistic, sporting or similar goals.

Did you know ?

Bill 78, *An Act mainly to improve the transparency of enterprises*, came into force on March 31, 2023, bringing in significant amendments to the *Act respecting the legal publicity of enterprises*.

Its purpose is to maximize the transparency of companies registered in Québec and, in so doing, to enhance the protection of the public and support actions aimed at preventing and combatting tax evasion, money laundering and corruption. The new measures have an impact on the operations of many businesses, since they will have to be compliant within a short period of time.

For more information: Resource Centre | Corporate Transparency (Bill 78)

On January 22, 2024, certain proposed amendments to the *Canada Business Corporations Act* came into force. Private corporations governed by the CBCA must file the information contained in their register of individuals with significant control with Corporations Canada.

These amendments are part of the objectives and a series of measures announced by the federal government to combat the misuse of federally incorporated companies to engage in illegal activities, including money laundering, terrorist financing and tax evasion, by facilitating timely access to beneficial ownership information of such companies.

For more information: Resource Centre | Corporate Transparency (Bill 78)

C. International Trade

The Canada and European Union Comprehensive Economic and Trade Agreement (CETA), which entered into force on a provisional basis at the end of 2017, opened the door to an impressive series of business opportunities for European companies. In particular, the CETA:

- Eliminated tariffs on over 95% of goods entering Canada from Europe;
- Offered significant opportunities to European service providers, including in financial services;
- Opened Canada's government procurement market to European companies offering goods and services, so that these companies can now bid on public sector procurement by federal, provincial, territorial, regional and municipal governments and authorities; and
- Relaxed the rules on employee, business owner and investor mobility from Europe to Canada.

Following the UK's exit from the European Union, the Canada-United Kingdom Trade Continuity Agreement came into force on April 1, 2021. That agreement preserved preferential market access for both Canadian and UK businesses while the two countries negotiated a permanent trade agreement. CETA is a very important agreement, and given Canada's privileged relationship with the United States and Mexico under the Canada-United States-Mexico Agreement, investing in Canada can be a major springboard into the US and Mexican markets.

D. Taxation

In Canada, personal and corporate income taxes are collected by both the federal and provincial governments. Non-residents of Canada are subject to Canadian tax on their income from Canadian sources. Income tax is levied on income from any office or employment, business income and property income. It is also levied on half of capital gains. Note that on June 25, 2024, the capital gain inclusion rate was increased to 66.67% as announced in the April 16, 2024 federal budget (for individuals, the portion of the gain that is below $250,000 remains subject to a 50% inclusion rate).

Personal income tax in Québec and Canada

Personal income tax is based on residency in Canada. Subject to a tax agreement to the contrary, a non-resident Canadian who remains in Canada for 183 or more days during a calendar year is deemed to be a resident of Canada throughout that entire year for tax purposes. Residents of Canada are subject to Canadian tax on their worldwide sources of income. The applicable tax rates for 2024 are as follows:

At the provincial level (Québec):

Income tax brackets	Rate
$51,780 or less	14%
From $51,780 to $103,545	19%
From $103,545 to $126,000	24%
Over $126,000	25.75%

At the federal level (Canada):

Income tax brackets	Rate
$55,867 or less	15%
From $55,867 to $111,733	20.5%
From $111,733 to $173,205	26%
From $173,205 to $246,752	29%
Over $246,752	33%

Corporate income tax in Québec and Canada

Federal and Québec corporate income tax rates vary depending on the industry and the type of corporation. Corporations residing in Canada must pay federal tax on their worldwide income. The rates for any business, manufacturing and processing, or investment income differ depending on whether the corporations are Canadian-controlled private corporations (CCPC) or controlled by non-residents.

Combined federal and provincial tax rates on non-CCPC corporate income for 2024:

	QC	ON	AB	BC
Manufacturing and processing income	26.5%	25%	23%	27%
Zero-emission technology manufacturing income	19%	17.5%	15.5%	19.5%
Other sources of income	26.5%	26.5%	23%	27%

Generally, a business is subject to provincial tax only if it has an establishment in that province. An establishment can be an office, a branch, a plant, a warehouse or a workshop.

Goods and Services Tax (Canada) and Sales Tax (Québec)

In Québec, there are two types of consumption taxes: the Goods and Services Tax (GST), which is federal, and the Québec Sales Tax (QST), which is provincial. The GST and QST are value-added taxes and an input mechanism is available for registrants to recover the GST and QST paid on their expenses incurred in the course of their business activities.

Tax	Rate
GST	5%
QST	9.975%
Total	14.975%

In certain provinces, the GST is combined with the provincial or territorial sales tax to form the Harmonized Sales Tax (HST). This is the case in Prince Edward Island, New Brunswick, Nova Scotia, Ontario, and Newfoundland and Labrador. A person registered for GST is automatically registered for HST. There is also a provincial sales tax in British Columbia, Manitoba and Saskatchewan.

Planning Your Tax Structure

Capital invested in a Canadian corporation through share subscription or financing in the form of a loan or current account can always be repatriated free of Canadian tax.

Unlike some other jurisdictions, there is therefore no disadvantage in capitalizing a Canadian corporation as opposed to financing it through intragroup debt. Contributing capital to a wholly-owned Canadian subsidiary and the return of capital to shareholders are simple transactions that do not require a valuation of the Canadian corporation. The Canadian thin-cap rules, however, do require a minimum of $1.00 of capital for every $1.50 of interest-bearing intra-group debt.

Subject to compliance with transfer pricing rules, a Canadian corporation can pay for services received and management costs invoiced by the parent company and deduct these amounts from its income. However, with limited exceptions, any payment for services rendered in Canada by a non-resident is subject to a Canadian withholding tax of 15% plus a Québec withholding tax of 9% if the services are rendered in Québec. A non-resident service provider can receive a refund for any withholdings at the end of its fiscal year by filing Canadian and Québec income tax returns establishing that the service provider was protected under a tax treaty between Canada and the provider's country of residence, and establishing to the tax authority's satisfaction that it had no permanent establishment in Canada/Québec during the year.

License royalty payments are generally subject to a Canadian statutory withholding tax of 25% that is reduced to 15%, 10% or even 0%, depending on the terms of the different tax treaties signed by Canada. Similarly, the statutory withholding tax rate of 25% for interest paid to a non-resident with whom the Canadian payer is not dealing with at arm's length is generally reduced to 15% or 10%, depending on the applicable tax treaty.

Finally, the rate of deductions withheld on dividends paid to a non-resident corporate shareholder holding 10% or more of the voting rights in a Canadian corporation is generally reduced to 5% if there is a tax treaty.

Some of the available incentives include:

Tax incentives	Rate	Description
Refundable investment tax credits (ITCs) in clean energy	Between 5% and 30% of the acquisition cost of certain eligible properties	Several refundable ITCs related to investments in the clean energy sector have been announced in recent federal budgets.
Tax incentives for scientific research and experimental development (SR&ED)	Federal: 15% of eligible expenses Québec: 14% on wages and subcontracting expenses	Income deduction and an ITC that is refundable in Québec.
Tax credit for investment and innovation (C3i)	15% to 25%	Québec tax credit based on the value of certain eligible assets, including certain assets used in manufacturing and processing, computer hardware and certain software.
Accelerated investment incentive (AII)	n/a	Allows businesses to deduct the full amount in the year of acquisition of an expenditure on machinery and equipment (Class 53), patents or rights to use patented information (Class 44), data network infrastructure equipment and related systems software (Class 46), universal electronic data processing equipment and system software (Class 50), certain clean energy equipment (Class 43.1 and 43.2), among others.
Flow-through shares (FTSs)	n/a	Investors who acquire these shares can benefit from: • Deductions for resource costs waived by the corporation • Investment tax credits for individuals (excluding trusts) on resource expenses in the mining sector that qualify as eligible mining expenditures or critical mineral mining expenditures.

Government Programs
Strategic Innovation Fund: The Strategic Innovation Fund is a program offered by Innovation, Science and Economic Development Canada (Innovation, Science and Economic Development Canada) that provides substantial funding for large-scale innovative projects in Canada. Through this program, the federal government recently gave Volkswagen approximately $700 million in capital expense grants for its new electric vehicle battery plant in St. Thomas, Ontario.
Net Zero Accelerator initiative: Through this initiative, Innovation, Science and Economic Development Canada will provide up to $8 billion for large-scale investments in key sectors such as the automotive industry, in order to expedite Canada's transition to a carbon-neutral economy. These investments are aimed at capitalizing on emerging green economy opportunities that will establish Canada as a worldwide leader in green technology and promote clean technology, such as through hydrogen production, carbon capture, utilization and storage, and the development of a Canadian battery ecosystem.
Tax holiday for major investment projects: A company carrying out a major investment project in Québec may qualify for a 10-year income tax holiday and a holiday from the employer contribution to the Health Services Fund proportional to its payroll, which can be up to 15%, 20% or 25% (depending on the level of economic vitality of the jurisdiction) of the total eligible investment expenditures for the project (limited to $1 billion).
Electricity discount program: The Québec government may grant a reduction of up to 20% on the electricity bills of businesses billed at Rate L for a maximum period of four years.

E. Human Resources

Legal Framework in Québec

Québec's labour and employment laws are essentially the same as those found in the rest of Canada. They include legislation on labour standards, occupational health and safety, compensation for workers who have suffered a workplace accident or work-related illness, pay equity, protection of personal information as well as human rights legislation prohibiting discrimination and a *Labour Code* that applies to unionized workplaces.

Obligations under the *Act respecting labour standards* include an employer's obligation to provide their employees with a work environment free from psychological harassment. Employers with a business in Québec must, among other things, adopt and make available to their employees a psychological harassment prevention and complaint processing policy that includes a section on sexual harassment. The *Act respecting occupational health and safety* also requires employers to take the necessary measures to protect workers subjected to physical or psychological violence in the workplace, including spousal, family or sexual violence.

Minimum Wage

In Québec, the *Act respecting labour standards* sets minimum conditions regarding various aspects of employment such as wages. Since May 1, 2024, the general minimum wage rate in Québec is $15.75 per hour.

Standard Hours of Work

The regular work week in Québec is forty (40) hours, and overtime pay entails a premium of 50% of the employee's usual hourly wage, excluding hourly bonuses.

Statutory Holidays

Québec workers are entitled to eight (8) paid statutory holidays per year. Employees with one year of uninterrupted service are entitled to two (2) consecutive weeks of paid vacation, and employees with three (3) years of uninterrupted service are entitled to three (3) consecutive weeks of paid vacation. However, employees credited with less than one year of uninterrupted service are entitled to paid vacation equal to one working day for each month of uninterrupted service, up to a total of two (2) weeks.

Did you know?

On March 27, 2024, An *Act to prevent and fight psychological harassment and sexual violence in the workplace* was assented to. This legislation expands employer obligations to prevent harassment and violence in the workplace.

For more information:

Bill 42: An Act to prevent and fight psychological harassment and sexual violence in the workplace | Resources | Fasken

Minimum Period for Notice of Termination

Under the *Civil Code of Québec*, both employees and employers are required to give reasonable notice when terminating employment if the relationship between them is for an indefinite period of time. Under Québec's *Act respecting labour standards*, employers must provide a minimum notice of termination of employment ranging from 1 week (for employees credited with 3 to 12 months of uninterrupted service) to 8 weeks (for employees credited with 10 years or more of uninterrupted service). Higher-level employees often negotiate more generous compensation before signing their employment contract.

Did you know?

On October 6, 2021, An *Act to modernize the occupational health and safety system* received assent and its progressive coming into force will end on October 6, 2024. Its key purpose is to modernize the occupational health and safety system, particularly with regard to the prevention of and compensation for work-related injuries. For more information, please contact your Fasken lawyer.

Occupational Health and Safety

One of the fundamental principles of occupational health and safety legislation across Canada is that employers are ultimately responsible for health and safety in the workplace, but both workers and employers must make every effort to identify hazards and develop strategies to protect workers. Occupational safety is monitored in particular through inspections carried out by provincial government departments and agencies. In Québec, this body is called the *Commission des normes, de l'équité, de la santé et de la sécurité du travail* (CNESST).

Every province has adopted workers' compensation legislation establishing a no-fault compensation system for work-related injuries and illnesses. These regimes cover loss of income and the cost of medical care, and generally prevent employees from taking legal action against their employer before any civil court. The system is financed by employer contributions that are calculated and set, for the most part, according to the employer's industry classification, which is determined based on risk and its accident and claims history.

Privacy Protection

Businesses must appoint a person in charge of the protection of personal information (privacy officer) and implement a privacy policy and procedures to meet the requirements of the federal *Personal Information Protection and Electronic Documents Act*, the *Québec Act respecting the protection of personal information in the private sector*, and similar legislation in certain other provinces that protect information collected, used or disclosed by a business about its employees or job applicants. The purpose of these laws is to protect personal information, namely data concerning an individual (natural person) that may be used to directly or indirectly identify that person.

Did you know?

An Act to modernize legislative provisions as regards the protection of personal information was assented to on September 22, 2021, and its progressive coming into force will end on September 22, 2024, at which time all of its provisions will apply. However, the majority of the new obligations came into force on September 22, 2023. The law has reformed the obligations of public bodies and private sector companies regarding the protection of personal information. It is important to pay close attention to the new legislation, which not only imposes new obligations on Québec businesses, but also significantly increases the powers of the *Commission d'accès à l'information* and financial and administrative penalties.

For more information:
Resource Centre | Law 25: Act to modernize legislative provisions as regards the protection of personal information

Unionization

Freedom of association is protected in Québec, as it is elsewhere in Canada, by the Canadian and Québec Charters of Rights and Freedoms. Employers are governed by either Québec's *Labour Code* or the *Canada Labour Code*, depending on whether they are subject to Québec or federal law.

These laws set out the requirements for forming a union and the right to negotiate a collective labour agreement, as well as the employer's obligation to negotiate with the employees' designated representatives.

Disagreements over the interpretation and application of collective agreements fall outside the jurisdiction of the courts, and must instead be settled by a grievance arbitrator.

Contributions and Payroll Taxes

Employers in Canada are not legally obliged to establish an employee pension plan, except in Québec, where employers with five or more employees must set up a voluntary retirement savings plan and automatically enroll their employees (who are entitled to opt out). The employer does not have to contribute to the plan, but must offer the plan to its employees. There are two main government pension and supplementary retirement benefit plans for workers funded by mandatory employer and employee contributions, namely the *Canada Pension Plan* and, in Québec, *Retraite Québec*.

Even if some employers might opt to set up a supplemental private unemployment benefit plan, the most common form of employment insurance benefits remains the mandatory employment insurance plan administered by the federal government.

Benefits are paid out of a fund financed by employer and employee contributions.

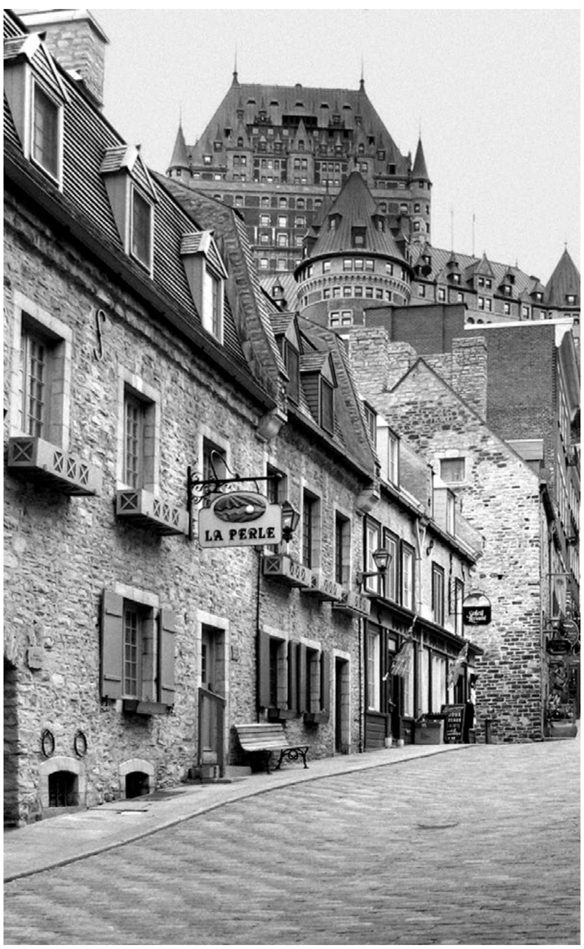
The other types of payroll contributions employers must make in Canada include those for health services, workplace accidents (as previously mentioned), labour standards, and parental insurance.

Note that employee plan contributions are generally deducted at source by the employer, who must remit these sums to the relevant government bodies or financial institutions.

	Main contributions Jobs in Québec	
	Employer	Employee
Québec Pension Plan Maximum pensionable earnings: ceiling of $68,500 over $3,500	6.4% $4,160	6.4% $4,160
Employment Insurance Maximum insurable earnings: $63,200	1.4 × the employee's contribution $1,167.94	1.32% $834.24
Contribution to the Health Services Fund	Between 1.25% and 4.26% of payroll	None
Vacation pay (must be set aside by employer)	4% (employees credited with 3 years or less of uninterrupted service)	None

Reintegration - *Act respecting labour standards*

Unlike in other Canadian provinces, employees in Québec are entitled to request to be reinstated after dismissal in certain circumstances, such as when an employee credited with two years of uninterrupted service at the same company is dismissed without just and sufficient cause or when an employee who has exercised a right provided for in the *Act respecting labour standards* is dismissed.



F. Intellectual Property

Intellectual property protection falls primarily within federal jurisdiction in Canada and includes the *Patent Act*, *Trademarks Act*, *Copyright Act* and *Industrial Design Act*. The Canadian Intellectual Property Office (CIPO) enforces these laws.

Type of intellectual property	Term of protection
Copyright	70 years + the remainder of the calendar year in which the author dies (for works)
Trademark	10 years (renewable)
Patent	20 years from the date of application. This term may be extended by up to two years by means of a Certificate of Supplementary Protection (CSP) for patents in the pharmaceutical sector, only where certain conditions provided for by regulation are met. A new mechanism for extending patent terms in the event of any delay in the examination of a patent application will come into force on July 1, 2025.
Industrial design	10 years from the date of registration or, if longer, 15 years from the date of application.

G. Immigration

Access of foreign workers to the Québec job market entails a number of Québec-specific factors. A candidate's strategy for immigration will vary depending on the job sought, their language skills, citizenship and professional qualifications, the projected length of their stay, their intention to obtain permanent resident status as well as other factors specific to the candidate's profile and that of their future employer in Québec. It should be noted that immigration programs are regularly updated by government authorities.

To effectively navigate the various immigration programs for foreign workers, employers are encouraged to seek the services of a qualified professional. The professional will be able to develop a personalized immigration strategy aligned with current standards.

Work Permit Exemptions and Business Visitors

Several work permit exemptions are available. For instance, individuals who meet the business visitor criteria may work in Canada without a work permit under section 186 of the *Immigration and Refugee Protection Regulations*. The Global Skills Strategy also provides for a number of work permit exemptions for certain highly-skilled workers and researchers. Other work permit exemption situations apply depending on the circumstances.

Work Permits

If not otherwise exempt, foreign nationals who want to work in Québec must apply and obtain a work permit. Some work permits do not require an offer of employment from an employer in Québec, such as post-graduate open work permits, working holidays or accompanying spouse.

Most work permits, however, require a job offer validated by Service Canada and the Québec Ministry of Immigration, Francisation and Integration (MIFI). The employer must then receive approval for a Labour Market Impact Assessment (LMIA) that confirms the neutral or positive effect of the job offer on the Québec labour market. Applicants must receive a Québec Acceptance Certificate (CAQ) before applying for a work permit at a point of entry (airport or land border crossing) or at a visa office abroad. More than 500 professions can benefit from simplified procedures for these approvals.

LMIA and CAQ Exemptions

Obtaining an LMIA and CAQ involves a certain turnaround time and sometimes a lot of paperwork. However, many types of work permits do not require the support of an LMIA and CAQ. For example, currently employed foreign workers who have started the application process for their permanent residence or a candidate whose employment represents a significant economic, social or cultural benefit for Canada. All LMIA and CAQ circumstances for exemption are subject to specific criteria and immigration officers generally apply them rigorously. A personalized assessment of a candidate's eligibility for an exemption is therefore recommended to reduce the risk of a work permit refusal.

Transfers Within a Multinational Corporation

Certain intra-company transferees, such as senior executives, managers and persons with specialized knowledge, may benefit from an LMIA and CAQ exemption. This type of exemption is frequently used and facilitates the acquisition of a work permit for multinational enterprises, as well as those considering setting up in Quebec.

French Employees in Québec

An agreement between Québec and France signed in 2008 sets out a common procedure for the recognition of professional qualifications in order to facilitate and expedite the process of obtaining a permit to practice a regulated profession or trade in either Québec or France. To date, this agreement covers 81 occupations, trades and functions, including engineers and nurses. Moreover, French citizens between the ages of 18 and 35 may also, in certain cases, benefit from an open work permit (working vacation) or a closed work permit with a job offer (young professional or international cooperative internship).

Permanent Residence

Foreigners who want to settle in Québec on a permanent basis must obtain a Québec Selection Certificate (CSQ) from the MIFI before applying for permanent residency with federal immigration authorities (Immigration Canada). Various CSQ categories are available, each with specific eligibility criteria. Applicants must generally demonstrate at least an advanced intermediate level of fluency in French, corresponding to level B2. The MIFI has also set up pilot programs aimed at specific categories of workers, such as those in the field of information technology.

Businesspeople (Self-employed Workers, Investors and Entrepreneurs)

Québec has permanent immigration programs for investors, entrepreneurs and self-employed workers who meet specific eligibility criteria. These programs offer the possibility of applying for immigration in various streams, each of which have specific requirements. All components require applicants to have at least an advanced-intermediate level of fluency in French.

Federal Regulations and Our "Doing Business in Canada" Guide

Given that immigration is a shared jurisdiction between federal and provincial governments under the Canadian Constitution, Québec employers must also be aware of federal immigration rules. For more information, please refer to Chapter 11 of our "Doing Business in Canada" guide on our website.

H. French Language Requirements in Québec

French is the main language used by the majority of the Québec population. Québec is the only province in Canada where French is the official language. The *Charter of the French Language* (also known as "Bill 101") has made French the official language, as well as the normal, everyday language of work, commerce and business, including trade names, signage, advertising and work tools. This entails a number of obligations for all companies doing business in Québec.

Did you know?

The *Act respecting French, the official and common language of Québec* (Bill 96) was passed on May 24, 2022 and assented to on June 1, 2022. Not only does the Act provide for a major reform of the *Charter of the French Language*, it also amends the *Constitution Act*, 1867, the *Charter of Human Rights and Freedoms* and the *Civil Code of Québec*.

This Act tightens the rules governing the use of the French language in organizations operating in Québec. It also imposes additional requirements on the business practices and obligations of organizations in many areas, such as labour, public signage, marketing and advertising, contracts and security interests (just to name a few).

To help you better understand the new requirements, the Fasken team has put together a number of resources explaining the key elements of the reform. These resources will help you understand the forthcoming changes, their consequences and the sanctions you may face for any non-compliance.

For more information:
Resource Center | Reform to the *Charter of the French Language*