

# Doing Business in Québec

## A Guide for Retailers



# Doing Business in Québec: What Retailers Need to Know

The particularities of Québec are often complex and can vary depending on the nature of your activities and your situation, whether it involves language requirements, labour standards or applicable taxes, to name but a few.



# French Language Requirements in Québec

Québec is the most predominantly French-speaking province of Canada. Approximately 81.5% of its total population speaks French at work. In order to protect its uniqueness within Canada, Quebec has adopted a number of laws. Below is a synopsis of how businesses and commercial activities are operated and conducted in Québec as of result of French being the official language.

## Business Names

Business names must be in French. The French name of the company may be accompanied with an English version provided that the French version appears at least as prominently. In some circumstances, for instance, when the company name is used in a commercial sign, the French inscriptions must be markedly predominant (i.e. have a much greater visual impact than the English inscriptions).

## Trademarks as Business Names

Trademarks in a language other than French are generally permissible, provided that a French-language version of the mark is not registered in Canada. But it should be noted that recent regulations require that some form of descriptive element of the nature of the business be posted on exterior signage, in proximity to the foreign-language trademark.

## Product Labelling and Commercial Signs

The inscriptions on the product itself, its container, its packaging and on the documents supplied with the product (which includes brochures, directions for use, warranty certificates, etc.) must be in French. English or another language can be used along with French, provided that the French version is at least equal to that in the other version. (Indeed, federal regulations in Canada require that packaging of consumer goods be both in English and in French). Regarding commercial signs, they can be bilingual provided that the French inscriptions are markedly predominant. Commercial advertising displayed on large billboards or signs visible from any public highway must be exclusively in French, unless the advertising is displayed on the premises of the business.

## Summary on Requirements for Retailer's Website When Operating Stores in Québec

Doing business in Québec means complying with several laws and regulations. Indeed, companies with more than 50 employees must comply with specific requirements of the Charter of the French Language (the "Charter"). Retailers have the obligation to comply with the Charter as soon as their goods are offered for sale in Québec and they have an establishment in Québec. The Charter requires commercial directories to be written in French, regardless of the broadcast medium or the location of the web server. Specifically, the retailer's website must produce French versions of their commercial directories, unless these fall under an exception listed in the Regulation. Interestingly, cultural or educational products in another language than French may be sold exclusively in this other language. The retailer's website can exist in any language, except for the portion dedicated to Québec consumers, which must be in French. As such, companies tend to tailor parts of their website depending on the jurisdiction for which it is intended. In doing so, retailers can translate only the portion of the website needed in French, rather than the totality of the website.

## Language in the Employment Context

Québec employees have the right to work in French and employers must draw up their written communications in French. Furthermore, the obtaining of an employment cannot be dependent upon the knowledge of a language other than French, unless the nature of the duties requires such knowledge. Employers are also prohibited from dismissing, laying off, demoting or transferring employees for their lack of proficiency in a language other than French.

A company employing 50 employees or more must register with the Office de la langue française (the "Office") which will analyse its linguistic situation. If the use of French is not generalized at all levels of the company, it will be required to implement a francization program. A corporation employing 100 employees or more must form a francization committee which is responsible for the generalisation of the use of French.

## Non-negotiable contracts or contractual provisions

These documents may be drafted in another language, provided that the parties have expressly agreed as such; however, i) if there is a dispute, the courts will interpret these contracts in favour of the party who was compelled to accept the non-negotiable form and ii) other consumer protection laws may apply to such contracts.

## Penalties

Failure to respect language requirements may result in a fine, which can amount to \$40,000 for a subsequent offence.

# Employment and labour law

For the most part, Québec's employment and labour legislation is similar to that of the rest of Canada. It includes employment standards, privacy and health and safety legislation as well as human rights legislation prohibiting discrimination.

## Labour Standards

The *Québec Labour Standards Act* prescribes the minimum conditions of employment on various matters such as wages, hours of work, holidays, vacation, overtime, maternity and paternity leave, notice of termination and pay equity. It applies to employees regardless of where they work, including employees who have a place of business or an office in Québec.

The minimum wage is currently \$10.75 and \$9.20 for employees receiving tips. The regular work week consists of 40 hours and the overtime rate is time and a half after the regular work week. Québec workers are entitled to eight paid statutory holidays per year. Paid vacation consists of two weeks for employees with one year of seniority and three weeks after five years. Prior written notice of termination is required for employees who have worked more than three months.

Québec, like other provinces, has an employment standards statute which prescribes certain minimum terms of employment that apply to most employment relationships. Certain occupations and professions, as well as managerial employees, are specifically exempted from some or all of these standards.

While there is a fair degree of uniformity across Canada, the specific standards that apply differ from province to province. The Québec standards are minimum mandatory requirements and they apply regardless of the terms contained in any individual contract of employment.

## Pay Equity Law

Québec, similar to most other Canadian provinces, including the other three where main business centres are also located (Ontario, British Columbia and Alberta) has equal pay for equal work provisions in their legislation.

Essentially, these provisions prohibit an employer from discriminating between male and female employees by paying a female employee a rate of pay less than the rate of pay paid to a male employee, and vice versa, for substantially the same kind of work, performed in the same establishment, the performance of which requires substantially the same skill, effort and responsibility and which is performed under similar working conditions. There are, however, exceptions recognized by the legislation in each province, including Québec, involving seniority systems, merit systems and systems that measure earnings by quantity or quality of production.

### Statutory Holidays in Québec

- January 1<sup>st</sup>
- Good Friday or Easter Monday, at the option of the employer
- The Monday preceding May 25
- June 24
- July 1<sup>st</sup> or July 2<sup>nd</sup> if July 1<sup>st</sup> is a Sunday
- The first Monday in September
- The second Monday in October
- December 25

## Workers' Compensation

Québec, like all other Canadian provinces, has workers' compensation legislation that provides a no-fault system of compensation for injuries suffered on the job. The workers' compensation system covers the cost of compensation, medical aid and rehabilitation for the injured worker (all as prescribed by the relevant provincial statute) and generally removes the injured worker's ability to sue the employer in civil court.

# Taxes and Duties

## Income tax

Income tax is imposed by the federal, provincial and territorial governments. Canada's income tax system taxes its residents on their worldwide income. Canada does not impose tax on the basis of citizenship.

## Québec Sales Tax

The provincial sales tax in Québec is known as the Québec sales tax ("QST") and is governed by the *Act respecting the Québec Sales Tax*.

The QST is levied at the rate of 9.975%. Because this tax is based upon the federal GST, it is very similar to the GST in terms of structure and applicability. The QST applies to most property and services which are considered to be supplied in Québec. Similarly, the QST applies to certain importations into Québec. To the extent that a QST registered business incurs QST expense in order to make a subsequent taxable supply of property or services, the business is entitled to claim an input tax refund (which is analogous to the GST input tax credit).

# Privacy Law

In Québec, the protection of personal information in the private sector is governed by the *Act respecting the protection of personal information in the private sector* (the "Québec Private Sector Act"). This law is basically the same as the federal Personal Information Protection and Electronic Documents Act (the "PIPED").

# Consumer protection law

Several types of protection are available under the *Consumer Protection Act*. This Québec Act sets out the general rules applicable to merchants who provide goods and services to consumers and specific rules for certain types of goods and services. In Québec, the Office de la protection du consommateur is responsible for ensuring that merchants comply with their obligations to consumers.

# Your Contacts



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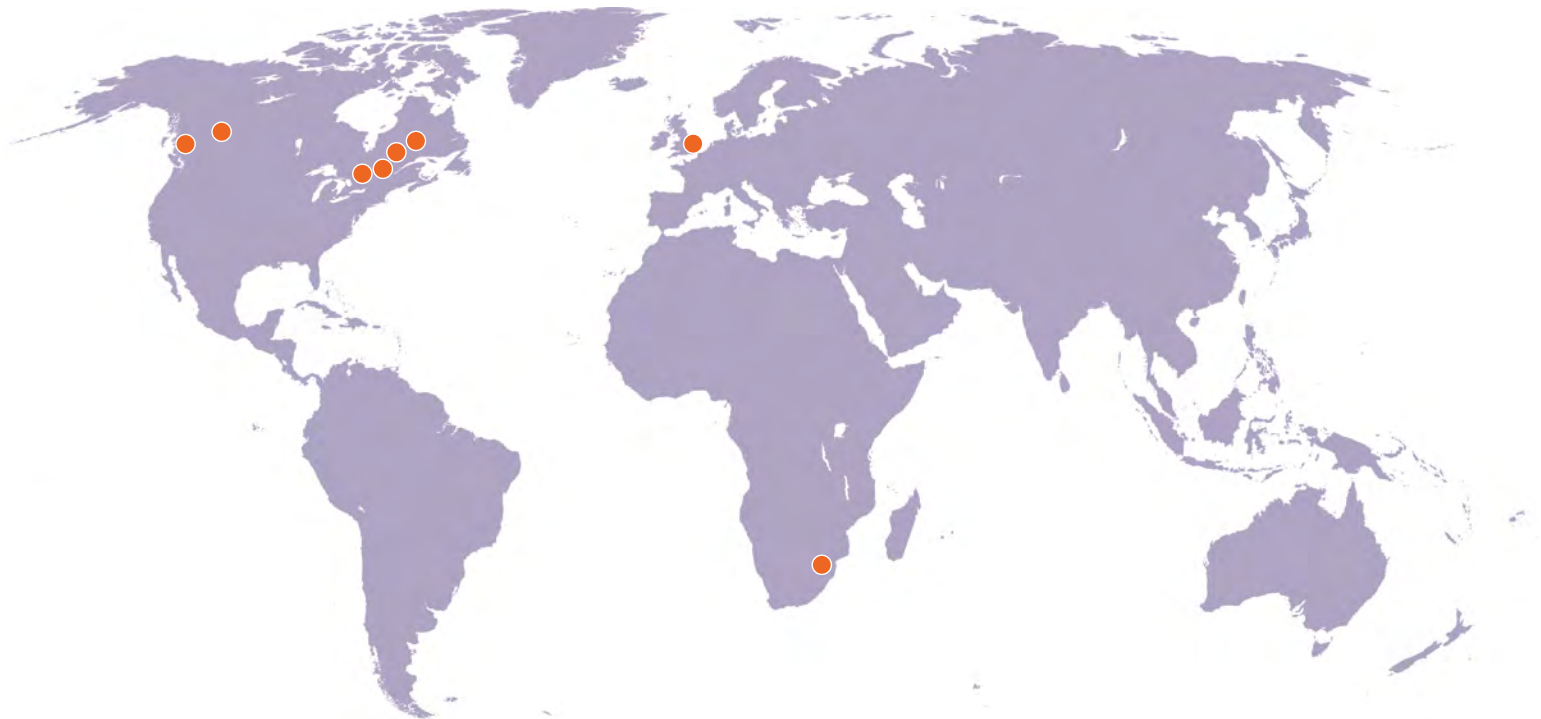
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