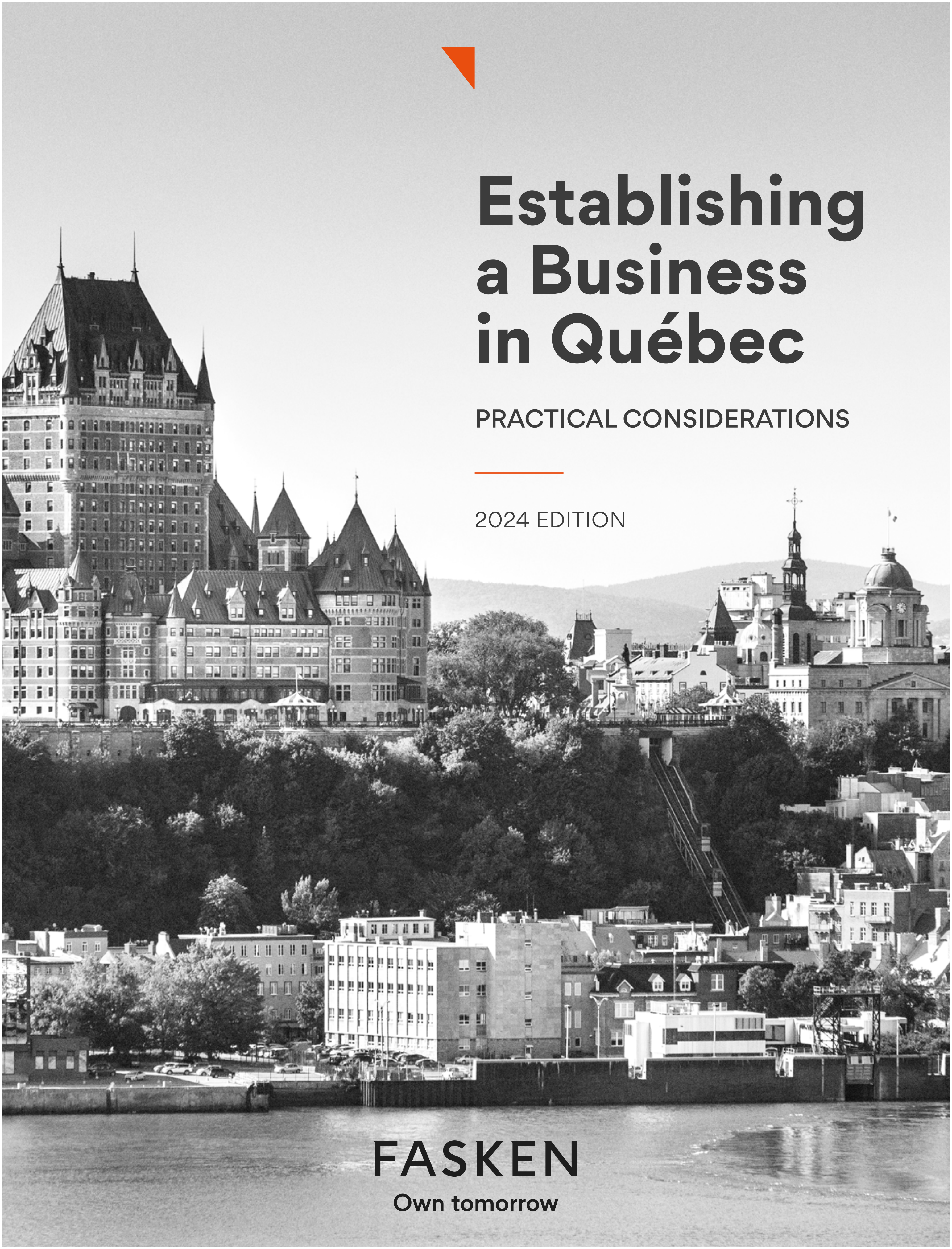

Establishing a Business in Québec

PRACTICAL CONSIDERATIONS

2024 EDITION

FASKEN

Own tomorrow

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A. Introduction

A Choice Destination for Business

Canada is a federation made up of ten provinces and three territories. Its capital is Ottawa, in the province of Ontario. Québec is one of the provinces that is most active in business, together with Ontario, Alberta, and British Columbia.

Canada is a choice destination for businesses due to its stable government, independent judiciary, effective customs system, qualified and diverse labour force, and high standard of living.

	Canada	Québec
Capital	Ottawa	Québec City
Largest city	Toronto	Montréal
GDP (expenditures)	$2,122 billion*	$435 billion*
Population	40 million**	8.8 million***

*Source: Statistics Canada (November 2022).
**Source: Statistics Canada (June 2023).
***Source: Bilan démographique du Québec. 2023 Edition.

Legal and Constitutional Framework

Canada benefits from two legal traditions: civil law applies in the province of Québec and common law applies at the federal level and in the other provinces and territories.

The Canadian Constitution divides legislative jurisdiction between the federal parliament and the provincial and territorial assemblies. 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 competent provincial or territorial authority.

Main areas of **federal** jurisdiction	Main areas of **provincial** jurisdiction	Main 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

The Business Corporation

Depending on your specific circumstances, 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 does not cost much.

The two acts have several similarities. For example, regardless of the system chosen, business corporations can decide not to hold physical shareholders' or board meetings and a written resolution signed by all the shareholders or directors can replace a meeting. The governance rules, described more fully below, are also nearly identical between the different legislative systems. Shareholders of both types of corporations can also decide not to have their annual financial statements audited. Finally, both systems have harmonized their rules on the protection of minority shareholders.

Different Types of Enterprises

A business can be created using one of the different legal forms available, including a sole proprietorship, a partnership or a 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 systems. Note that with regard to the two first items, the Québec system is particularly appreciated by foreign investors.

	CBCA (Canada)	QBCA (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 a more favourable system for small and medium-sized businesses, with a number of special rules, such as the possibility of issuing unpaid shares as a means of financing the corporation, and more flexibility in terms of governance. On this point, it is worth mentioning 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 Costs

Creating a corporation is simple and easy in Canada. Corporations Canada is responsible for the federal incorporation of corporations.

In Québec, the *Registraire des entreprises du Québec* is the competent authority. At both levels of jurisdiction, the processing time varies from one to five days from the date the application is filed. There is an additional charge for expedited service.

Below are some of the fees charged by the competent authorities:

	Canada	Québec
	Incorporation Fees	
Regular Service	$200	$367
Priority Service	$100 (extra)	$550.50 (total)
Annual Declaration / Report	$12	$98
	Registration Fees in Québec	
Regular Service	$367	None
Priority Service	$550.50	

You will receive a Québec Enterprise Number (NEQ) after incorporating under the QBCA or registering a federal corporation in Québec. The NEQ is the official identification number of each enterprise doing business in Québec and its 10-digit reference number helps simplify dealings between a business and Québec government institutions.

A federal corporation will also receive a business number (BN) from Corporations Canada once it has been created. The NEQ and the BN are also used to identify corporations by the federal and Québec tax authorities 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 corporation registered in Québec, file an annual updating declaration with the *Registraire des entreprises*.

On March 31, 2023, the obligations of businesses required to communicate information to the *Registraire des entreprises* were extended. Businesses must now provide a list of their “ultimate beneficiaries,” i.e., the people who, through the shares they hold or their direct or indirect influence, exercise control over the enterprise. These amendments were made to increase corporate transparency.

Main Features and Governance of Corporations

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, the body with the power to appoint or dismiss the corporation's directors. 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, including the "president", who manages the company's daily affairs, and a "secretary", who often has to attest to resolutions adopted by the directors or the shareholders. A corporation can have just one director who can also be the sole officer (and 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 the 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 deductions at source and remit tax from employee wages), or criminally, under various laws, in particular with regard to polluting the environment.

Other Types of Enterprises

Sole proprietorship – A form of enterprise with a single proprietor who often does business under his or her 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*.

Cooperative – 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 improve the protection of the public and support actions aimed at preventing and combatting tax evasion, money laundering and corruption. Many businesses will see the effect of the new measures on their operations, as they will have to comply with these new measures in a short period of time.

For more information: Corporate Transparency Resource Centre (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 Canadian opportunities to European service providers, including in financial services;
- Opened Canada's government procurement market to European companies offering goods and services, so these companies can now bid on public sector procurement by the federal, provincial, territorial, regional and municipal sectors governments and authorities; and
- Relaxed the rules on employee, owner and investor mobility from Europe to Canada.

Following the UK's exit from the European Union, the Canada-United Kingdom Trade Continuity Agreement entered 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 an office or employment, business income and property income. It is also levied on half of capital gains.

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 2023 are as follows:

At the provincial level (Québec):

Income tax brackets	Rate
$49,275 or less	14%
From $49,275 to $98,540	19%
From $98,540 to $119,910	24%
Over $119,910	25.75%

At the federal level (Canada):

Income tax brackets	Rate
$53,359 or less	15%
From $53,359 to $106,717	20.5%
From $106,717 to $165,430	26%
From $165,430 to $235,675	29%
Over $235,675	33%

Corporate Tax In Québec and Canada

Federal and Québec corporate income tax rates vary depending on the industry and the type of corporation. Corporations that reside in Canada must pay federal tax on their worldwide income. The rates differ for income from business, manufacturing and processing, and investment income, 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 2023:

	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 reclaim 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 some other provinces, the GST and the provincial or territorial sales tax are harmonized into 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. There is therefore no disadvantage in capitalizing a Canadian corporation as opposed to financing it by way of intragroup debt, as in some other jurisdictions. 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 each $1.50 of interest-bearing intragroup debt.

Subject to compliance with the transfer pricing rules, a Canadian corporation can pay the head office for the services received and costs invoiced by the parent company and deduct these amounts from its income. However, and 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 be refunded 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.

A few incentives:

Tax incentives	Rate	Description
Refundable investment tax credits (ITCs) in clean energy	Between 15% 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.
The Tax Credit for Investment and Innovation (C3i)	20% to 40%	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	n/a	Allows businesses to write off the full cost in the year of acquisition for the purchase of machinery and equipment (Class 53) or certain clean energy equipment (Class 43.1 and 43.2), among others.
Flow-through shares	n/a	Investors who acquire these shares can benefit from: • Deductions of 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

Government Programs
Strategic Innovation Fund: The Strategic Innovation Fund is a program offered by Innovation, Science and Economic Development Canada (ISDC) 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, ISDC 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 through hydrogen production, carbon capture, utilization and storage, and the development of a Canadian battery ecosystem, in particular.
Tax holiday for large 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.
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 basically 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 acts of discrimination and a *Labour Code* that applies to unionized workplaces.

The *Act respecting labour standards* establishes, in particular, the obligation for employers 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 for various aspects of employment, such as wages. The general minimum wage rate in the province has been $15.25 per hour since May 1, 2023.

Normal Work Hours

The regular work week in Québec is forty (40) hours, and overtime 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.

Notice of Termination of Employment

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 length of time. Under Québec's Act respecting labour standards, employers must provide minimum notice of termination of employment ranging from one week (for employees credited with 3 to 12 months of uninterrupted service) to eight (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.

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 injuries and illnesses resulting from workplace accidents. These plans cover loss of income and the cost of medical care, and generally prevent employees from taking legal action against their employer before the civil courts. 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 history of accidents and claims.

Did you know?

On October 6, 2021, the *Act to modernize the occupational health and safety system* received assent and its progressive entry into force will end on October 6, 2024. Its key purpose is to modernize the occupational health and safety system, particularly in regards to prevention and compensation for work-related injuries. For more information on this topic, please do not hesitate to contact your lawyer.

Protection of Privacy

Businesses must appoint a person in charge of the protection of personal information 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 a natural person that may be used to identify that person, directly or indirectly.

Did you know?

The *Act to modernize legislative provisions as regards the protection of personal information* received assent on September 22, 2021, and its progressive entry into force will end on September 22, 2024, the date on which all of its provisions will apply. However, most of the new obligations will take effect on September 22, 2023. The law has reformed the obligations of public bodies and private sector companies where the protection of personal information is involved. 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 Center | 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 the *Québec 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 as well as 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 enrol their employees. The employer does not have to contribute to the plan, but must offer the plan its employees.

There are two main government pension and supplementary retirement benefit plans for workers funded by prescribed employer and employee contributions, namely the Canada Pension Plan and Retraite Québec in 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 the health services fund, workplace accidents as previously mentioned, labour standards, and parental insurance.

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

	Main contributions Jobs in Québec	
	Employer	**Employee**
Québec Pension Plan Maximum pensionable earnings: excess of $66,600 over $3,500	6.4% $4,038.40	6.4% $4,038.40
Employment Insurance Maximum insurable earnings: $61,500	1.4 times the employee contribution $1,093.47	1.27% $781.05
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 have access to certain recourses whereby they can demand 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 administers these laws.

Type of intellectual property	Length of protection
Copyright	70 years following the end of the calendar year in which the author dies.
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 for patents in the pharmaceutical sector, only where certain conditions provided for by regulation are met. Other mechanisms for extending patent terms in case of delays in the examination of a patent application or delays in the approval of new patented medicines are being developed to meet Canada's obligations under the Canada-United States-Mexico Agreement, which came into force on July 1, 2020. Canada has four and a half years from this date to comply, that is, by January 1, 2025.
Industrial design	10 years from the date of registration or 15 years from the date of application, whichever is longer.

G. Immigration

Foreign workers' access to the Québec job market involves 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 and eventually Canadian citizenship, and many other factors specific to the candidate's profile and that of their future employer in Québec. It should be noted that immigration programs are frequently subject to reform.

Considering how complex immigration programs are and how often they are revised, employers are encouraged to seek the services of a qualified professional who will determine the most appropriate immigration strategy to adopt, in accordance with existing standards.

Work Permit Exemptions and Business Visitors

Certain situations call for a work permit exemption. 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.

Work Permits

Foreigners who wish to work in Québec and who are not exempt from the work permit requirement must apply for and obtain a work permit. Some work permits are open, meaning that no job offer is required. However, closed work permits are much more common and require a job offer from the prospective Canadian employer. The general principle is that an employer wishing to bring a worker into Québec must first obtain a Labour Market Impact Assessment (LMIA) from Employment and Social Development Canada, and a Québec Acceptance Certificate (CAQ) from the Ministry of Immigration, Francisation and Integration (MIFI) before the worker can apply for a work permit with federal immigration authorities. These documents confirm the job offer's authenticity and the likelihood that it will have a neutral or positive economic impact on the Québec labour market. That being said, over 300 professions fall under the facilitated assessment process, meaning that employers wishing to obtain an LMIA and CAQ for a temporary foreign worker can benefit from certain reasonable accommodations. In a number of circumstances, this requirement can be waived, as there are over 100 types of work permits for which an LMIA and CAQ are not required.

Depending on the worker's citizenship, the work permit application may be submitted to a Canadian Border Services Agency customs officer at a port of entry, such as an airport or land border, or to a visa office outside Canada.

LMIA and CAQ Exemptions

Given how complex it is to obtain an LMIA and CAQ, and the wide range of work permits for which an LMIA and CAQ are not required, it is important to verify whether an exemption applies. The worker's citizenship, age, profession, work experience and language skills, as well as the wages offered in Québec are just a few of the various factors that may give rise to an exemption.

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. It is one of the most common exemption codes and allows multinationals or companies wishing to establish themselves in Québec to obtain a work permit relatively easily.

French Employees in Québec

An agreement between Québec and France signed in 2008 sets out a common procedure for the recognition of professional qualifications, designed to facilitate and expedite the process of obtaining a permit to practice a regulated profession or trade in both places. The arrangements signed to date cover many positions, trades and professions, such as engineers and nurses. In some cases, French citizens may also qualify for an open work permit exempt from the LMIA and CAQ requirement.

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. There are many different types of CSQs, and each has its own set of eligibility criteria. In most cases, applicants must speak French at an upper-intermediate level (B2). The MIFI has also set up pilot programs aimed at specific workers, such as workers in the field of information technology.

Business Professionals (Investors, Entrepreneurs and Self-Employed Workers)

The MIFI issues CSQs to certain investors, entrepreneurs and self-employed workers who meet the eligibility criteria to apply for permanent resident status.

Federal Regulations and Our *Doing Business in Canada* Guide

Given that immigration is a shared jurisdiction 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*, 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 within organizations operating in Québec. It also places additional demands on organizations’ business practices and obligations in many areas, namely labour, public signage, marketing and advertising, contracts and security interests, among others.

To give you a clearer picture of the situation, our team has put together a number of resources explaining the key elements of the reform which will help you understand the forthcoming changes, their consequences and the penalties you may face should you fail to comply with your obligations.

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

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