



What To Know About Incorporating Your Business

Why Incorporate?

Lower Tax Rates and Other Tax Advantages

- Corporations, while being taxed separately from their shareholders, have lower tax rates than personal income tax rates.
- Corporations may be able to avail of tax credits and deductions not available to individuals.

Easier Access to Capital

- Corporations can typically borrow money at a lower rate than individuals.
- Corporations can raise money by selling shares or bonds to investors.
- Corporations can typically access government funding that is not available to unincorporated businesses.

Separate Legal Entity

- Corporations have the same rights as a real person, including the ability to enter into contracts and own property separate from that of its shareholders.

Reduce Liability

- Shareholders of an incorporated company are typically not responsible for a corporation's debt. If your corporation goes bankrupt, your shareholders will likely lose only what they invested.

Continuous Existence

- Corporations live on, even after the initial owner of a company dies, until they wind-up, or amalgamate.
- Great for estate planning.

Choice of Incorporation

In deciding to incorporate your business, you will to make the decision on whether to incorporate as a federal corporation or as a provincial corporation under the laws of Newfoundland and Labrador.

Here's what you should know before making that decision.

Incorporating in Newfoundland and Labrador

By incorporating your business provincially, your business name is protected throughout the province, and your business is eligible to conduct business within the province. Further, your incurred expenses are limited to filing one annual return with the Newfoundland and Labrador government

Provincial incorporation is typically used for businesses that have a local office and only intend on conducting business in Newfoundland and Labrador.

While provincial incorporations are not prohibited from entering contracts with companies from other provinces, if you intend to conduct business outside of Newfoundland and Labrador, you may have to register extra-provincially with the government of each province. This means additional annual filings with each government, and a risk that you are unable to operate under your chosen business name within that province if it conflicts with an already existing provincial business.

Incorporating Federally

By incorporating your business federally, your business name is protected throughout the entire country, including all provinces and territories. You are also eligible to conduct business across Canada, with no restrictions on office location or where company records need to be kept.

Federal incorporation is typically used for businesses that intend to operate across the country or internationally.

It is important to note that, as a federal corporation, you will be required to register extra-provincially in each province you do business in. This means you will be subject to complete annual filings, and any and all associated fees, with both the federal government and the provincial governments you are registered with. This could therefore be more costly and time consuming than provincial registration, depending on the nature of your business.



Looking to Register your Business?

Benson Buffett PLC. is one of the largest independent law firms in the Province of Newfoundland and Labrador, with a variety of experience and expertise in handling business incorporations.

If you have any questions about the incorporation process, or to talk to one of our lawyers today, call (709) 579-2081 or email info@bensonbuffett.com.

Disclaimer:

The comments contained in this Brochure provide general information only and should not be construed as legal advice or opinion. For more information or specific advice on matters of interest, please call our offices at (709) 579-2081.