



CONDUCTING BUSINESS IN

# CANADA

Prepared by

**Welch LLP**  
[www.welchllp.com](http://www.welchllp.com)

Prepared for

Non-resident businesses looking  
to conduct business in Canada

**Welch LLP®**



# Bringing your Business to **Canada**

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If you are a non-resident business looking to conduct business in Canada, you need a professional advisor that can provide you with accurate, timely and comprehensive advice in the Canadian business context.

## Bringing your business to Canada can be simple

Without guidance, the Canadian tax system and legislative requirements can be frustrating and complex for non-resident firms or professionals looking at doing business in Canada.

Welch LLP has the range and scope of experience to assist you whether you are looking at early stage entry or large scale expansion to Canada. We can provide advice in a wide range of areas including:

- Relevant tax structure
- Outsourced controller functions
- Government incentives such as Scientific Research & Experimental Development (SR&ED) tax credits
- Canadian payroll issues
- Mergers & acquisitions
- Year-end compliance & reporting for audits and tax
- Valuations

One option non-residents find particularly attractive at Welch LLP is our virtual accounting office.



# Virtual Accounting Office

## Welch LLP's Virtual Accounting Office may be your Cross-Border Solution

Welch LLP can provide a fully staffed virtual office to handle all of your financial functions on an ongoing basis, or until your organization is large enough to hire its own accounting staff.

Services we provide include the following:

### *Establish Basic Business Structures*

- Recommend bank and open bank account
- Recommend Canadian lawyers to provide assistance
- Establish extra-provincial licences for each applicable province
- Establish reporting framework, either through remote access to your world-wide software, or on our servers using Simply Accounting exportable data
- Assist in finding temporary office space, or use Welch address

### *Payroll Set Up*

- Help you interpret and quantify payroll taxes and deductions
- Assist you in understanding payroll and benefits etiquette and best practices
- Help you negotiate health benefits packages with your employees
- Register your business with Canada Revenue Agency for payroll deductions
- Determine whether registration for Workers Safety Insurance is required

### *Payroll Administration*

- Perform net payroll calculations as required
- Remit source deductions to Canada Revenue Agency on a timely basis
- Direct deposit net pay to your employees' bank accounts
- Perform year end reporting to facilitate individual tax return preparation

### *GST/HST and Provincial Sales Tax Set Up & Returns*

- Determine your obligations to register to collect GST/HST and the various provincial sales taxes (are you "carrying on a business" in Canada?)

- Ensure tax paid at the border on importing goods into Canada is recoverable
- Analyze ability to claim Input Tax Credits in respect of tax paid on purchases and imports
- Register your company for Sales Taxes
- Assist in calculating and posting non-resident vendor security bond
- Prepare periodic GST/HST and other sales tax returns as required

### *Employee Expense Reimbursements*

- Process all monthly expense reimbursements from employees
- Reimburse employees through direct deposit or cheque

### *Office Expense Payments*

- Pay office expenses monthly (telephone, office rent, equipment, etc.)

### *Monthly Financial Reporting*

- Prepare general ledger for Canadian Operations
- Record all revenues and expenses
- Calculate intercompany sales/support charges to parent company
- Reconcile bank account
- Accrue all expenses and revenues

### *Consolidation Reporting*

- Upload data to Parent Co monthly for worldwide consolidation
- Can use any data file format for financial statement transfer

### *Income Tax Analysis*

- Advise on requirement to pay income tax in Canada, or claim treaty-based exemption
- File annual income tax returns as required
- Recovery of Canadian withholding taxes from service contracts

### *Audit Preparation*

- Work with your auditors by providing complete working paper support for all Canadian transactions
- Recommend auditors if required

# Case Studies



## Case Study #1:

Privately held Medical Devices Company headquartered in California looking to buy Canadian competitor.

Welch assisted in the acquisition by:

- Performing due diligence on vendor's Canadian operations
- Suggesting modifications to the buy/sell agreement
- Recommending a Canadian business law firm to incorporate a Canadian subsidiary to buy the vendor's Canadian assets

The only employees of the Canadian division were sales people. Welch therefore provided full virtual accounting office support services from our office in Ottawa including:

- Payroll processing
- Sales expense reimbursements
- Maintaining general ledger and financial statements for Canadian subsidiary
- Monthly billing of service fee to US parent
- Uploading of financial information for worldwide consolidation purposes

At year-end we prepared all Canadian income tax returns and advised on repatriation of profits to parent company.

# Case **Studies**



## Case Study #2:

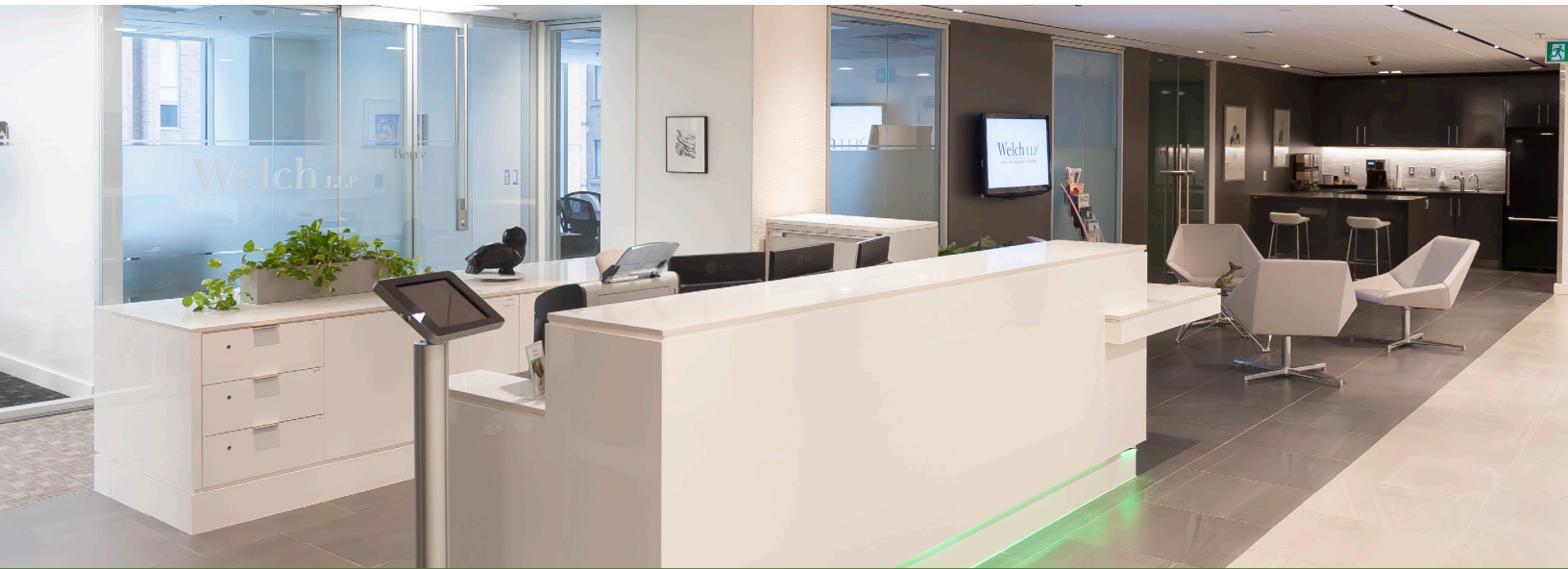
Public corporation with proprietary software used by Fortune 500 companies. Over 200 subsidiaries worldwide including two in Canada. One corporation performs qualifying research and development activities and the second acts as a sales lead generation company.

Welch assisted by:

- Performing payroll functions for over 50 employees
- Paid monthly expenses, with Welch LLP Partners acting as signing officers on the company bank account
- Performed accounting using client's Oracle based accounting software via the Web
- Completed month end closes done by the second day of the following month
- Providing Canadian income tax compliance; calculating Research and Development credits; filing of all Canadian GST/HST returns
- Liaising with corporate auditors



# Welch LLP Firm Profile



Welch LLP is a firm that can meet your needs today and can support you as you grow.

1 9 1 8

Founded by George A. Welch

2 7 0 +

Staff Members across our offices

1 2

Offices across Ontario & Quebec  
HQ in Ottawa, ON

**Welch LLP<sup>®</sup>**  
Audit • Tax • Accounting • Consulting

Welch LLP is a Chartered Professional Accounting firm that provides a full range of accounting, assurance, tax, advisory and specialty services. Welch offers industry specific services and knowledge with a relationship-driven approach to client service to private enterprises, government and not-for-profit organizations.

**B K R**  
INTERNATIONAL

Welch LLP is an independent member of BKR International representing the combined strength of more than 160 independent accounting and business advisory firms in 500 offices in over 80 countries. This association allows us to provide accounting, tax and business related services throughout the world and acts as a resource network for IFRS and international tax matters.

# Welch LLP<sup>®</sup>

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