

# 2020 OCC AGM POLICY RESOLUTION

**RESOLUTION TITLE:** Remove Canadian Residency Requirement for Ontario Corporations

**SUBMITTED BY:** Quinte West Chamber of Commerce, co-sponsored by the Prince Edward County Chamber of Commerce and Belleville Chamber of Commerce

**ISSUE:** The need for Ontario corporations to require 25% of their directors to be Canadian residents is creating an unnecessary barrier to set up here and companies look to other provinces that do not have this requirement.

**BACKGROUND:** All Ontario companies must have at least one director and this person must be a resident Canadian as defined in the Business Corporations Act (Ontario). The Business Corporations Act (Ontario) provides for a residency requirement for directors. 25% of the directors of an Ontario company must be “resident Canadians” as defined by the Act. This means that if an Ontario company has one to four directors, at least one of them must be a resident Canadian.

## Business Corporations Act - PART IX DIRECTORS AND OFFICERS - Residency

(3) At least 25 per cent of the directors of a corporation other than a non-resident corporation shall be resident Canadians, but where a corporation has less than four directors, at least one director shall be a resident Canadian. 2006, c. 34, Sched. B, s. 19 (2).

### **Corporate Directors Residency Requirements in Canada**

Jurisdiction	Director Residency Requirement
Federal (Canada)	25% resident Canadian Directors Required
3 Canadian Territories	No Canadian Directors Required
British Columbia	No Canadian Directors Required
Quebec	No Canadian Directors Required
New Brunswick	No Canadian Directors Required
Nova Scotia	No Canadian Directors Required
Prince Edward Island	No Canadian Directors Required

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Newfoundland	25% resident Canadian Directors Required
Alberta	25% resident Canadian Directors Required
Ontario	25% resident Canadian Directors Required
Manitoba	25% resident Canadian Directors Required
Saskatchewan	25% resident Canadian Directors Required

It is only directors, which are specified, officers and shareholders do not need to be Canadian residents. Note also that Canadian residents are specified, not Canadian citizens.

*“British Columbia, Quebec, Prince Edward Island, Nova Scotia and New Brunswick are the only Provinces in Canada that waive the corporate directors’ residency requirements. This is especially important for foreign individuals and businesses wishing to register businesses in Canada, as they will not have to appoint resident Canadian directors if they incorporate in any of these Provinces.”*

[www.newbusinessnow.com](http://www.newbusinessnow.com)

*“Not all provinces and territories have the same rules. As an example, in British Columbia the Business Corporations Act (British Columbia) does not provide for a residency requirement. Therefore, a non-Canadian or a Canadian citizen not living in Canada may be the sole director of a BC company. This is good news for those Canadians who wish to conduct business in Canada but also wish to live outside of Canada. As well, foreign individuals are able to set up BC companies and act as the sole director of those companies since there is no requirement for them to live in Canada.”*

<http://www.canadianbusinessresources.ca>

**Removing the requirement for 25% Canadian residency would align with the Ontario governments mandate to reduce red tape in the province and be cost neutral to the government.**

### RECOMMENDATIONS

*The Ontario Chamber of Commerce urges the Government of Ontario to:*

1. Remove the requirement for 25% Canadian Residency from the Ontario Corporations Business Act.