BRIS GROUP

CANADA

FEDERAL CORPORATION

CLIENT GUIDE 2026

CBCA incorporation, foreign ownership, taxation, accounts and compliance

Professional company formation and ongoing corporate administration

BRIS GR LIMITED | 66 Paul Street, London EC2A 4NA, United Kingdom

general.info@bris-group.com | +44 207 206 2487 | +44 775 479 5814 | bris-group.com

Canada Federal Corporation at a Glance

A Canadian federal business corporation is incorporated under the **Canada Business Corporations Act (CBCA)**. Federal incorporation gives the company legal capacity throughout Canada, but provincial or territorial extra-provincial registrations can still be required where it carries on business. This guide focuses on a standard privately held CBCA corporation.

Topic	Current legal / practical position
Foreign shareholders	100% foreign share ownership is generally possible, subject to sector-specific Canadian ownership restrictions.
Directors	Under the current CBCA framework, ordinarily at least **25% of directors must be resident Canadians**; if there are fewer than four directors, at least one must be a resident Canadian. Certain regulated/cultural sectors have stricter rules.
Registered office	The registered office must be in the Canadian province or territory stated in the articles.
Share capital	The CBCA does not impose a general statutory minimum paid-up capital for an ordinary business corporation.
Corporate tax residence	A corporation incorporated in Canada after 26 April 1965 is generally deemed resident in Canada for Income Tax Act purposes, subject to applicable treaty rules.
Federal corporate tax	General net federal corporate income-tax rate is **15%**, plus applicable provincial/territorial corporate tax.
Small-business rate	The federal 9% small-business rate is for qualifying Canadian-controlled private corporations (CCPCs); a foreign-controlled company normally does not qualify as a CCPC.
Annual compliance	Federal annual return, ISC beneficial-ownership filings, corporate records and annual T2 tax filing generally apply.

Key Benefits for International Clients

- 100% foreign share ownership is generally permitted for ordinary businesses.
- Federal incorporation provides a nationally recognised Canadian corporate identity.
- No general CBCA minimum share-capital requirement.
- Flexible share classes and rights can be established in the articles.
- Separate legal personality and limited shareholder liability, subject to normal statutory exceptions.
- Canada has an extensive network of income-tax treaties.
- Canadian corporations can access a sophisticated banking, professional-services and commercial environment.
- Federal corporate name protection is broader than a single-province incorporation, subject to applicable naming rules.
- Corporations Canada offers electronic incorporation and ongoing filing infrastructure.

Important Tax Point for Non-Resident Owners

A Canadian corporation is NOT a 0% offshore company

A company incorporated in Canada after 26 April 1965 is generally **deemed resident in Canada** under subsection 250(4) of the Income Tax Act. A Canadian-resident corporation is generally taxed in Canada on its **worldwide income**. Therefore, a corporation does **not** obtain 0% Canadian tax merely because its shareholders, directors, customers or business operations are outside Canada.

A tax treaty can exceptionally affect corporate residence where dual-residence rules apply, but this requires specific treaty analysis. It should not be marketed as a routine offshore-tax exemption.

Federal Incorporation Requirements

Topic	Current legal / practical position
Corporate name	May use an approved word name or a numbered federal corporation name.
Articles	Articles of Incorporation set out the name, province/territory of registered office, share classes, restrictions and number of directors.
Shareholder(s)	One or more shareholders; foreign individuals or entities may generally hold shares.
Director(s)	Must be individuals and satisfy CBCA eligibility and Canadian-residency requirements.
Registered office	Must be located in the province/territory stated in the articles.
Share structure	One or more classes of shares may be authorised; rights/restrictions must be stated where required.
Beneficial ownership	Most CBCA corporations must maintain and file information on individuals with significant control (ISCs).
Provincial registration	Extra-provincial registration may be required in provinces/territories where the company carries on business.

Share Capital

The CBCA does not prescribe a general minimum paid-up share capital for an ordinary private business corporation. The articles establish the authorised share classes and their rights, while the directors issue shares for consideration in accordance with the Act.

No fixed minimum capital

Unlike jurisdictions requiring EUR 25,000 or similar statutory capital, a standard CBCA corporation can be formed without a high minimum capital amount. The capital chosen should nevertheless be commercially appropriate for banking, licensing, contracts and operating requirements.

Canadian Resident Director Requirement

For a standard CBCA corporation, at least **25% of the directors must be resident Canadians**. Where the corporation has fewer than four directors, at least **one director must be a resident Canadian**. Corporations in certain sectors subject to Canadian ownership/control restrictions can face stricter board-residency requirements.

This federal requirement must be distinguished from provincial incorporation regimes: some provinces have different director-residency rules. BRIS Group should therefore confirm whether federal or provincial incorporation is more suitable before quoting a non-resident client.

Documents Required from the Client

- Passport/government-issued identification and recent proof of address for shareholders, directors and ultimate beneficial owners.
- For corporate shareholders: incorporation, constitutional, management and ownership-chain documents.
- Three proposed company names or instruction to use a numbered corporation.
- Detailed business activity and provinces/territories where business will be conducted.
- Proposed share classes, shareholders and ownership percentages.
- Proposed directors, including the qualifying resident Canadian director(s).
- Registered-office arrangements in the selected province/territory.
- Source-of-funds/source-of-wealth evidence required under AML procedures.
- Expected turnover, currencies, customers/suppliers, banking and transaction profile.

Corporate Income Tax - 2026

General federal rate: 15%

The CRA states that after the federal tax abatement and general tax reduction, the general net federal corporate income-tax rate is **15%**. Provincial or territorial corporate income tax applies in addition and varies according to the province/territory and the corporation's allocation of taxable income.

The federal **9% small-business rate** applies to qualifying Canadian-controlled private corporations claiming the small business deduction. A corporation controlled directly or indirectly by non-residents will generally not satisfy the CCPC definition and should not be quoted the 9% rate merely because it is small.

Foreign Business & Worldwide Income

Because a Canadian-incorporated corporation is generally deemed Canadian resident, profits from customers and operations outside Canada are not automatically excluded from Canadian tax. Foreign tax credits and Canada's tax treaties can relieve double taxation where the statutory conditions are met.

Correct wording for international clients

The benefit is access to Canada's treaty/foreign-tax-credit system and legitimate deductions - **not a territorial 0% regime**. A client whose principal objective is a tax-neutral offshore company should not be advised that a Canadian corporation provides the same tax treatment as a territorial/offshore jurisdiction.

T2 Corporation Income Tax Return

All resident corporations, other than limited statutory exceptions, must file a **T2 Corporation Income Tax Return for every tax year even where no tax is payable**. The filing deadline is generally six months after the end of the corporation's tax year. Tax-payment deadlines are separate and can arise earlier.

The T2 includes financial information, including the General Index of Financial Information (GIFI), and applicable schedules. Quebec and Alberta administer their own corporate income-tax systems, while the CRA administers provincial corporate tax for the other provinces and territories under collection agreements.

GST/HST, Payroll & Provincial Taxes

A corporation may need to register for GST/HST depending on taxable supplies and statutory thresholds/rules. Employees create payroll withholding and remittance obligations. Provincial sales taxes, employer taxes and sector-specific taxes can also apply.

A federal corporation carrying on business in a province or territory can need extra-provincial registration there even though it was incorporated federally.

Accounting, Financial Statements & Audit

A CBCA corporation must maintain adequate accounting records and prepare annual financial statements in accordance with the Act. The directors place the prescribed comparative financial statements before shareholders at the annual meeting and send them as required by the CBCA.

The CBCA provides for appointment of an auditor, but qualifying non-distributing corporations can use the statutory shareholder mechanism to dispense with an auditor for a financial year. Audit exemption should therefore be checked from the corporation's status and shareholder resolutions rather than assumed automatically.

Annual Return to Corporations Canada

An active CBCA corporation must file a federal annual return every year. Corporations Canada currently provides a **60-day filing period following the corporation's anniversary date**. The annual return is a corporate-registry filing and is separate from the CRA T2 income-tax return.

Two different annual filings

Corporations Canada annual return: keeps the federal corporate registry current.
CRA T2 return: reports the corporation's income tax position. Filing one does not replace the other.

Individuals with Significant Control (ISC)

Most CBCA corporations must identify their **individuals with significant control**, maintain an ISC register and file ISC information with Corporations Canada. Since 22 January 2024, prescribed ISC information is filed with the federal registry and some information is publicly available.

Topic	Current legal / practical position
25% shares	An individual owning, controlling or directing 25% or more of voting shares or 25% or more by fair market value can be an ISC.
Control in fact	An individual can be an ISC without owning 25% where they exercise control in fact.
Annual filing	ISC information is filed at the same time as the corporation's annual return.
Changes	Changes to the ISC register must generally be filed within **15 days**.
Public information	Name, service/residential address (depending on service-address choice), dates and description of control can be public.
Non-public data	Date of birth, citizenship and tax-residence information are among information not made public under the current framework.

Annual Compliance Checklist

- ■ Maintain the registered office in the province/territory stated in the articles.
- ■ Maintain the required proportion of resident Canadian directors.
- ■ Maintain corporate minute book, articles, by-laws, shareholder/director resolutions and securities register.
- ■ Maintain and update the ISC register and file changes within the statutory period.
- ■ File the Corporations Canada annual return within the applicable 60-day anniversary filing period.
- ■ File annual ISC information with the annual return.
- ■ Maintain accounting records and prepare annual financial statements.
- ■ Complete annual shareholder/director corporate actions and audit/auditor waiver as applicable.
- ■ File the CRA T2 return for every tax year, even if no tax is payable.
- ■ Pay federal and provincial/territorial corporate tax and instalments when due.
- ■ Review GST/HST, payroll, withholding, transfer pricing and foreign-tax-credit obligations.
- ■ Maintain extra-provincial registrations and business licences where required.

Why Canada Can Be Attractive

Topic	Current legal / practical position
Foreign ownership	100% foreign share ownership generally possible outside restricted sectors.
Reputation	Highly recognised G7/OECD corporate jurisdiction.
Treaty network	Extensive tax treaty network and foreign-tax-credit mechanisms.
Flexible capital	No general high statutory minimum share capital.
Federal identity	Federal incorporation and national corporate registry.
Share flexibility	Multiple share classes and tailored rights/restrictions possible.
Commercial access	Strong banking, professional-services and North American business environment.

How BRIS Group Supports You

Structure review - Compare federal incorporation with suitable provincial alternatives for the client's ownership and director situation.

Company formation - Coordinate name, articles, incorporation, registered office and initial corporate records.

Resident director - Coordinate an appropriate resident-director solution where available and legally suitable.

KYC / ISC - Coordinate shareholder, director, UBO/ISC due diligence and federal ISC filings.

Tax & accounting - Coordinate CRA business-number, T2, bookkeeping, financial statements, GST/HST and payroll support.

Annual compliance - Coordinate annual return, ISC filing, resolutions and corporate-record maintenance.

Provincial registration - Coordinate extra-provincial registrations where the company carries on business.

Documents - Arrange certified corporate documents, status certificates and apostille/authentication where required.

Professional Fees & Quotations

Tailored quotation

This brochure is an informational guide to Canadian federal incorporation and maintenance and is not a fee quotation. BRIS Group professional fees, registered-office/resident-director services, government and extra-provincial fees, accounting, T2/GST/HST/payroll work, ISC filings, certified documents and optional services are quoted separately. Clients may request a tailored quotation based on ownership, province, activity and annual compliance requirements.

Client Preparation Checklist

- Federal incorporation or request for federal-vs-provincial advice.
- Three proposed names or numbered-company preference.
- Detailed business activity and provinces/territories of operation.
- Shareholder(s), ownership percentages and ultimate beneficial owners/ISCs.
- Proposed directors and resident Canadian director arrangement.
- Passport and recent proof of address for each relevant individual.
- Corporate documents for any legal-entity shareholder.
- Proposed share classes and initial capital/subscription amounts.
- Registered-office arrangement.
- Source-of-funds/source-of-wealth information.
- Expected turnover, currencies, banking and transaction profile.
- Any Canadian staff, premises, GST/HST, payroll, licensing or regulated activity.

Important Legal Notes & Official Sources

This brochure is a general commercial guide and does not constitute Canadian federal/provincial legal, tax, accounting, securities, GST/HST, employment or regulatory advice. **A Canadian-incorporated corporation is generally deemed resident in Canada and is not a 0% offshore company merely because its owners and business are abroad.**

Primary official sources reviewed: Canada Business Corporations Act and Corporations Canada guidance on directors/officers, federal annual filings and Individuals with Significant Control; Canada Revenue Agency guidance on corporate residence, corporation tax rates, T2 filing and international/non-resident taxation. Provincial requirements must be checked for the province(s) selected by the client.

Information reviewed: August 2026. Director residence, corporate tax, provincial registration, ISC, accounting and tax filing requirements will be reconfirmed before incorporation and annual compliance work.

PREPARED BY BRIS GROUP

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Professional incorporation and corporate administration for international clients.

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