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Incorporation Checklist

1. Incorporation & Articles of Incorporation

<p>A corporation is a separate legal entity from its owners (shareholders). A corporation pays taxes, can buy property, and can be part of legal proceedings. The corporate shield protects the owners from liability. The corporate shield, in some rare scenarios, can be pierced and hold directors or shareholders liable.</p> <p>Articles of Incorporation (Articles) Articles of Incorporation are the foundation of your corporation. They will advise on the most critical aspects of the corporation. Articles describe who the initial directors are, how new directors are appointed, the directors' duties, any restrictions directors have, what shares the corporation will issue, how those shares will be issued, how shares are transferred, and lastly: where the registered office of the corporation will be.</p>	
<p>Incorporating under Ontario Business Corporation Act (OBCA) Incorporating under the OBCA allows a business to <u>operate only in the Province of Ontario</u>; and will be under the rules and regulations described in the OBCA. If the business would like to grow and operate in another province, they will have to later apply to “continue” the corporation in the new province. Incorporating under the OBCA is usually more expensive initially; and may be more expensive if you have to continue in another province in the future. There are also important compliance measures that are required such as: keeping a Real Property Register (register of all real property owned by the corporation).</p>	
<p>Incorporating under Canadian Business Corporation Act (CBCA) Incorporating under the CBCA allows a business to <u>operate in any Province or Territory of Canada</u>; and will be under the rules and regulations described in the CBCA. If the business would like to grow and operate in another province, they can simply move or set up a new office in the new province or territory. Incorporating under the CBCA is usually more cheaper initially. Incorporating under the CBCA does have additional requirements for compliance, namely: filing an annual corporate filing, keeping an ISC Register (list of people with significant control), and may be required to disclose diversity information of the Board of Directors and management and information on compensation of directors and payments to staff.</p>	



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2. Corporate By-laws

By-laws describe the rules that govern the corporation, list out duties and obligations of shareholders, directors, and officers, and how those duties and obligations will be conducted.	
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3. Create Minute Book

<p>A Minute Book is a binder or file containing documents and records that a corporation is required to keep under the OBCA or CBCA. These documents include:</p> <ul style="list-style-type: none"> a) Articles of Incorporation; b) Corporate By-laws; c) minutes of the Organizational Meetings (initial meeting of the Board of Directors (BoD) and Shareholders) d) minutes of shareholders' meetings (including Annual General Meetings (AGM)); e) any Shareholder Agreement; f) minutes of the BoD; g) resolutions (binding decisions) of the BoD; h) copies of all forms filed with the government; and, i) ledgers of shareholders, directors, officers, share transfers, and any other ledgers or registers required by law (such as the ISC Register). 	
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4. Obtain Business License or Permits

A Business Licence or a Permit can be obtained if you would like to operate under a different name, or if your business is required to be licensed by a regulating body before it can operate.	
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5. CRA Business Number (Corporate Taxes, Sales Tax, Payroll, Import/Export)

The Canada Revenue Agency (CRA) will issue your business a Business Number (BN). This BN will allow you to open a corporate tax, sales tax, payroll, and import/export account. Depending on the nature and size of your business, you may need some or all of these accounts.	
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6. WSIB Registration

<p>A business is required to register with a Workplace Compensation Board (such as the Workplace Safety and Insurance Board (WSIB) in Ontario) if they have already hired or are planning to hire any employees. If an employee is injured at work, the WSIB will provide wage-loss benefits, medical coverage, and support the employee to get back to work. The WSIB also provides no-fault collective liability insurance; an insurance that protects the business from any potential lawsuits that may occur due to an employee being injured at work.</p>	
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7. Shareholder Agreements

<p>Shareholder Agreements (SAs) can be drafted to describe how the corporation will be managed, how disputes in the corporation will be resolved, or what will occur upon a shareholder leaving a corporation.</p>	
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8. Hold a Board of Directors Organizational Meeting

<p>An initial BoD meeting has to occur to: approve the by-laws, registered office, any corporate seal that will be used, the form of the share certificate, to issue any shares of the corporation, to appoint an Accountant or waiving the appointment of an Accountant, to appoint officers of the corporation, and to make a decision on opening a new corporate bank account.</p>	
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9. Hold a Shareholders' Organizational Meeting

<p>An initial Shareholders' meeting has to occur to adopt: the appointment or confirmation of the BoD, the decisions of the BoD, adopt the by-laws, and to appoint any Auditors or waiving the appointment of auditors.</p>	
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10. Continuous compliance and maintenance of corporation

<p>The OBCA and CBCA evolve and are amended over time. Thus, continuous compliance is critical to make sure the corporation does not face any fines, restrictions by regulating bodies, or worse case scenario: the dissolution of the corporation.</p>	
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<p>An AGM has to occur every year so that the shareholders can meet to discuss and decide on critical decisions for the corporation. A BoD meeting should</p>	
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occur on a regular basis, or as needed, to make sure that the corporation is meeting its goals and complying with the by-laws or any regulations.

The Minute Book of the corporation is critical to maintain as government agencies and law enforcement bodies may need to review it from time to time. Failure to meet any obligations provided in the corporate legislation may mean the dissolution of the corporation. In addition, keeping the Minute Book up to date will make sure that any internal dispute of the corporation can be resolved swiftly.