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Company formation in Canada

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Company formation in Canada



Flag



Coat of arms

Common form	Corporation (federal or provincial) [1]
Registry	Corporations Canada, or a provincial registry [1]
Minimum capital	None [1]
Directors	1 director [1]
Local director	Federal: at least 25% of directors must be resident Canadians; several provinces, such as Ontario and British Columbia, have no residency rule [1]
Corporate tax	15% federal plus 8–15% provincial; lower rates for small Canadian-controlled private corporations [2]
VAT / sales tax	5% GST, or 13–15% HST in some provinces [2]
Typical timeline	Often the same day online [1]
Tax treaties	Domestic rates and treaty list [7]
Currency	Canadian dollar (CAD)

In short: To set up a company in Canada, most founders form a corporation, registered with Corporations Canada, or a provincial registry. [1] Minimum capital: none. Corporate tax: 15% federal plus 8–15% provincial; lower rates for small Canadian-controlled private corporations. Registration: often the same day online (as of November 2026).

In **Canada**, a business can incorporate federally with **Corporations Canada** or under the law of a province. Federal incorporation protects the name nationwide, but the company must still register in each province where it operates.

Business structures

Most founders in Canada form a corporation, registered with Corporations Canada, or a provincial registry. [1] Other forms are listed below.

- **Federal corporation (CBCA)** – name protected across Canada
- **Provincial corporation** – e.g. Ontario or British Columbia; often no director residency rule
- **Sole proprietorship and partnerships** – registered provincially

Requirements

Minimum share capital in Canada (2026): none. Directors required: 1 director. Local resident director: federal: at least 25% of directors must be resident Canadians; several provinces, such as Ontario and British Columbia, have no residency rule. [1]

- A company name that is available, checked with the registry.
- Share capital: none.
- Directors: 1 director.
- Local residency: federal: at least 25% of directors must be resident Canadians; several provinces, such as Ontario and British Columbia, have no residency rule.
- A registered office address in Canada.
- Articles of association; standard templates are often available.
- Beneficial owners reported to the register of individuals with significant control (kept by the company; federal filing with Corporations Canada).

Registration process

Typical time to register a company in Canada (2026): often the same day online. [1] The usual steps are:

1. Choose the company form and check that the name is available.
2. Prepare and sign the articles of association.
3. File the registration with the Corporations Canada, or a provincial registry.
4. Receive the company's registration number, and pay in the share capital where required.
5. Register for corporate tax and VAT or sales tax with the Canada Revenue Agency (CRA).

Taxation

The corporate tax rate in Canada in 2026 is 15% federal plus 8–15% provincial; lower rates for small Canadian-controlled private corporations. [2] **Standard VAT or sales tax: 5% GST, or 13–15% HST in some provinces.** [2]

Tax	Rate and notes
Corporate income tax	15% federal plus 8–15% provincial; lower rates for small Canadian-controlled private corporations
VAT / indirect tax	5% GST, or 13–15% HST in some provinces
Withholding tax on dividends to non-resident companies	25%

Ongoing compliance

Annual compliance in Canada: Corporations file an annual return with their registry, a T2 corporate income tax return with the CRA, and GST/HST returns. [1]

Double tax treaties

Canada has a network of double tax treaties. A double tax treaty decides which country may tax cross-border income and usually caps the withholding tax the paying country can charge.

Domestic withholding tax on payments to non-resident companies

Dividends	Interest	Royalties
25%	0 or 25%	25%

Interest paid to arm's-length non-residents is usually exempt.

The reduced rate for each partner country is set by the treaty concerned; PwC's withholding tax summary for Canada lists them.

Domestic rates from the PwC Worldwide Tax Summaries withholding tax quick chart (November 2026). Treaty benefits require proof of tax residence and are subject to anti-abuse rules.

Frequently asked questions

How long does it take to register a company in Canada?

Typical registration time in Canada: often the same day online (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Canada?

Minimum share capital in Canada: none (as of November 2026).

What is the corporate tax rate in Canada in 2026?

The corporate tax rate in Canada in 2026 is 15% federal plus 8–15% provincial; lower rates for small Canadian-controlled private corporations. See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Canada?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Canada: federal: at least 25% of directors must be resident Canadians; several provinces, such as Ontario and British Columbia, have no residency rule.

What withholding tax applies to dividends paid from Canada?

Canada withholds 25% on dividends paid to non-resident companies under domestic law, often reduced by a tax treaty. See the Double tax treaties section.

Official registries and resources

- Corporations Canada, or a provincial registry
- Canada Revenue Agency (CRA)

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in the United States
- Company formation in Mexico
- Company formation in Brazil
- Company formation in Chile
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

1. Official Corporations Canada, or a provincial registry . Government of Canada. Accessed November 2026.
2. Official Canada Revenue Agency (CRA) . Government of Canada. Accessed November 2026.
3. Canada: Corporate – Taxes on corporate income (reviewed 12 June 2026) . PwC Worldwide Tax Summaries. Accessed November 2026.
4. Quick charts: Corporate income tax (CIT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.

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6. Quick charts: Withholding tax (WHT) rates . PwC Worldwide Tax Summaries. Accessed November 2026.

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