

## How Do I Get Started? Frequently Asked Questions

### Q1. How do I legally “register” a business?

**Answer:** “Registering” a business most often refers to registering the **name** of a business. In Ontario, it is a legal requirement to register your business name if you are operating a sole proprietorship (1 owner) or partnership (more than 1 owner) under a business name other than your exact legal name.

There are **5** ways to register your business name:

**i) from the Internet with Dye & Durham via the Entrepreneurship Centre Web site:**

[www.entrepreneurship.com](http://www.entrepreneurship.com) (At the top of any page at our Web site, click on the “Quick Links” menu and select “Business Name Registration”.) Registering via Dye & Durham costs \$97.85. Delivery of the Master Business Licence is guaranteed next business day by courier. The cost of registration plus a name search is \$120. Payment is by credit card only.

**ii) from the Internet via the Ontario Ministry of Consumer and Business Services:**

[www.cbs.gov.on.ca/obc](http://www.cbs.gov.on.ca/obc)

Registration requires Netscape Communicator 4.08 or higher, or Internet Explorer 4.0 or higher, takes about 2 weeks for delivery of the Master Business License by mail, and costs \$60 (payment by credit card only). Name searches are not available with this method of registration.

**iii) from the Internet via the Canada Customs and Revenue Agency:**

[www.businessregistration.gc.ca](http://www.businessregistration.gc.ca)

Registration requires Netscape Communicator 4.x or higher (but not 6.0), or Internet Explorer version 4.x or higher (version 5.5 may require a service pack). Registration takes about 30 minutes and costs \$60 (payment by credit card only). Name searches are not available with this method of registration.

**iv) from an OBC (Ontario Business Connects) computer terminal**

For a list of local OBC computer locations see our “Business Key Contacts” stencil. Registering at an OBC computer takes about 30 minutes and costs \$60. Searches of sole proprietorship, general partnership and corporate trade style names are available at the workstations for \$8 per name.

**v) by mail**

Mail registration requires “Form 1” (*Registration under the Business names Act - Sole Proprietorship/Partnership*), takes 4 - 6 weeks and costs \$80. This form is available at the Entrepreneurship Centre or Access Ontario at the provincial courthouse.

Registering a business name does not give you exclusive rights to the use of the name. You can conduct a **name search** of existing sole proprietorships and partnerships in Ontario, however this name search is optional as sole proprietorship and partnership names are not protected. You can

conduct name searches at an OBC computer (\$8 per name) or by mail (\$12 per name). (To protect a business name you must incorporate or apply for a trademark.)

Incorporation is another way to register a business. If you want to operate your business as a corporation (a separate legal entity), you must incorporate your business. You can incorporate **provincially or federally**. If you wish to name your corporation you must first conduct a **NUANS name search** to verify if the name is available because corporate names are protected. To conduct a NUANS search contact a search company (consult the Yellow Pages under the heading "Searchers of Records") or visit a Web site like <http://www.nuans.com> or <http://www.ontariobusinesscentral.ca/forms/biz-nuans.asp>. There is a charge for NUANS name searches.

**Provincial incorporation** costs **\$360** plus the cost of forms (available at the Entrepreneurship centre for \$21.95 + GST, or print them from <http://www.cbs.gov.on.ca/mcbs/english/4VWQQC.htm>). The forms can be filed at the Provincial Courthouse (Land Registry Office). You can also incorporate on-line through [www.oncorp.com](http://www.oncorp.com) or [www.cyberbahn.ca](http://www.cyberbahn.ca). The cost for on-line filing is \$300, plus the service provider's fee. Payment can be made by credit card or by setting up an account.

**Federal incorporation** costs \$250 if filing at Industry Canada's Corporations Directorate or \$200 if filing via the Internet from the Corporations Directorate Electronic Filing Centre at <http://strategis.ic.gc.ca/corporations>. More related information is available in the Corporations Directorate's Small Business Guide to Federal Incorporation.

If you don't know whether to operate as a sole proprietorship/partnership or a corporation, consult a lawyer and an accountant as each operating structure has different legal and tax implications. The Entrepreneurship Centre offers 30-minute consultations with these professionals for a \$25 administration fee. For more information on business structure and name registration please consult the electronic publication "Your Guide to Small Business", available on the Internet at the following URL:

[http://www.ontariocanada.com/ontcan/en/starting/st\\_small\\_bus/st\\_small-bus-intro.jsp](http://www.ontariocanada.com/ontcan/en/starting/st_small_bus/st_small-bus-intro.jsp).

## **Q2. Do I need a licence for my business?**

**Answer:** Certain business activities require a permit/licence. Permits/licences are granted in most cases by government (federal, provincial or municipal). To verify if you require a permit/licence for your business contact the Canada-Ontario Business Service Centre at (800) 567-2345, visit their web site at the following URL: <http://www.cbsc.org>, or enquire with staff at the Entrepreneurship Centre. To ensure your business complies with Ottawa's by-laws, visit the business licencing section of the City of Ottawa Web site at [http://www.city.ottawa.on.ca/business/licences/business\\_licencing\\_en.html](http://www.city.ottawa.on.ca/business/licences/business_licencing_en.html) you can call the City Licencing department at 613 580-2424, ext. 2424 or visit a licencing office at:

735 Industrial Ave., 2nd Floor  
Ottawa, ON K1G 5J1

Ben Franklin Place  
101 CentrepoinTE Dr., 3rd Floor  
Nepean, ON K2G 5K7

You will receive a Master Business Licence from the Ontario Ministry of Consumer and Business Services if you register your business name (see Q1).

### **Q3. What taxes do I have to charge?**

**Answer:** There are 2 taxes you may have to charge: GST (Goods and Services Tax) and PST (Provincial Sales Tax):

**GST:** When your gross revenue (total sales before deducting expenses) is \$30,000 or more in any twelve-month period you must register for GST. Most goods and services are taxed at a rate of 6%.

If your gross revenue is less than \$30,000, then you may voluntarily register for and charge the GST. When making this decision consider the following:

- Will it be an accounting hassle? For some people, particularly those on a manual bookkeeping system, accounting for GST means another 2 columns to balance.
- If you're not registered for GST, you won't be able to take advantage of Input Tax Credit which allows you to deduct the GST you have paid on business expenses from the GST you have collected.
- Not charging the GST indicates your gross revenue is less than \$30,000.
- What are your clients accustomed to? Do your competitors charge the GST?

For more information contact: Canada Revenue Agency (CRA)\*  
333 Laurier Avenue West  
Ottawa, ON, K1A 0L9  
Tel.: 1-800-959-5525  
web site: [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

\*formerly Canada Customs and Revenue Agency

\*\*\*CRA conducts free seminars on GST and PST. Call (613) 842-7145 for information and registration.

**PST:** Generally, if you are selling a product, or performing labour to install or maintain a product you must charge 8% Provincial Sales Tax (PST). There are many exceptions however, so you should contact the local Retail Sales Tax Branch of the Ontario Ministry of Finance (tel.: 746-9200) to determine if you have to charge PST. If you do, you must obtain a Vendor's Permit. You can apply for one by phone or from an OBC computer terminal (see Q#1.) or from the [www.businessregistration.gc.ca](http://www.businessregistration.gc.ca) Web site.

### **Q4. What is a business number (BN)?**

**Answer:** The Business Number (BN) is kind of like a Social Insurance Number, but the BN is for your business rather than you as an individual. CRA issues this 9-digit number when you register for any of four CRA accounts. These accounts are: GST, Payroll Deductions (CPP, EI, Income Tax), Import/Export and Corporate Income Tax. This number is designed to simplify and streamline businesses dealings with CRA.

## **Q5. Can I “write-off” my business expenses?**

**Answer:** You can generally deduct business expenses if you incur them for the purpose of producing income. If you claim expenses, you have to be able to back up your claim. You do this by keeping all your business-related vouchers and receipts, and recording all your expenses in a journal.

Examples of expenses you can deduct include: accounting and legal fees, advertising expenses, fees, licences, and dues, interest and bank charges, meals and entertainment, maintenance and repairs, vehicle expenses, use of a workplace in your home and inventory and costs of goods sold. Typically a percentage of an expense is claimable.

For more information see Canada Revenue Agency (CRA)’s income tax guide entitled “Business and Professional Income”. Copies are available at CRA’s office or their web site. You may also want to take advantage of accountant consultations (see Q#1 last paragraph).

## **Q6. What kind of insurance should I get for my business?**

**Answer:** If you are running a business from home, your home/tenant insurance may not cover the portion or percentage of your residence which you use for business. Consult your insurance agent or broker.

There are several types of insurance for business. Loss of physical assets, liability to third party, business interruption and loss or sickness of key people are all situations against which you may want to insure yourself. You should enquire with different insurance companies or speak with an insurance broker about your particular needs. Also many trade and networking associations offer group insurance plans to their membership. Contact information for such associations is available in the book “Associations Canada” in our resource centre.

## **Q7. What government financing is available for a business?**

**Answer:** There are several government financing programs for business targeted to specific industries, geographical areas or particular groups of entrepreneurs. Almost all of these financing programs consist of loans. There are very few grants available, but they do exist for the arts/culture industry. The most common financing program is Canada Small Business Financing (CSBF), a loan which is guaranteed by the Government of Canada in the event of a default on the loan.

For information about government financing programs for business contact the Canada-Ontario Business Service Centre (COBSC) at 1 (800) 567-2345 or visit their Web site:

<http://www.cbosc.org>. You can also visit Industry Canada’s Web site Strategis for sources of financing at the following URL: <http://strategis.gc.ca/sources>. Take advantage of the Internet access in our resource centre.

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110 Laurier Avenue W., Ground Floor  
Ottawa, Ontario K2P 1J1  
Tel.: (613) 560-6081 Fax: (613) 560-2102  
**Office Hours:** Monday to Friday 8:30 a.m. - 4:30 p.m.  
**Web site:** [www.entrepreneurship.com](http://www.entrepreneurship.com)