

RESEARCH REPORT

DISCLAIMER: Information in this report was retrieved on or before August 22, 2014. The Canadian Immigration system is currently going through various transitions and legal advice from a Canadian Immigration legal advisor and a joint venture specialist is strongly recommended.

ANTICIPATED LABOUR RATES - BC

Category	Labour Rates \$CAD	Labour Rates €EUR
General Construction Labor (NOC 7611-D)	\$12 - \$30/hr	€8.25 - €20.63/hr
Certified Welders - Contractors and Supervisors, Metal Forming, Shaping and Erecting Trades (NOC7214-B)	\$21 - \$46.38/hr	€14.44 - €31.90/hr
Welders and Related Machine Operators (NOC 7265-B)	\$15 - \$36/hr	€10.32 - €24.76/hr
Pipe Fitters (NOC 7252-B)	\$19.64 - \$39.63/hr	€13.51 - €27.25/hr
Painters (NOC 7294-B)	\$12 - \$25/hr	€8.25 - €17.19/hr

ANTICIPATED LABOUR RATES - NORTHWEST BC

Category	Labour Rates \$CAD	Labour Rates €EUR
General Construction Labor (NOC 7611-D)	\$12 - \$30/hr	€8.25 - €20.63/hr
Certified Welders - Contractors and Supervisors, Metal Forming, Shaping and Erecting Trades (NOC7214-B)	\$21 - \$46.38/hr	€14.44 - €31.90/hr
Welders and Related Machine Operators (NOC 7265-B)	\$18 - \$40.63/hr	€12.38 - €27.94/hr
Pipe Fitters (NOC 7252-B)	\$19.64 - \$39.63/hr	€13.51 - €27.25/hr
Painters (NOC 7294-B)	\$12 - \$25/hr	€8.25 - €17.19/hr

ANTICIPATED COSTS TO ESTABLISH A CANADIAN ENTITY

Cost Category	Cost \$CAD	Cost €EUR
Legal Registration - Corporate Registry	\$31.50 + GST, inc. online service fee	Approx. €21.66
Incorporation Agreement	Approx. \$693	Approx. €476.57
Government Incorporation Fees	\$352	€242.07
Banking*	Est. Annual Cost \$300	€206.31
Annual Tax Reporting**	Est. \$3,500 - \$6,000	€2,406.92 - €4,126.16
Total Anticipated Costs	\$4,224.50 - \$7,024.50	€3,353.53 - €4,866.46

*Banking: Open accounts under Business Number (BN) as required for payroll, import/export and Goods and Services Tax (GST). GST account is required if business gross annual revenue is greater than \$30,000.

**Annual Tax Reporting and Bookkeeping: Estimated Canadian accounting fees range from \$3,500 - \$6,000 including annual tax reporting, one time setup fee, monthly bookkeeping for a set number of transactions per month, management reports, year-end, internal financial statements and T1 tax preparation for sole proprietors. Payroll, inventory, multi-currency transactions will likely cost more. *Consult an accountant to determine specific needs and obtain quote for a confirmed amount.*

Other Considerations: Regulatory compliance and environmental compliance costs.

(Currency values as at August 20 & 21, 2014 - 1 Canadian Dollar equals 0.69 Euro - \$1.00 = €0.69)

Assuming Canada Immigration will allow working visas for approximately fifty (50) foreign workers, what ratio of Canadian labourers would the immigration laws require?

Following Calculations refer to the Cap on Low-wage category Positions:

Current - 30% of 50 = 15

July 1, 2015 - 20% of 50 = 10

July 1, 2016 - 10% of 50 = 5

Transition Plans for High-wage Positions: Employers MAY be exempt from the Transition Plan requirement. Criteria description below.

To accurately calculate the cap, employers will need to follow a 2-step process available at http://www.esdc.gc.ca/eng/jobs/foreign_workers/lower_skilled/index.shtml.

Cap on Low-wage category Positions:

Employers hiring Temporary Foreign Workers (TFW) for positions that have a prevailing wage that is below the median hourly BC wage of \$21.79 (€14.99) and the median top 10% hourly wage of \$41.21 (€28.36) will be subject to a maximum 10% cap on the proportion of low-wage TFWs. The cap will be phased in over the next 2 years to provide employers who use the Program with time to transition to a Canadian workforce. Employers that have a low-wage TFW workforce will be:

- Limited to 30% or frozen at their current level, whichever is lower;
- Reduced to 20% beginning July 1, 2015; and
- Further reduced to 10% on July 1, 2016.

The 10% cap is the maximum percentage of low-wage TFWs that an employer will be allowed to have at a work site, as of July 2016. There are a few exemptions to the low-wage cap requirement and these include employers that have fewer than 10 employees nationally, including the vacant positions they are applying to staff with TFWs and are hiring TFWs for jobs that are truly temporary (e.g. emergency or warranty work repair technicians/mechanics).

Transition Plans for High-wage Positions:

Employers hiring TFWs for positions that have a prevailing wage that is at, or above, BC's median top 10% - hourly wage of \$41.21 (€28.36) will be required to submit a Transition Plan. The purpose of Transition Plan is to identify the activities an employer is agreeing to undertake to recruit, retain and train Canadians/permanent residents and to assist TFWs to become permanent residents, if a positive opinion is issued. The Transition Plan activities begin, once the positive opinion has been issued, and must occur throughout the duration of the employment period.

Employers will be required to report on the results of the commitments they have made in their Transition Plan, if they are selected for an inspection, or choose to re-apply for a new Labour Market Impact Assessment (LMIA) for the same occupation and work location. The report on the Transition Plan will be used to determine whether the employer has met the conditions of their previous applications. Employers MAY be exempt from the Transition Plan requirement if they are hiring TFWs for positions which require unique skills, have a limited duration of between 1 and 120 days (e.g. emergency or warranty work repair technicians/mechanics); and more than 120 days to a maximum of 2 year (e.g. project-based business consultant, specialized construction engineer) These positions are time-limited; not going to exist after the TFW leaves; and not jobs where employers could be expected to transition the position to a Canadian/permanent resident worker. Employers can apply for an exemption from the Transition Plan requirement by completing the new 'Rationale for Possible Exemption' section on the paper application. Employers must outline how their position meets 1 of these criteria. Exemptions will be considered on a case by case basis.

** This information relates to the percentage of Canadian workers required on a work site and is current to August 2014. A legal opinion is recommended to thoroughly respond to this question.*

If foreign skilled labour is between €30 - €40/hr and similar skilled labour wages in Canada are much higher; is it necessary to pay the prevailing wage to foreign skilled labour when working in Canada? Yes. The median hourly wage in BC is \$21.79 (€14.99) and BC's median top 10% hourly wage is \$41.21 (€28.36).

The Temporary Foreign Workers Program (TFWP) is refusing to process any pending applications for low-wage positions as of June 20, 2014. Any application that was submitted

prior to this date, for a position where the prevailing wage is below the provincial/territorial median hourly wage of \$21.79 (€14.99), and where an opinion has not been issued, will no longer be processed. But, the following information is used by the TFWP to assist in determining if employers meet the criteria for:

The introduction of the ten business day speed of service is to assist employers in filling their genuine skill and labour requirements when qualified Canadians or permanent residents are not available. This priority processing aims to achieve a more consistent approach to service delivery across the country while reducing red tape for some employers. Refer to the [Skilled Trades Table](#) for the complete list of skilled trades eligible for ten-day speed of service.

Top 10% Wage Earners: Skilled trades and higher-wage applies if the position for a skilled trade is on the [Skilled Trades Table](#) of eligible occupations; AND has a prevailing wage at, or above, BC's median top 10% - hourly wage earned by Canadians or permanent residents which is \$41.21 (€28.36), where the job is located.

Foreign workers can help employers meet their labour needs when Canadians and permanent residents are not available. These workers often bring new skills and knowledge to help the country's economy grow. Under the Stream for Higher-skilled Occupations, employers can hire foreign workers in higher-skilled positions such as: management, professional, scientific, technical or trade occupations. These occupations can be found throughout many sectors of the economy, and as a result often have very diverse recruitment practices and regulatory requirements. Employers can hire skilled foreign workers to either support the worker's temporary employment or permanent resident visa application.

Supporting Employment for a Temporary Position

Stream for Higher-skilled Occupations

- Position must require education or formal training such as:
 - University education
 - College education
 - Vocational education
 - Apprenticeship training

Supporting a Permanent Resident Visa Application

Federal Skilled Trades Program (FSTP)

- Position must be an eligible skilled trade occupation, as designated by CIC
- Job offer is permanent (minimum of 1 year, which can be from up to 2 employers), full-time, non-seasonal
- Assists foreign workers to gain permanent residency

Federal Skilled Workers Program (FSWP)

- Job offer is permanent, full-time, non-seasonal
- Assists foreign workers to gain permanent residency

Employers may be allowed to hire temporary foreign workers for a maximum of 24 months through the Stream for Lower-skilled Occupations when there is a demonstrable shortage of Canadian citizens and permanent residents. In Canada, lower levels of formal training are defined as occupations that usually require at most a high school diploma or a maximum of 2 years of job-specific training according to the NOC Classification system. These occupations are coded at the NOC C or D skill level. *Formerly known as the Pilot Project for Occupations Requiring Lower Levels of Formal Training (NOC C and D).*

Is it necessary to establish a Canadian entity to form a Joint Venture (JV) partnership with a Canadian company to satisfy immigration demand?

** The Canadian immigration system is currently going through various transitions. Legal advice from a JV specialist is recommended.*

In Canada, a joint venture may be conducted by separate corporations, general or limited partnerships, or simply by parties engaging in the joint ownership of assets. The parties pool capital and skill, but essentially establish a contractual relationship governing the business and providing for the distribution of profits. As a joint venture is not a legally recognized entity for tax purposes, its income and losses are taxed in the hands of each party to the joint venture. Parties intending to create a joint venture are advised to draft a joint venture agreement which expressly states that no partnership is being established and which explicitly sets out the parties' respective rights and obligations. Should the law decide that a partnership exists in substance, the parties' joint venture agreement will be of no legal effect.

The *Economic Action Plan 2014 Act*, (Bill C-31), received Royal Assent and became law on June 19, 2014 which resulted in the termination of applications in the backlog of the federal Immigrant Investor Program (IIP) and federal Entrepreneur Program (EN). The next step in the transformation of Canada's economic immigration system will be the launch of Express Entry in January 2015. Express Entry will help Canada recruit the best candidates who are most likely to succeed, rather than the first person in line.

Is a foreign company able to form a JV with a company in Canada? Yes.

A foreign business enterprise may choose to enter into a JV with a Canadian to carry on a business or a particular activity in Canada. The structure of such a JV may be accomplished in a number of ways and the Canadian tax consequences will depend upon the JV structure chosen.

Would this also apply to First Nations? Yes.

Throughout BC, First Nations businesses are thriving in many sectors of the Economy. Some of this growth can be attributed to strategic alliances between Aboriginal and non-Aboriginal companies. These partnerships, or joint ventures, have resulted in many successful business ventures. Specific reference was not located detailing the process of First Nation JVs with foreign companies but an example was found where Diamonds International Canada is a JV between Aboriginal Diamonds Group and the WWW International Diamond Consultants of London, England

Acronym Legend:

BC - British Columbia, Canada

CAD - Canadian Dollar

EUR - Euro

GST - Goods and Services Tax

T1 - General Income Tax Form

TFW - Temporary Foreign Workers

TFWP - Temporary Foreign Workers Program

LMIA - Labour Market Impact Assessment

FSTP - Federal Skilled Trades Program

FSWP - Federal Skilled Workers Program

NOC - National Occupational Classification

JV - Joint Venture

IIP - Immigrant Investor Program

EN - Entrepreneur Program

Sources: August 20, 2014

- http://www.jobbank.gc.ca/LMI_report_bynoc.do?noc=7611&reportOption=wage
- http://www.jobbank.gc.ca/LMI_report_bynoc.do?noc=7265&reportOption=wage
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