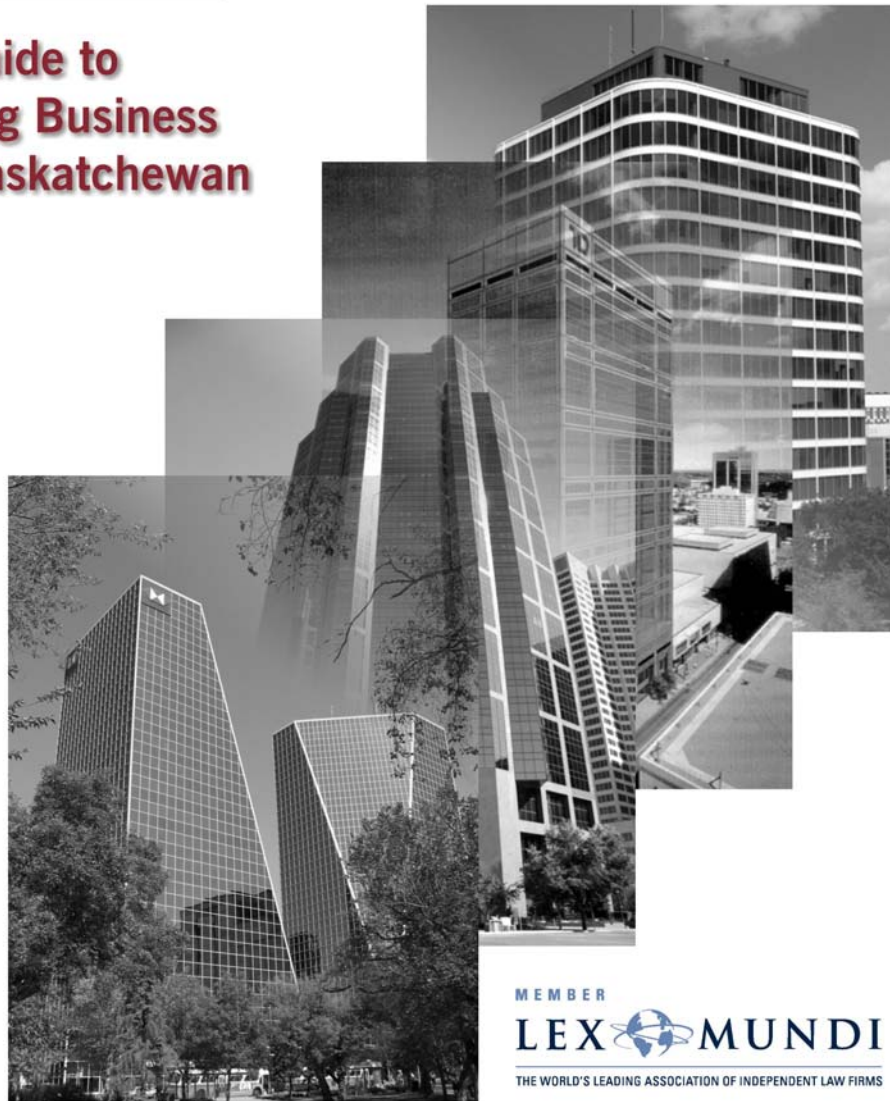




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## **A Guide to Doing Business in Saskatchewan**



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# A GUIDE TO DOING BUSINESS IN SASKATCHEWAN – 2008



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## **1. INTRODUCTION TO SASKATCHEWAN**

### **1.1 GEOGRAPHY**

Saskatchewan is a Canadian province located in the heart of North America. The entire province is on Central Standard Time year-round. Forest covers the northern two-thirds of the province. The southern part of the province is prairie, now largely used for agriculture. The climate is dry and sunny, with warm summers and cold winters.

Saskatchewan's neighbours are as follows: the Province of Manitoba to the east, the Province of Alberta to the west, the Northwest Territories and Nunavut to the north, and the American states of North Dakota and Montana to the south.

The Province of Saskatchewan was created in 1905. Since then, the population has grown to approximately 1,000,000 people. Approximately 3/4 of the population is located in urban centres. The two major cities are Saskatoon and Regina, with approximately 200,000 people each. The capital city is Regina. The largest city is Saskatoon.

Regina hosts the training grounds for the Royal Canadian Mounted Police (RCMP), Canada's federal police service.

### **1.2 GOVERNMENT**

Saskatchewan is a parliamentary democracy, following the British and Canadian federal traditions. It is one of the ten provinces that make up Canada. The Head of State is currently Queen Elizabeth II. Her appointed representative in Saskatchewan is the Lieutenant-Governor. All Saskatchewan legislation must receive royal assent before coming into force.

Saskatchewan legislation is passed by the Legislative Assembly, located in Regina. Saskatchewan is also subject to federal legislation, passed by the Government of Canada in Ottawa.

The largest party in the Legislative Assembly is the Saskatchewan Party, whose leader, Brad Wall, is the provincial Premier. Other parties include the New Democratic Party (official opposition) and the Liberal Party with no seats. Elections are held approximately every four years. Members of the provincial Legislative Assembly are known as MLAs, as distinguished from federal MPs (Members of Parliament).

### **1.3 ECONOMY**

Agriculture has a strong presence in Saskatchewan. The province produces much of the wheat grown in Canada.

The following sectors are increasingly dynamic in the Saskatchewan economy: mining, oil and gas extraction and processing, timber products, tourism, and services such as

finance, insurance, and real estate. Saskatchewan is the largest producer of uranium and potash in North America and one of the largest in the world.

#### **1.4 INFRASTRUCTURE**

All population centers in southern and central Saskatchewan are linked to the provincial highway network. A multi-lane divided highway connects Regina to Saskatoon. Most of the Trans-Canada Highway across southern Saskatchewan is also a multi-lane divided highway.

Both Regina and Saskatoon have convenient passenger airports, with direct flights to major cities in western and central Canada and the northern United States.

There is an extensive freight-railway network in Saskatchewan. Regina and Saskatoon are located on the major trans-Canada freight-railway routes.

The primary telecommunications provider is SaskTel, with a full array of modern telephone, Internet, and other services. Other providers supply cable Internet and phone services in the major cities and towns.

#### **1.5 LANGUAGE, BUSINESS CULTURE, BUSINESS HOURS**

English is the language of business and government. It is also the primary language of the vast majority of the population.

Saskatchewan business culture is similar to that throughout Canada and the United States.

Most business and government offices are open Monday to Friday, 9 a.m. to 5 p.m. Some offices close between noon and 1 p.m. Most offices are closed Saturdays, Sundays, and statutory holidays. Holidays when most offices close include the following: New Year's Day (January 1), Family Day (third Monday in February), Good Friday, Victoria Day (third Monday in May), Canada Day (July 1), Saskatchewan Day (first Monday in August), Labour Day (first Monday in September), Thanksgiving Day (second Monday in October), Remembrance Day (November 11), Christmas Day (December 25), Boxing Day (December 26).

#### **1.6 CURRENCY, CITIZENSHIP AND IMMIGRATION**

The currency in Saskatchewan is the Canadian dollar. Contact the [Bank of Canada](#) for current conversion rates.

Citizenship and immigration are under federal jurisdiction. Contact the [Government of Canada](#) for current information on citizenship and immigration.

## **1.7 LEGAL SYSTEM AND COURTS**

The Saskatchewan court system includes two major trial-level courts and one appeal court.

The Provincial Court deals with small claims and many criminal matters.

The Court of Queen's Bench deals with most ordinary civil and criminal matters.

Appeals are made to the Saskatchewan Court of Appeal. Ultimate appeals are to the Supreme Court of Canada, in Ottawa.

Many matters under federal jurisdiction are dealt with by the Federal Court of Canada, with appeal to the Federal Court of Appeal. Income-tax and certain other matters are dealt with by the Tax Court of Canada. Ultimate appeals are also to the Supreme Court of Canada, in Ottawa.

The Saskatchewan legal system is rooted in the English common-law tradition. Saskatchewan shares this tradition with all Canadian provinces except Quebec.

## **2. BUSINESS STRUCTURES**

### **2.1 INTRODUCTION**

Business structures in Saskatchewan may be either unincorporated or incorporated. The most common unincorporated structures are the sole proprietorship and the partnership. The most common incorporated structures are the corporation and the cooperative.

For particular business activities, Saskatchewan law may also provide for special business structures other than those listed here. Likewise, Saskatchewan law may exclude particular business activities from some or all of the general provisions summarized here. Consult a Saskatchewan lawyer for details.

Under the Canadian Constitution, "property and civil rights" are a matter of provincial jurisdiction. Therefore, most legislation with respect to business structures available in Saskatchewan will be provincial, not federal.

### **2.2 UNINCORPORATED BUSINESS STRUCTURES**

#### **(a) Sole proprietorships**

The sole proprietorship is the simplest business structure. A sole proprietorship is not a separate entity from the business owner. All management decisions, profits, and liabilities are traced directly back to the owner.

As such, sole proprietorships are not heavily regulated in Saskatchewan. However, the Province does require registration of the business name, where the

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sole proprietor carries on a business under a name other than his or her own. For more information, see [The Business Names Registration Act](#).

Because there is no corporate entity interposed between the business owner and the business income, the sole proprietorship's profit is taxed together with the owner's other personal income at the applicable tax rate. (See federal [Income Tax Act](#).) The top marginal rate of income tax for an individual earning business income in Saskatchewan is 44%.

### (b) Partnerships

A partnership is a legal relationship between persons "carrying on a business in common with a view of profit" (see [The Partnership Act](#)). A partnership will be deemed to exist whenever this occurs (although the case law is sometimes confused on this point).

A partnership agreement may be created to set out the partners' mutual rights and obligations. Yet, such an agreement is not necessary for a partnership to be found to exist at law. The most important purpose of a partnership agreement is to vary, or add to, the default provisions in [The Partnership Act](#).

Any profits generated by the partnership are shared among the partners according to their partnership agreement. If there is no contrary agreement, then partnership profits and losses are to be shared equally. Each partner is liable jointly to third parties, for the debts and obligations of the partnership while this person is a partner.

If a partnership carries on business in Saskatchewan under a business name, then such a business name must be registered ([The Business Names Registration Act](#)). Once registration occurs, any subsequent changes to the business name or membership of the partnership must be filed to keep the registration valid.

Because there is no corporate entity interposed between the investor and the business income, the partnership itself is not taxed. Only the individual partner's portion of the partnership profits or losses is taxed together with that individual's income (see federal [Income Tax Act](#)), often allowing for advantageous off-setting should there be losses at the partnership level.

### (c) Limited Partnerships

If partners wish to limit their personal liability to third parties, then they may become limited partners in the partnership. Saskatchewan legislation allows this, subject to conditions ([The Partnership Act](#)). A limited partnership is formed on proper registration under [The Business Names Registration Act](#). An extra-provincial limited partnership can also be recognized in Saskatchewan, on proper registration.

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If a limited partnership carries on business in Saskatchewan under a business name, then such a business name must also be registered ([The Business Names Registration Act](#)).

[The Partnership Act](#) applies to limited partnerships, except where that Act states the contrary. In a limited partnership, one or more limited partners contribute capital to the partnership, but leave the ordinary control of the business to one or more general partners, subject to the extraordinary control rights allowed to limited partners under the Act. If the applicable conditions are met, then the liability of a limited partner to third parties is limited to his or her investment. In Saskatchewan, it is permissible that a person can be both a general partner and limited partner in the same limited partnership.

There are strict conditions on the maintenance of limited-partner status. These conditions are contained in [The Partnership Act](#):

- (i) A limited partner may lose limited status, if such limited partner's surname appears in the limited-partnership firm's name, unless this surname is also the surname of one of the general partners;
  - (ii) A limited partner may contribute money and other property to the partnership, but cannot make a contribution to the partnership in the form of services;
  - (iii) The limited partnership's real-property registration must not include the names of the limited partners;
  - (iv) Limited partners must not take part in the ordinary control of the business; and
  - (v) The limited partnership must be validly registered under [The Business Names Registration Act](#).
- (d) Joint Ventures, Franchises

Joint ventures and franchises are commonly encountered unincorporated business structures in Saskatchewan. However, there are currently no statutory provisions which would define or regulate these business structures expressly. Therefore, an agreement which the parties have named a "franchise agreement" or a "joint-venture agreement" may be deemed a partnership agreement, if it evidences a relationship that meets the test set out in [The Partnership Act](#).

### 2.3 INCORPORATED BUSINESS STRUCTURES

- (a) Corporations: General

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In Saskatchewan, corporations are separate entities and have the legal rights and duties of a natural person. As a result, a corporation may own property in its name, incur liabilities in its name, sue or be sued in its name, and be taxed separately from its owners. A corporation continues to exist even after the departure of any particular owner-investor.

Corporations are more heavily regulated than partnerships. There is extensive legislation on shareholder rights, directors' duties, and share transfers. Corporations are required to include the terms "Limited", "Ltd.", "Incorporated", "Inc.", "Corporation", or "Corp." in their name. The name must appear on all business-related documents.

Incorporation as a Saskatchewan business corporation involves the reservation of a corporate name at the Corporations Branch. A search is conducted to see if the name is already in existence or otherwise available. If the name is available, forms called Articles of Incorporation are filed with the Director of the Corporations Branch. If the Director approves the Articles, then the Director issues a Certificate of Incorporation and the corporation is formed. A corporation has annual, as well as ongoing, filing obligations for documents such as notice of change of directors, registered office, and corporate name.

Once the corporation is in place, the shareholders elect a set of directors. Directors are responsible for the operation of the corporation's ordinary business. Usually, directors delegate much of their responsibility of supervision and management to officers they appoint.

A corporation incurs liabilities in its own name, not in the names of its owner-investors. This creates limited liability for the investors: if the corporation is sued, then the owners can only lose what they have actually invested in the corporation. However, in some cases, sued as where an owner-investor commits fraud using the name of the corporation, the courts will pierce the corporate veil and attach personal liability.

### (b) Corporations: Provincial or Federal

In Saskatchewan, most corporations are incorporated under [\*The Business Corporations Act\*](#) (Saskatchewan). For provincial incorporation or registration, at least one of the corporation's directors must reside in Saskatchewan, unless a "power of attorney" has been appointed in lieu of a resident Saskatchewan director. At least 25% of the directors must be resident Canadians.

Provincial incorporation is ideal for a business located only in Saskatchewan. However, if a corporation incorporated in Saskatchewan wishes to do business in another province, it will have to register "extra-provincially" in that province. The forms and fees for such registration vary between provinces.

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Similarly, a corporation from a jurisdiction other than Saskatchewan that wishes to carry on business in Saskatchewan will have to register extra-provincially in Saskatchewan. Without such registration, the corporation will not be able to take legal action on a business contract made in Saskatchewan.

Incorporation is also possible under the [Canada Business Corporations Act](#). Federal (CBCA) corporations are useful for businesses that are national or inter-provincial in scope.

Since [The Business Corporations Act](#) is modeled on the [Canada Business Corporations Act](#), most of the legal provisions for federal corporations are similar to those for provincial corporations. Federal incorporation is more expensive than provincial incorporation: for example, a CBCA corporation must still register in each province where it carries on business, including Saskatchewan. However, the provinces are constitutionally barred from passing legislation that would prevent a federal corporation from registering in a given province.

A CBCA corporation is favored with respect to the use of its corporate name, as compared against a provincial corporation that seeks to register extra-provincially. When a corporate-name search is conducted as part of federal incorporation, the names of all corporations in Canada are searched. Therefore, once incorporated, the CBCA corporation will be able to use its name across Canada, with the knowledge that it is the only corporation in Canada using that corporate name. In contrast, a provincial corporation must perform a separate name search in each province in which it registers. There is no guarantee that its corporate name will be available in any given province.

### (c) Corporations: Private or Public

Both provincial and federal corporations can be private (“non-distributing”) or public (“distributing”). In Saskatchewan, [The Business Corporations Act](#) allows a non-distributing corporation to have a single director. On the other hand, a distributing corporation must have at least 3 directors, a majority of which must not be officers or employees of the corporation or any of its affiliates.

Non-distributing corporations cannot sell shares or other securities to the public.

In Saskatchewan, in addition to the basic filing requirements noted earlier, a distributing corporation is required to file documents with the Saskatchewan Financial Services Commission - Securities Division. Distributing corporations are required to have an independent audit and to distribute financial statements to shareholders, among other financial-disclosure requirements (see [The Business Corporations Act](#) and [The Securities Act, 1988](#)).

### (d) Co-operatives

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The most common form of co-operative in Saskatchewan is a provincially incorporated business, formed by at least six members with similar needs, with the purpose of providing its members with goods or services. These corporations are incorporated under different legislation than the corporations listed above.

[\*The Co-operatives Act, 1996\*](#) (Saskatchewan) requires that there be at least 5 directors, and that all members have equal say in relation to the operation of the corporation. This is accomplished by allowing only one vote per member, regardless of how many shares each member has in the co-operative. The Act also places a limit on the returns members are able to realize from their investment.

Co-operatives must be operated for the benefit of the members. There cannot be restrictions on the availability of membership to anyone willing to accept the responsibilities of membership.

Any surplus that becomes available during the co-operative's operation must be:

- (i) used to develop its business;
- (ii) used to provide or improve common services to members;
- (iii) distributed among members in the form of a patronage dividend, which is the member's share of the surplus proportionate to the amount of business the member has done with or through the co-operative;
- (iv) used to educate its members, officers or employees or the general public in the principles and techniques of co-operatives; or
- (v) distributed to non-profit, charitable or benevolent organizations. Profit distribution may be in the form of either shares or cash.

A co-operative can also be incorporated under the *Canada Cooperatives Act* if it will carry on its undertaking in two or more provinces; and it will have a fixed place of business in more than one province.

The Act allows for a co-operative from outside Saskatchewan to register in Saskatchewan as an extra-provincial co-operative. The Act also provides for the issuing of securities by a co-operative and, unless deemed to be in the public interest by the Cooperative Securities Board, *The Securities Act, 1988* does not apply to the issuance of securities by a co-operative incorporated, continued or registered pursuant to this Act.

[\*The New Generation Co-operatives Act\*](#) provides for the creation of a new kind of co-operative, operating in tightly proscribed commercial nodes. As it currently stands, application of the Act is limited to a corporate body whose articles restrict its business to the production, processing or marketing of agricultural products or

the provision of services to persons primarily engaged in such an endeavor. However, the Act provides for the addition of other types of permitted businesses by regulation.

Provincial and extra-provincial co-operatives are allowed to incorporate, continue or amalgamate under this legislation and to operate pursuant to general co-operative principles such as one member, one vote and the carrying on of business primarily for the benefit of its members. However, unlike traditional co-operatives, co-operatives acting under this Act can restrict membership.

In addition, this Act allows for a new approach to structuring the capital of co-operatives such that new generation co-operatives overcome some of the difficulties traditional co-operatives have had in raising capital. This Act provides for the traditional issue of par value common shares to members, entitling them to receive dividends and share in any surplus upon the winding up of the co-operative. However, the Act also permits the issue of classes of non-par value preferred shares to non-members that may entitle the holders to:

- receive dividends and transfer their holdings;
- elect a maximum of 20 percent of the board of directors;
- vote with regard to changes to preferred shares; and
- rights of dissent.

In addition, the Act provides for the issue of a class of non-voting preferred shares to members that oblige the holders to supply a specific good or service to the co-operative or that give the holders the right to receive a specific good or service from the co-operative. In these ways, the Act removes some of the strictures traditionally placed on the capital structure of co-operatives.

### **3. BUYING A BUSINESS**

There are many considerations that need to be made when buying a business in Saskatchewan or elsewhere. Saskatchewan Energy and Resources has compiled a useful [checklist](#) for use when assessing the possible purchase of a business in Saskatchewan.

### **4. INVESTMENT**

#### **4.1 INVESTMENT INCENTIVES**

Several government organizations operate programs designed to assist in business start-ups or expansion in Saskatchewan. Most programs are geared toward key economic sectors such as agri-value processing and manufacturing. These programs include the following:

- [Small Business Loans Association \(SBLA\)](#) offers loans to businesses when funding cannot be accessed through traditional means.

- [Saskatchewan Agriculture and Food](#) operates several programs designed to assist firms involved in agri-value industries and agricultural biotechnology.
- [First Nations and Métis Relations](#) Northern Affairs Division administers programs to assist Northern Saskatchewan businesses and entrepreneurs.

The [Canada-Saskatchewan Business Service Centre](#) is an excellent resource. It offers business loan information, including programs operated by the Government of Canada as well as a wealth of information on starting a business in Saskatchewan.

## 4.2 SECURITIES REGULATION

Saskatchewan's securities regulations are governed by [The Securities Act, 1988](#) and, to a lesser extent, by [The Business Corporations Act](#). All persons and companies wishing to trade in securities must register with the Saskatchewan Financial Services Commission - Securities Division, unless they fall under the exemptions listed in [The Securities Act, 1988](#). Before primary distribution to the public may be made of a security, a prospectus must be filed with the Commission. The Act lays down detailed requirements for the contents of prospectuses for various types of companies. All underwriters, brokers, investment dealers, mutual fund dealers, scholarship plan dealers, real estate securities dealers, exchange contracts dealers, financial advisors, investment counsel, portfolio managers and securities advisors must apply for registration and must normally be bonded. Additionally, the Act provides for civil liability for misrepresentation made to a prospective purchaser of a security.

## 4.3 SECURED FINANCING

[The Personal Property Security Act, 1993](#) of Saskatchewan (the "PPSA") applies to every security agreement, without regard to its form, or to every person who has title to collateral that creates a security interest. A security interest may include the following, notwithstanding that such interests may not secure payment or performance of obligation:

- (i) chattel mortgage
- (ii) conditional sale
- (iii) floating charge
- (iv) pledge
- (v) debenture
- (vi) trust
- (vii) indenture or trust receipt
- (viii) lease
- (ix) assignment
- (x) consignment
- (xi) consignment of chattel paper
- (xii) transfer of chattel paper
- (xiii) assignment of accounts
- (xiv) lease for term of more than one year.

The PPSA allows for the registration of interests in tangible and intangible property. The PPSA also lays out the rules for perfection and priority of security interests. The Personal Property Registry is searchable so users may determine what interests have been registered against a borrower's property.

## **5. TAX**

### **5.1 INCOME TAX**

Saskatchewan levies provincial corporate income tax under the terms of a tax collection agreement with the federal government. Under the tax collection agreement, the federal government administers the provincial income tax system using the same determination of a corporation's taxable income for both federal and provincial tax purposes.

Saskatchewan's corporate income tax is levied as a percentage of the share of a corporation's taxable income that is allocated to the province. Saskatchewan's general tax rate on corporate taxable income was reduced to 12 percent effective July 1, 2008.

Saskatchewan small businesses, defined as Canadian-controlled private corporations, pay a reduced rate of 4.5% percent (commonly known as the "small business rate") on the first \$450,000 of active business income. This income threshold will increase to \$500,000 effective July 1, 2008.

In addition to the tax reduction for small businesses, Saskatchewan provides corporations involved in manufacturing and processing ("M&P") a reduction in the general tax rate to as low as 10 percent on M&P profits, depending on the extent of the company's presence in the province. Under the Saskatchewan Royalty Tax Rebate Program, resource companies are provided with compensation in lieu of full deductibility of provincial royalties and similar taxes for the purposes of provincial income taxation. Yet due to the federal government's initiative to re-introduce full deductibility of provincial resource royalties, the program is being allowed to wind down.

In addition to these tax reduction measures, Saskatchewan also offers tax credits to encourage corporations to make investments in M&P capital assets, research and development activities and film production.

### **5.2 GOODS AND SERVICES TAX**

The Federal Government imposes a 5% tax on certain goods and services. For more information on Goods and Services Tax ("GST") and business taxes, check the [Canada Revenue Agency](#) website.

### **5.3 PROPERTY TAXES**

All real property is assessed and taxed under one of the following Acts: [The Cities Act](#), [The Municipalities Act](#) or [The Northern Municipalities Act](#).

Property assessments are legislated at regular intervals in order to keep assessed property values up-to-date, fair and equitable to the taxpayer. A reassessment of property values took place in 2005, with June 30, 2002 as the base date. The next reassessment will take place in 2009, with June 30, 2006 as the base date.

[Saskatchewan Assessment Management Agency \(SAMA\)](#) and cities calculate taxable assessments based on information about percentages of value recently announced. Municipalities then make local property tax policy decisions based on their revenue needs and local economic and social objectives.

Effective January 1, 2001, provincial legislation removed from Saskatchewan municipalities the authority to implement a business tax.

#### **5.4 PROVINCIAL SALES TAX**

The provincial sales tax (“PST”) rate in Saskatchewan is 5% on retail purchases of tangible personal property (except tobacco) and taxable services. Tobacco is taxed differently under [The Tobacco Tax Act, 1998](#). There are also exemptions for certain items such as farm equipment, drugs and medicines, food and drink, books and toll-free telephone services to name a few.

Under [The Provincial Sales Tax Act](#), anyone selling taxable goods or services in Saskatchewan is required to obtain a vendor's licence. A vendor's licence number allows the vendor to purchase inventory and taxable services that are for resale without paying tax.

For common questions on PST, visit the [Saskatchewan Finance](#) website.

#### **5.5 OTHER TAXES**

Saskatchewan corporations with paid-up capital in excess of \$10,000,000 pay a capital tax guided by [The Corporation Capital Tax Act](#). An additional amount of up to \$10,000,000 is available to companies that pay all of their salaries and wages to employees of a permanent establishment in Saskatchewan. The amount of the exemption is based upon the proportion of total salaries and wages that are paid by a taxable corporation and its associated corporations. Paid-up capital generally includes retained earnings, capital stock and long-term debt.

As a result of the April 6, 2006 Saskatchewan Budget, the Corporate Capital Tax rate was reduced effective July 1, 2007 and will be completely eliminated by July 1, 2008.

The capital tax is calculated on balance sheet values as at the fiscal year end and a return must be filed within six months after the corporation's fiscal year end. Corporations that have a capital tax liability of more than \$4,800 per year must file monthly instalments.

## 6. LABOUR LEGISLATION, RELATIONS AND SUPPLY

### 6.1 REQUIRED PAYROLL DEDUCTIONS

Employees contribute 4.95% of gross earnings to the Canada Pension Plan, to an annual maximum of \$2,049.30. The employer matches this amount. Employees also contribute 1.73% to the Employment Insurance fund, to a maximum of \$711.03 annually. Employers must contribute 1.4 times the employee's contribution.

### 6.2 EMPLOYMENT STANDARDS

Employment law in Saskatchewan is governed by [\*The Labour Standards Act\*](#). *The Labour Standards Act* prescribes conditions of employment for hours of work, wages, leave, holidays and termination, among other things.

#### (a) Hours of Work

The maximum weekly hours of work is 40. The maximum daily amount is 8 hours of work. Employers can obtain permissions to work 10 hours a day for 4 days. Averaging permits are also available for businesses with variable operational requirements. Overtime is payable at the rate of 1½ times the regular rate of pay for all time over 8 hours in a day or 40 hours in a week. A “day” is defined as any 24 hour period. Employees are entitled to a minimum 8-hour rest periods between shifts. Employees cannot be forced to work overtime.

Subject to exceptions, employees are entitled to meal breaks during the workday unless “emergency circumstances” exist, no disciplinary action can be taken against an employee who refuses to work without breaks.

#### (b) Minimum Wage

Minimum wage for all persons is currently \$8.60 per hour effective May 1, 2008 and will increase to \$9.25 per hour effective May 1, 2009.

#### (c) Leave

Employees are entitled to 3 weeks of paid vacation time after their first full year of employment and for every year thereafter, plus an additional week after 10 years of employment. Additionally, employees are entitled to maternity, parental, adoption, bereavement and compassionate care leave. Employees are also not required to work on statutory holidays.

Statutory holidays include New Year's Day (January 1), Family Day (third Monday in February), Good Friday, Victoria Day (third Monday in May), Canada Day (July 1), Saskatchewan Day (first Monday in August), Labour Day (first Monday in September), Thanksgiving Day (second Monday in October) and

Christmas Day (December 25). If an employee agrees to work on one of these days, they must be compensated at a rate of 1½ times their normal wage.

(d) Termination

If an employer wishes to dismiss an employee who has worked for the employer for more than 3 months, the employer must provide the employee with:

- (i) one week's written notice, if the period of employment is less than one year;
- (ii) two weeks' written notice, if the period of employment is one year or more but less than three years;
- (iii) four weeks' written notice, if the period of employment is three years or more but less than five years;
- (iv) six weeks' written notice, if the period of employment is five years or more but less than 10 years; or
- (v) eight weeks' written notice, if the period of employment is 10 years or more.

The employer can pay the equivalent amount of salary in lieu of the statutory notice.

The notice periods provided above may be increased under the common law depending on the circumstances of the particular case.

### 6.3 OCCUPATIONAL HEALTH AND SAFETY

Workplace safety is governed by [\*The Occupational Health and Safety Act, 1993\*](#), which, together with the regulations under that Act, provide a comprehensive workplace safety code.

### 6.4 WORKERS' COMPENSATION

Workers' compensation is governed by [\*The Workers' Compensation Act, 1979\*](#). Employers are required to register and establish an account with the Workers' Compensation Board ("WCB"). In addition, employers must prepare and submit to the Board a statement setting out:

- The amount of the earnings of all workers employed during the immediately-preceding year, or any part thereof that the WCB may specify;
- An estimate of the amount to be expended for wages during the current year, or any part thereof that the WCB may specify; and

- Any additional information that the WCB may require.

Based on this statement, the WCB will determine the employer's premium for that year. Employees get compensation from the fund if they are injured and their dependants get death benefits if they suffer death in the course of employment.

If a claim is covered by WCB, the employee cannot take legal action against the employer for the injury.

## 6.5 HUMAN RIGHTS

[\*The Saskatchewan Human Rights Code\*](#) prohibits discrimination in the employment context. Employers must not discriminate between employees and prospective employees on the basis of any prohibited grounds, which are:

- (i) religion; (ii) creed; (iii) marital status; (iv) family status; (v) sex; (vi) sexual orientation; (vii) disability; (viii) age; (ix) colour; (x) ancestry; (xi) nationality; (xii) place of origin; (xiii) race or perceived race; and (xiv) receipt of public assistance.

## 6.6 COLLECTIVE BARGAINING

Collective bargaining in Saskatchewan is regulated by [\*The Trade Union Act\*](#). Employees not engaged in managerial activities are eligible to form or join a trade union. Employees must apply to the [\*Saskatchewan Labour Relations Board\*](#) ("SLRB") to be certified as a trade union. In granting a certification order, the SLRB must ensure that employees form an appropriate bargaining unit. The employer may challenge the proposed bargaining unit.

A trade union has the exclusive jurisdiction to bargain collectively with the employer. Once certified, the employer has a duty to bargain in good faith with the trade union. Collective agreements are deemed to be valid for a minimum of one year and expire after three years.

Strikes and lockouts are illegal during the course of a collective agreement. Strikes and lockouts are only permissible once the agreement has expired and collective bargaining has failed to result in a satisfactory agreement.

Purchasers of a unionized business are bound by the existing collective agreement unless the SLRB finds otherwise.

## 7. PERMITS AND LICENSES

Before a business can be operated in Saskatchewan, a business license must be obtained from the municipal government in the area. More information can be found by contacting the city hall, town office, village office or rural municipality office nearest the business.

Public health inspectors from health regions are responsible for issuing permits to food establishments throughout the province. Any food or drink intended for human consumption manufactured, processed, prepared, handled, displayed, sold, or offered for sale is subject to [The Public Health Act, 1994](#). Plans must be submitted to the public health inspector regarding food storage, handling, cooking, equipment, garbage handling area, public washrooms and bar areas. More information can be found by contacting the local health region office.

Licensing to sell alcoholic beverages is the responsibility of the Liquor and Gaming Authority. It is a lengthy process that begins by requesting an application for a liquor license from the Liquor and Gaming Authority office.

Permits must be obtained before a sign can be erected along a rural highway. These can be obtained from a provincial Highways and Transportation District office.

Municipal governments issue building permits.

Further information on licensing and permits can be found at the [Canada-Saskatchewan Business Service Centre](#) website.

## **8. ZONING**

Municipal governments enact zoning bylaws. Before one starts a business, it is wise to make sure the area is properly zoned. More information on zoning bylaws can be found at the [Municipal Affairs](#) website.

## **9. INTERESTS IN PROPERTY**

### **9.1 LEGISLATION**

The Torrens system of land registration is in effect in the Province of Saskatchewan. Matters relating to title to land, registration of documents pertaining to land, etc., are provided for by [The Land Titles Act, 2000](#). The Province uses an electronic-based system called Land Titles Automated Network Delivery (LAND) where all documents pertaining to land must be filed in the land registry maintained by Information Services Corporation (ISC).

Security interests in personal property (such as chattel mortgages) should be registered under [The Personal Property Security Act, 1993](#).

### **9.2 COMMERCIAL LEASES**

The transfer and registration of title to land is governed in Saskatchewan by [The Land Titles Act, 2000](#). Many business owners, however, choose to lease commercial property rather than buy it.

Commercial leases are typically for a period of 3 to 10 years. The length of lease is almost always negotiable with the landlord. Renewal of leases is not mandatory for either party. Unless there is a renewal clause in the lease, the landlord has no obligation to renew a lease.

Rent in leases is calculated in many different ways:

- (i) It may be a gross lease where the tenant pays a flat monthly rate;
- (ii) It may be a net lease where the tenant has to pay some or all of the property taxes in addition to the base rent;
- (iii) It may be a net-net lease where the tenant has to pay rent, property taxes and insurance on the property;
- (iv) It may be a triple-net lease where the tenant has to pay all the costs of operating the building (including repairs and maintenance); or
- (v) It may be a percentage lease where the tenant pays a fixed rent plus a percentage of gross income.

For more information on commercial leases in Saskatchewan, visit the [Canada-Saskatchewan Business Service Centre](#) website.

## 10. ENVIRONMENTAL CONCERNS

Saskatchewan has many pieces of environmental legislation in place dealing with anything from forestry to air pollution. The following sections do not deal with all environmental protection legislation. For more information, visit the Saskatchewan [Environment](#) website.

### 10.1 ENVIRONMENTAL ASSESSMENT

The Minister of Environment must provide approval before an environmentally-sensitive development project may proceed. As such, an environmental assessment will be conducted at the Minister's request. The assessment and approval process is laid out in [The Environmental Assessment Act](#).

### 10.2 AIR POLLUTION

[The Clean Air Act](#) protects Saskatchewan's air quality by regulating emissions. Permits are required to operate incinerators or fuel-burning equipment. Exceptions to this requirement are laid out in the Act. The Minister can issue control orders to ensure that emissions are kept at a reasonable level.

Any person or corporation who contravenes this Act is liable on summary conviction to a fine of not more than \$1,000,000 and/or imprisonment of not more than 3 years.

### 10.3 WATER POLLUTION

[\*The Environmental Management and Protection Act, 2002\*](#) deals with “discharges” into the environment, including water pollution and quality testing. In order to discharge into a watercourse or water body, or to alter the bed, bank, or boundary of a watercourse or water body, one must obtain a permit under the Act. A person allowing an unauthorized discharge has a duty to report and minimize or mitigate such a discharge. There is civil liability for loss or damage to any person for a discharge. The Minister has the power to designate a “contaminated site”, necessitating a remedial action plan, as well as to make an environmental protection order to investigate, monitor, contain, remove, destroy a substance or minimize, remedy, or mitigate the effects of a substance, or to cease an activity. Contravention of the Act is punishable by a fine of up to \$1,000,000 or three years’ imprisonment. *The Environmental Spill Control Regulations* regulate the reporting of unauthorized spills in Saskatchewan. Reportable spills vary both with regard to the specific substance released and the amount of the substance released.

### 10.4 SOLID WASTE MANAGEMENT

[\*The Municipal Refuse Management Regulations\*](#), pursuant to *The Environmental Management and Protection Act, 2002* lay out the provincial regulations for waste disposal sites. Every municipality other than a rural municipality or northern settlement must provide a waste disposal site and arrange for garbage pick up. Permits must be obtained to operate a waste disposal site.

[\*The Litter Control Act\*](#) makes it an offence to abandon waste. This offence carries fines anywhere from less than \$500 to no more than \$5000. The Act requires that all beverages (alcoholic and otherwise) be sold in approved containers. Application must be made to the Minister to have a beverage container approved. Consumers must pay a deposit on all approved containers. This deposit is refunded to the consumer upon the return of the containers to a recycling depot.

### 10.5 HAZARDOUS WASTE MANAGEMENT

[\*Hazardous Substances and Waste Dangerous Goods Regulations\*](#) contain information on disposal and storage of hazardous waste in Saskatchewan. These regulations contain a listing of all hazardous substances as well as how to gain permission to store and use these substances.

There are regulations under [\*The Environmental Management and Protection Act, 2002\*](#) relating to the storage of polychlorinated biphenyl (“PCBs”) and the disposal of scrap tires and used oil.

## 11. IMPORT/EXPORT REGULATIONS

For information on importing and exporting, see the [Canada Border Services Agency](#) website for [importing](#) and [exporting](#).

## 11.1 INTERNATIONAL SALE OF GOODS

Saskatchewan has created a unique government-industry partnership organization, the [Saskatchewan Trade and Export Partnership](#) (“STEP”). STEP's trade officers can assist or provide advice to Saskatchewan firms on all their export needs. In addition, Trade Team Saskatchewan, a partnership of federal and provincial agencies, offers trade-related services to active and potential exporters.

## 12. WARRANTIES AND CONSUMER PROTECTION

### 12.1 SALES AND CONSUMERS

[The Consumer and Commercial Affairs Act](#) authorizes the Minister of Justice to supervise consumer and commercial affairs in general, investigate complaints respecting alleged contraventions of consumer and commercial affairs legislation, provide resources and educational programs to consumers and inspect and examine the affairs of co-operatives.

[The Sale of Goods Act](#) is the primary law governing the sale of property other than land. Sales contracts are also subject to common law rules where these rules are inconsistent with the Act. The Act establishes general rules that affect the formation of contracts, such as the form of the contract, the determination of price, and conditions and warranties. The Act also deals with other rules that generally affect all contracts for the sale of goods, including:

- (i) Rules for when goods become the property of the buyer;
- (ii) Obligations of the seller and buyer;
- (iii) Part performance or cancellation of the contract; and
- (iv) Remedies in case of breach of contract.

[The Consumer Protection Act](#) is a consolidation of consumer protection legislation. The Act makes it an offence for a supplier to engage in an unfair practice and provides authority for the Director of the Consumer Protection Branch to take action before someone has actually suffered a loss as a result of an unfair practice. The Act encourages consumers and businesses to resolve their own disputes without proceeding to litigation or charges by providing a series of options such as mediation. It also provides remedies if these efforts fail. Under Part III of the Act, retailers are to give minimum warranties, known as statutory warranties, whenever they sell new or used consumer products. When goods are received that were not asked for, the recipient has no legal obligation to the sender to pay for these unsolicited goods nor any liability in respect of such goods. Under Part IV of the Act, a recipient must first acknowledge in writing that he or she intends to accept the unsolicited goods.

[The Factors Act](#) of Saskatchewan provides that people can safely buy goods in good faith through merchants who make a business of selling goods as the agent for others (including consignment arrangements). Under this Act, a sale or pledge of security by such an agent will be deemed effective if the other party believed that the agent had the

authority to enter into the transaction. Several of the Act's provisions are subject to [The Personal Property Security Act, 1993](#).

Direct sales companies and salespeople making door-to-door sales, home-party sales and telephone sales are required to be licensed and may have to be bonded under [The Direct Sellers Act](#). Salespeople not required to be licensed must carry an identification card. The Act controls the form and content of written direct sales contracts and, where written contracts are not required, the content of statements of cancellation. Direct sales contracts may be cancelled by a buyer, for any reason, within 10 days of making the contract. A contract may also be cancelled if the direct sale was solicited or made by telephone from outside Saskatchewan. There are extended cancellation rights of up to one year where the direct seller was not licensed or where the goods or services purchased are not provided within 30 days of the date specified in the contract.

[The Agricultural Implements Act](#) deals specifically with the sale of agricultural machinery in Saskatchewan.

## 12.2 ADVERTISING

Under [The Consumer Protection Act](#), it is an "unfair practice" to do or say anything if as a result a consumer may be deceived. For example, suppliers cannot claim that goods or services are available if they have no intention of supplying them or they have no reasonable grounds for believing that the goods or services will be available. One may not claim that a price benefit or advantage exists if it does not.

Additionally, Canada's [Competition Act](#) contains guidelines for the marketing and sale of goods. Further information can be obtained from the [Competition Bureau](#).

## 12.3 PRODUCT LIABILITY

[The Sale of Goods Act](#) provides implied conditions as to the quality and fitness of goods under a contract of sale. The Act also states that, where a right, duty or liability would arise under a contract of sale by implication of law, it may be negated or varied by:

- (a) express agreement;
- (b) the course of dealing between the parties; or
- (c) usage, if the usage is such as to bind both parties to the contract.

[The Consumer Protection Act](#) provides that every agreement or bargain, verbal or written is void if it states or implies:

- (a) That the provisions of the Act do not apply;
- (b) That any right or remedy provided by the Act does not apply; or
- (c) That any right or remedy provided by the Act is in any way limited, modified or abrogated.

Under *The Consumer Protection Act*, a consumer is entitled to recover damages for losses that he or she has suffered if the losses were reasonably foreseeable as liable to result from a breach, regardless of whether the breach is remedied. Persons who may reasonably be expected to use, consume or be affected by a consumer product and who suffer personal injury as a result of a breach, are entitled to recover damages arising from personal injuries if the injuries were reasonably foreseeable as liable to result from the breach.

### 13. EXCHANGE CONTROLS

For exchange controls, refer to the [Bank of Canada](#) website.

### 14. INTELLECTUAL PROPERTY

Federal law governs intellectual property in Canada. Trademarks are governed by the *Trade-Marks Act*, patents are governed by the *Patent Act* and copyrights are governed by the *Copyright Act*. For further information, visit the [Canadian Intellectual Property Office](#) website.

### 15. IMMIGRATION REQUIREMENTS

Federal law governs immigration matters in Canada. For information on immigration requirements, refer to the [Canada International](#) website.

## USEFUL INTERNET ADDRESSES

#### (a) Government

Canadian Government Information on the Internet (CGII) (links to federal, provincial, and municipal government sites) – [www.canada.gc.ca](http://www.canada.gc.ca)

Canada International (links to immigration and business-investment information sites) - <http://www.canadainternational.gc.ca/index.aspx>

Government of Saskatchewan - <http://www.gov.sk.ca>

Saskatchewan Energy and Resources – [www.ir.gov.sk.ca](http://www.ir.gov.sk.ca)

Legislative Assembly of Saskatchewan (legislative publications and information on Saskatchewan Government) - <http://www.legassembly.sk.ca>

Service Canada, Saskatchewan specific services for individuals, business and Organization - [http://www1.servicecanada.gc.ca/en/gateways/where\\_you\\_live/regions/sk.shtml](http://www1.servicecanada.gc.ca/en/gateways/where_you_live/regions/sk.shtml)

#### (b) Business

## A Guide to Doing Business in Saskatchewan

Bank of Canada (Canadian currency and economic-indicator information) - <http://www.bankofcanada.ca/en>

Saskatchewan Chamber of Commerce - [www.saskchamber.com](http://www.saskchamber.com)

### (c) Services

SaskTel (telecommunications) - <http://www.sasktel.com>

Tourism Saskatchewan (tourist information) - <http://www.sasktourism.com>

Saskatchewan information, includes phone book search, news, sports, entertainment, news, music, weather, life and business - <http://mysask.com>

### (d) Law

Queen's Printer (free public access to Saskatchewan legislation) - <http://www.qp.gov.sk.ca>

Law Society of Saskatchewan - <http://www.lawsociety.sk.ca>