

## **DOING BUSINESS IN QUEBEC – THE ESSENTIALS**

**Ontario Bar Association**

**Breakfast conference**

**Wednesday, December 5, 2007**

**Presenters:**

**Judie Jokinen, Partner**  
**McMillan Binch Mendelsohn LLP**  
**Tel: 514-987-5026**  
**Email: [judie.jokinen@mcmbm.com](mailto:judie.jokinen@mcmbm.com)**

**Beatrice van Rutten, associate**  
**McMillan Binch Mendelsohn LLP**  
**Tel: 514-987-5061**  
**Email: [beatrice.vanruten@mcmbm.com](mailto:beatrice.vanruten@mcmbm.com)**

November 2005

This informational document provides a general overview of the legal considerations pertaining to the establishment of business operations in the Province of Québec. Although this document does not purport to be exhaustive, it focuses on the major issues a business must be mindful of when endeavoring to conduct business in the Province of Québec. The purpose of this document is to make you aware of some of the legal issues which are specific to this Province and, accordingly, we will examine the laws of the Province of Québec and not the federal laws applicable in the Province of Québec.

## **DOING BUSINESS IN QUÉBEC**

Québec is the second largest province in Canada, comprising a territory of approximately 1.6 million square kilometers. Its three major cities are Montreal, Québec City and Gatineau. Of Québec's 7.5 million residents, 80% claim French as their first language.

Québec is part of the league of high-tech industrialized nations. It is widely known in the following industries: aerospace, pharmaceuticals, information technology, telecommunications, hydroelectricity and metallurgy. Accounting for 21% of Canada's GDP, the province has experienced an average real growth of GDP of 3.7% in the five year period ending in 2003, outpacing the average growth of the G7 countries. During this same period, Quebecers' disposable income rose by 3.5%. The services industry accounts for 66% of the economy, while 31% stems from manufacturing, construction and utilities.

Québec's tourism industry generated CDN\$9.6 billion in 2002, of which CDN\$1.5 billion came from the United States. That year, 51.9 million tourists visited the Province of Québec. Of our visitors from the United States, 72% came from the northeastern and mid-Atlantic states, including New York, Massachusetts, Pennsylvania, Virginia, and Vermont.

### ***THE CHARTER OF THE FRENCH LANGUAGE***

#### **Language of Business and Commerce**

- **Commercial Documents.** Commercial Documents distributed in the Province of Québec must be written in French. Such documents include catalogues, pamphlets and commercial directories. The use of English is also permitted as long as the French version appears at least as prominently as the English version.

A contract may be written in English if all parties consent. Typically the last clause in the contract will include a provision written in French to the effect that the parties have agreed to a contract drafted exclusively in English.

- **Commercial Signs.** The French version of any commercial sign has to be markedly predominant.
- **Language of Software.** Software products have to be offered and available in French to any employee who requests it unless there is no French version of the product on the market.
- **Labour Relations.** An employee may request that any communication, written correspondence, offers of employment or promotion and collective agreements, be in French. However, an employer has the option to address employees bilingually.
- **Product Labeling.** French is mandatory for the labeling of all products including products which are given as gifts for marketing purposes.

### **French in the Workplace**

There are rules concerning French in the workplace but they are only applicable to companies with 50 or more employees

#### ***CONSUMER PROTECTION ACT***

The *Consumer Protection Act* aims to protect private Québec citizens in several sectors of consumption.

In the event that a loan is ever made to a consumer, there are specific rules in the *Consumer Protection Act* which must be followed.

#### ***THE ACT RESPECTING LABOR STANDARDS***

The *Labour Standards Act* governs labour relations in the Province of Québec. It serves to establish the rights and obligations of employers and employees working in the Province of Québec. An employer is not precluded, however, from conferring on its employees more rights than the minimum standards imposed by the Act. The *Labour Code* governs the relationships between employers and unions.

- **Minimum Wage Rates.** As of May 2005, the general rate was \$7.60 per hour.
- **Payment.** The wages must be paid at regular intervals not exceeding 16 days. At the time of each payment, the employer must remit to the employee a pay sheet which enables him to verify the computation of his wages.
- **Duration of Regular Work Week.** In most industries, the regular work week is 40 hours.

- **Overtime.** An employee who works in excess of 40 hours per work week is entitled to time and a half compensation.
- **Annual Leave.** An employee is entitled to an annual vacation which is determined by the amount of time the employee has spent with the company. For additional details on annual leave, please refer to Schedule A.
- **Paid Statutory Holidays.** The following days are statutory holidays:
  - January 1<sup>st</sup>;
  - Good Friday or Easter Monday, at the option of the employer;
  - The Monday preceding May 25<sup>th</sup>;
  - June 24<sup>th</sup> or, if this date falls on a Sunday, June 25<sup>th</sup>;
  - July 1<sup>st</sup> or, if this date falls on a Sunday, July 2<sup>nd</sup>;
  - The first Monday in September;
  - The second Monday in October;
  - December 25<sup>th</sup>;
- **Absences and Leaves for Family or Parental Matters.** The law provides for many absences and leaves for family or parental matters.
- **Maternity Leave.** A pregnant employee is entitled to a maternity leave without pay of not more than 18 consecutive weeks.
- **Notice of Termination of Employment.** The law requires employers to give notices of termination of employment, the length of such notice varying according to the time the employee has spent with the company. For additional information on the length of notices, please refer to Schedule B.
- **Prohibited Practices.** Any employee may file a complaint before the Québec labour standards board if he believes that he was dismissed, suspended, transferred, the victim of discriminatory measures, reprisals or any other disciplinary sanction.

***AN ACT RESPECTING THE PROTECTION OF PERSONAL INFORMATION IN THE PRIVATE SECTOR***

Any company carrying on a business in the Province of Québec must comply with the Act as soon as he collects, holds, uses or communicates personal information. Personal information is defined as any information which relates to a natural person and which

allows that person to be identified. This would include the name, telephone number and mailing address of the individual.

The private business may collect personal information relating to a person in order to set up a file, but it must only collect the necessary information to be able to perform its work.

The private business would also have to inform the person of:

- the purpose of the file;
- the manner in which the information will be used;
- the categories of persons who will have access to it within the organization;
- the place where the file will be kept;
- its right to access the information or have it corrected.

***AN ACT RESPECTING THE LEGAL PUBLICITY OF SOLE PROPRIETORSHIPS, PARTNERSHIPS AND LEGAL PERSONS***

Any entity carrying on business in the Province of Québec would be required to file a preliminary declaration which includes the French name of the entity. An annual declaration must be filed at a yearly cost of \$79 (if filed on time). An amending declaration must be filed whenever there are significant changes to the corporate structure of the company.

**PAYING TAXES IN THE PROVINCE OF QUÉBEC**

Generally speaking, resident entities of Quebec will pay taxes to both taxation authorities. Furthermore, non-residents may pay federal and provincial taxes on certain income. Banks may also be governed by additional tax rules.

***CHARTER OF HUMAN RIGHTS AND FREEDOMS***

The *Charter of Human Rights and Freedoms* is analogous to the various human rights codes adopted in other Canadian provinces. Unlike the federal Canadian *Charter of Rights and Freedoms*, the Quebec Charter governs the relationship between private citizens, and not simply government acts.

The Charter prohibits discrimination based on race, colour, sex, pregnancy, sexual orientation, civil status, age except as provided by law, religion, political convictions, language, ethnic or national origin, social condition, a handicap or the use of any means to palliate a handicap.

**SCHEDULE A – ANNUAL LEAVE**

<b>Uninterrupted Service</b>	<b>Length of Leave</b>	<b>Indemnity</b>
Less than 1 year	1 day per month of service	4%
1 year to 5 years	2 consecutive week	4%
5 years or more	3 consecutive weeks	6%

Table 1 – Table taken from the website of *Commission des normes du travail* – [www.cnt.gouv.qc.ca](http://www.cnt.gouv.qc.ca)

**SCHEDULE B – NOTICE OF TERMINATION**

<b>Uninterrupted Service</b>	<b>Length of the Notice</b>
3 months to 1 year	1 week
1 year to 5 years	2 weeks
5 years to 10 years	4 weeks
10 years and over	8 weeks

**Table 2** – Table taken from the website of the *Commission des normes du travail* -- [www.cnt.gouv.qc.ca](http://www.cnt.gouv.qc.ca)