

STARTING A BUSINESS: FREQUENTLY ASKED QUESTIONS

1. Should I incorporate or register my new business?

The answer to this question will depend on a number of variables as well as your personal goals and comfort levels. While we're unable to give you a definitive answer, we can highlight a few factors to keep in mind when making your decision:

Business Registrations	Incorporations
Simpler to set up than a corporation	Can be more complex to set up than a business registration
The proprietor or partners are directly responsible for debts related to the business	No shareholder of a corporation is personally liable for the debts, obligations or acts of the corporation
A creditor with a claim against a sole proprietor has a right against all of his or her assets, whether business or personal (unlimited liability)	The corporation is a legal entity on its own and often assumes liability for debts and obligations, along with the directors and officers to a (sometimes) limited extent. PLEASE OBTAIN LEGAL ADVICE ON THIS SUBJECT
Jurisdiction is Provincial	Jurisdiction can be Provincial or Federal
Business Registrations in Ontario are valid for 5 years and must be renewed in order to remain valid.	Incorporations do not need to be renewed but additional initial and annual filings are necessary.
Businesses do not need to appoint additional positions.	Corporations need to set out their board of directors (at least 1) and officers (who run the corporation's day-to-day operations) with an additional Initial Notice filing.
An identical name to that of your business can be registered and name protection is more difficult to enforce.	The corporate name is protected across Canada.
A name reservation, while recommended, is not mandatory.	A name reservation is mandatory prior to incorporation.
Less costly to set up than corporations	More costly to set up than Business Name registrations
A sole proprietor carrying on business in their own name without the addition of any other words does not need to file a business name registration	

2. Should I incorporate provincially or federally?

Federal Incorporation	Provincial Incorporation
Corporate name protection is second only to Trademark Protection. The corporate name is protected across Canada.	Corporate name as a right is only protected in the province or territory of incorporation, although the name will also be protected from being used for Federal incorporation purposes by unauthorized parties.
Federal Name Granting Guidelines are very strict and many proposed names are rejected.	Incorporator's responsibility to ensure that proposed corporate name is available for use. Names are rejected if they are exactly the same or conflict with another confusingly similar name already in use.
A federal Business Number is automatically assigned upon incorporation.	A federal Business Number must be applied for separately.
Can operate across the country as of right, subject to provincial extra-provincial filing requirements.	Can only operate within the province of incorporation as of right. Must register extra-provincially if operating out of other provinces (have a permanent office in).
Government Incorporation Fee - \$200.00	Government Incorporation Fee - Will range from \$100-\$350 depending on provincial jurisdiction.

3. If I incorporate federally, do I still need to register in any of the Provinces?

Yes, though it is important to note that you are required to register in the province(s) where you are carrying on business, you should note that this secondary registration is not an additional incorporation. You can contact the relevant provincial authority for further information. As always, our customer service department ([hyperlink](#)) is also available to answer questions you may have, as long as they do not constitute legal advice.

4. Should I incorporate a named or numbered company?

Legally, there is no difference between a named and numbered corporation. Choosing between the two options comes down to what you wish to do with the company. If you are thinking of developing and growing your business into a recognizable brand, one of the best ways to obtain name protection (and to ensure that your corporate name is unique) is via the process of incorporation. If you do wish to incorporate a named company, you will need to obtain a jurisdictionally-biased NUANS® name search report prior to incorporating. Please note that Cyberbahn does offer these required name search services.

However, if the name of the corporation is of no real value to you and you simply wish to incorporate for legal or accounting reasons, then a numbered company may be more suited to your purposes. In this instance you will not need to obtain a NUANS® name search report. You still have the option of filing a trade name ("doing business as") registration under the numbered company. If you are basing your business in Ontario, you can use Cyberbahn's Business Name (Corporate Style) Registration service at any point after incorporating.

The content above is not exhaustive and if you are unsure which type of corporation you wish to file, we recommend you perform additional research or consult a lawyer or accountant. A corporation's name can be changed (including changing from a numbered to a named company) by manually filing Articles of Amendment directly with the governing ministry, though it often cannot be performed online and usually does have a fee attached to it.

5. What is the difference between a NUANS® Name Reservation, a Preliminary Search and a Comprehensive Name Report?

A Preliminary Name Search is a prescreen/quick search which allows you to determine the suitability and availability of a proposed name. A NUANS® Name Reservation, on the other hand, is an actual reservation which holds the name, exactly as entered, for a period of 90 days. Please note that this does not mean the name reserved is suitable for use, and a reserved name can still be rejected by the registering authority.

A preliminary search is a basic check, and we will provide you with an e-mailed list of any matching or similar names to the ones you submitted. You will be permitted to submit up to 5 different names for us to search, and this will save you the higher costs associated with ordering a full NUANS® Name Reservation for a name which is either not available or unsuitable for use.

Our Comprehensive Name Report features the most in-depth analysis of your proposed name, going beyond NUANS and other government sources and including domain name results too. This is the ultimate report which gives you the most information.

6. I have an Ontario registered business. How do I know if I need to register or renew it?

You will need to file a Business Name Registration if you have never registered a Business Name with the Ontario government and received a Business Identification Number before OR if you have filed a business name registration more than 5 years ago without renewing the registration (meaning your registration has expired). Please note that you do have a 60 day 'grace' period after the 5 year period has expired, during which time you can still file a renewal.

You will need to file a Business Name Renewal if you have filed a business name registration within the last 5 years (or are within the 60 day 'grace' period), have a 9-digit Business Identification Number (BIN) AND you wish to renew exactly the same Business Name.

7. What are the different business registration options?

Sole Proprietorship	General Partnership	Trade Name/Corporate Style
A sole proprietorship is a business registered when there is only one owner	A general partnership is a business registration where there are 2 or more partners.	Also known as a trade name and is registered to a corporation instead of a person.
A benefit of being a sole proprietor is having more control over your own business decisions.	A benefit to partnerships includes having the ability to draw on various peoples' strengths and resources.	This allows a corporation to continue business under a name other than its own.
A drawback could include difficulty in raising funds	A drawback can be difficulty in reaching decisions, which must be made as part of a consensus instead of individually.	A corporation can register multiple different trade names.
A further drawback is the transfer of business ownership, which cannot be done simply and a new registration must be filed.	Note: A corporation can also be a partner	
NOTE: If doing business under your own personal name, a business registration is not required.		

8. Is a Name Reservation necessary for a business name registration?

While a Name Reservation is not mandatory for a business name registration, we strongly suggest that you find out whether someone is already using it before you register your name in order to avoid future potential legal issues. It is possible that a complaint could be filed, forcing you into changing the name of your business. This could be costly not only in terms of having to change material things like business cards and signage, but also affects any advertising and effort you may have invested into your business in order to gain a clientele and create a reputation.

A number of different search reports are available, including a NUANS® report as well as our wide reaching and multi-source Comprehensive Name Search report. Note that searching for an exactly matching name is not the only search you should do. Consulting the Yellow Pages and other Internet research could give you a good indication of what is already out there.

9. What are corporate supplies?

By law, corporations are required to keep certain corporate records and documents at the registered office address. While there are no mandatory book requirements, traditionally documents are kept in a folder or binder known as the corporate minute book. It's a convenient and efficient way to keep all of your corporate records organized in a single easy-to-find location.

10. Great – I've registered/incorporated my business...now what?

If you have incorporated then you will need to file your initial notices, primarily to elect additional directors and appoint officers (President, Secretary, Treasurer etc...). In addition to these initial filings, and regardless of whether you incorporated or registered your business, you may need to obtain licensing and permits from your local authority. The types of permits would vary according to the type of business you are undertaking – make sure to research your industry requirements carefully as permits can take some time to obtain.