

Corporations Canada
Consultation on service fees
User Fees Act

Purpose

This consultation document sets out the fees and service standards proposed by Corporations Canada for services offered under the *Canada Not-For-Profit Corporations Act*. Interested persons are invited to submit their comments on the proposal.

Consultation Background

The *Canada Not-For-Profit Corporations Act* (NFP Act) received Royal Assent on June 23, 2009. This Act will replace the *Canada Corporations Act* (CCA) and provides a modern corporate governance regime for federal not-for-profit corporations. Before the Act can come into force, the fees have to be first established in accordance with the process set out in the *User Fees Act* after which the regulations must then be approved by the Governor-in-Council.

The *User Fees Act* as well as Treasury Board's Policy on Service Standards for External Fees aim to ensure increased transparency when setting fees for federal government services. A key step is consultations on the proposed fees and service standards. Following these consultations, interested persons will be given a final opportunity to file a complaint and, if necessary, have it resolved by an independent advisory panel. Once these steps are taken, the proposed fees and service standards are to be tabled with both the House of Commons and the Senate for review.

This consultation document provides the rationale behind the proposed fees and service standards. It explains the fee strategy and costing methodology used to set the proposed fees and service standards under the NFP Act.

Description of the proposed fees and service standards

The proposed fees and service standards are as follows:

Receipt, Acceptance, Examination, Issuance or Copying of any Document and Other Actions under the NFP Act	Fee \$	Service Standards
Application sent to the Director for the following documents:		
(a) a certificate of incorporation under section 9:		
i) if the application is made using Industry Canada's online incorporation feature (when available)	\$200	24 hours
ii) if the application is made using any other means	\$250	5 business days

(b) a certificate of amendment under section 201 or subsection 215 (5)	\$200	5 business days
(c) a restated certificate of incorporation under subsection 203(3) (unless issued with a certificate of amendment)	\$50	5 business days
(d) a certificate of amalgamation under subsection 208(4)	\$200	5 business days
(e) a certificate of continuance under subsection 211(5) (unless subsection 212(6) applies)	\$200	5 business days
(f) a document evidencing satisfaction of the Director, as required under subsection 213(1)	\$200	5 business days
(g) a certificate of arrangement under subsection 216(6)	\$200	5 business days
(h) a certificate of revival under subsection 219(3)	\$200	5 business days
(i) a certificate of revocation of intent to dissolve under subsection 221(11)	\$50	5 business days
(j) a corrected certificate under subsection 288	\$200	20 business days
Application sent to the Director for issuance of a certificate of compliance under subsection 290(1)	\$10	1 business day
Application sent to the Director for issuance of a certificate of existence under section 290	\$10	1 business day
Receipt of an annual return sent to the Director under section 278:		
(a) if the annual report is filed using Industry Canada's online incorporation feature (when available)	\$20	N/A
(b) if the annual return is filed using any other means	\$40	N/A
Application for exemption sent to the Director under subsection 2(6), 25(1), 25(2), 104(3) or 171(2), or section 173 or 271	\$250	30 days
Provision by the Director of copies of documents under subsection 279(2)	\$1 per page	1 business day or 6 business days for inactive corporations
Provision by the Director of certified copies of documents under subsection 279(2), per document	\$35	1 business day or 6 business days for inactive corporations

Notes:

1. No fee will be charged for an application for a certificate of amendment if the only purpose of the amendment is to add an English or French version to the corporation's name, or to replace a corporate name that the Director has directed to be changed under subsection 13(2).
2. No fee will be charged for a certificate of dissolution issued under subsection 220(5) or 221(15) nor for a certificate of intent to dissolve issued under subsection 221(5).

- 3 No fee will be charged for a corrected certificate issued under section 288 where the correction is required solely as the result of an error made by the Director.

Costing methodology

The proposed fee levels were determined in accordance with the process set out in Treasury Board's *Guide to Establishing the Level of a Cost-Based User Fee or Regulatory Charge*.

The first step was to estimate the full cost of administering the new NFP Act using a methodology consistent with Treasury Board's *Guide to Costing*. Since the NFP Act was based on the *Canada Business Corporations Act* (CBCA), the costing for CBCA services provided the basis for the cost estimates for NFP Act services.

The proposed fees under the new Act will be the same as the fees charged under the CBCA. The services to be provided under the Act are similar to those under the CBCA which fees are already at a level that overall complies with the Treasury Board's guides

In a few cases, the proposed fee was determined in view of the cost of several related services, i.e. the services are bundled under one fee. This is the case where several activities are interrelated. For example, instead of charging a separate fee for each action related to the incorporation process, e.g. issuing certificates, filing bylaws, entering information on the board of directors, one fee is proposed. Another purpose of bundling related services under one fee is to encourage and promote better compliance with legislative requirements. For instance, the annual return fee relates to the cost of filing an annual return as well as the costs of filing changes related to the directors and the registered office address. Imposing a fee to file a change related to the directors and the registered office address may discourage not-for-profit corporations from updating their information. Instead, the cost to administratively process those changes is included in the annual return fee. Our data indicates that almost all active not-for-profit corporations change their information at least once a year.

It should be noted that the total revenue from the proposed fees will not recover fully the costs of administering the NFP Act, see annex 1 to obtain more details. This is because several of the CBCA fees are not at a level to fully recover the costs of those services since to do so would have a detrimental impact of the accessibility of the service. This same rationale applies for NFP Act services. Where the fee level supported by the cost estimates would have been prohibitively high for the not-for-profit community, it was determined to charge the lower fee that is set out in the fee schedule under the CBCA. Such was the case for exemptions. The cost estimates suggested a fee level almost 20 times higher than the CBCA fee for exemptions. This fee level would significantly limit requests for exemptions, effectively denying the benefits to many not-for-profit corporations. Similarly, the annual return fee is proposed at the same level as the CBCA annual return fee even though cost estimates suggest charging a higher fee.

Impact on Not-For-Profit Corporations

The proposed fees should not have a significant impact for not-for-profit corporations since the proposed fees for the high volume services -- incorporation and filing of annual returns -- are only slightly higher than the fees for letters patent and filing of annual

summaries under the *Canada Corporations Act (CCA)*¹ (see annex 2 for the list of fees under the CCA). Once an online service is offered for these two services, the proposed fees will be lower when submitted electronically. While the fees under the CCA are slightly lower, it should be noted that these fees were set in the 1970's and are far below the costs of the services. For instance, using the same full costing methodology as prescribed by Treasury Board's *Guide to Costing*, issuing letters patents cost almost \$1000 in 2008/2009 and processing annual summaries cost \$70.

The proposed service standards under the NFP Act will greatly benefit federal not-for-profit corporations. Applications will be processed within 5 business days instead of 20 business days under the CCA.

Provincial or territorial fees and service standards

In Canada, it is possible to incorporate a not-for-profit corporation under the federal act or under a provincial or territorial law. A comparative review of the fees required for similar services offered by the Canadian provinces or territories was undertaken. However, the comparison was deemed to be of limited value since the fee levels charged by the provinces or territories for their services are not necessarily established with regard to the costs of providing those services. In addition, the NFP Act differs significantly from several provincial statutes, as its legislative framework is more modern, making a direct comparison difficult. Many services under the NFP Act are not even available in these provincial statutes.

Since the NFP Act governance framework is similar to the provincial business corporation statutes, it is more appropriate to benchmark the proposed fees with the fees required under the provincial and territories business corporation statutes. Using those fees as benchmarks, the proposed fees are comparable and, in several cases, even lower than the fees charged elsewhere in Canada.

Service standards for services under provincial laws were also reviewed. (A comparative table for not-for-profit and business corporations can be found at Annex 3.) The service standards offered by Corporations Canada are very competitive when compared to the service standards offered elsewhere in Canada. In fact, the new service standards will be among the fastest in Canada.

Submission of Comments

Interested persons have until February 5, 2010 to bring to the attention of Corporations Canada any concerns, suggestions or proposals with regard to the proposed fees and service standards. Comments should be sent to:

Corporations Canada
Jean Edmonds Towers South
365 Laurier Avenue West
Ottawa, ON K1A 0C8
Canada
E-mail: corporationscanada@ic.gc.ca

¹ Federal act currently in effect governing not-for-profit corporations

Obtaining Copies

The consultation document is available on the Corporations Canada website at www.corporationscanada.ic.gc.ca. Click on the "What's New" tab.

It is also possible to obtain a paper copy by communicating with Corporations Canada at 1-866-333-5556

Richard G. Shaw
Director General
Corporations Canada

Annex 1

Services under the *Not-for-Profit Corporations Act*
Costs and Revenues

Services	2010-2011			2013-2014		
	Costs	Revenues	Variance	Costs*	Revenues	Variance
Certificate of Incorporation (1)	402,378	437,500	35,122	469,920	459,375	(9,420)
Certificate of Amendment (2)	60,245	100,200	39,955	69,550	105,200	35,650
Restated Certificate of Incorporation	161	50	(111)	161	50	(111)
Certificate of Amalgamations	202	200	(2)	225	200	(25)
Certificate of Continuance (Imports)	845	1,000	155	1,880	2,000	120
Letters of Satisfaction (3)	216	400	184	232	400	168
Certificate of Arrangement	0	0	0	0	0	0
Certificate of Revival	62,800	80,000	17,200	87,000	100,000	13,000
Certificate of Revocation	275	50	(225)	275	50	(225)
Corrected Certificate	2,240	2,000	(240)	2,240	2,000	(240)
Certificate of Compliance	27,750	2,500	(25,250)	31,000	2,500	(28,500)
Certificate of Existence	1,920	100	(1,820)	2,160	100	(2,600)
Annual return (4)	992,000	640,000	(352,000)	1,033,688	633,250	(400,438)
Exemptions	249,350	12,500	(236,850)	276,000	12,500	(263,500)
Copies (5)	46,528	8,000	(38,528)	54,982	8,800	(46,182)
Certified Copies	15,540	4,900	(10,640)	17,360	4,900	(12,460)
Total	1,862,450	1,289,400	(573,050)	2,046,543	1,331,325	(715,093)

* Some cost figures corrected

(1) Incorporation cost includes the cost of filing bylaws and related life-cycle services such as dissolution for which no fees are charged.

(2) Certificate of Amendment cost includes the cost of filing by-laws and reorganizations.

(3) Letters of Satisfaction include cost to issue a certificate of discontinuance.

(4) Annual return cost includes the processing of change to director information and changes to the registered office.

(5) Copies include the time to process the request (research files, etc) and the cost of the copy.

Annex 2

List of the fees for applications or requests under the *Canada Corporations Act*. The fees are set by section 56 and Schedule 2 of the *Canada Corporations Regulations*.

Application or request for:

a) Letters Patent	\$200
b) Supplementary Letters Patent	\$50
c) General By-law amendments	no fee
d) Surrender of charter and dissolution	no fee
e) Name search by Corporations Canada	\$15 per search
f) Submission of annual summary	\$30
g) Uncertified copies of documents	\$1 per document if in excess of 9 documents
h) Certified copy of a document	\$10
i) Certificate of corporate status	\$10
j) Letters Patent of Continuance under Part II for a corporation created by a Special Act of Parliament	\$200
k) Registration of mortgages or charges under subsection 68(6)	\$10

Annex 3

Service standards for not-for profit corporations in Canadian provinces

PROVINCE	SERVICE STANDARDS
British Columbia	5 business days for incorporations/amendments, 10 days for annual reports.
Alberta	2 – 3 weeks for incorporations/amendments.
Saskatchewan	5 business days for incorporations/amendments (can be expedited in 24 – 48 hours).
Manitoba	3 business days for incorporations/amendments.
Ontario	8 – 10 weeks for incorporations/amendments (can be expedited in 7 business days for \$100 extra).
Quebec	No service standards have been set for NFPs.
New Brunswick	5 – 10 business days for incorporations/amendments
Nova Scotia	2 weeks for incorporations, 2 – 4 business days for all other requests.
PEI	1 – 2 days.
Newfoundland and Labrador	Next business day for incorporations/amendments

Service standards for business corporations in Canadian provinces

PROVINCE	SERVICE STANDARDS
British Columbia	Online service only: instant incorporation.
Alberta	Varies according to the authorized agent.
Saskatchewan	Online 1 week for incorporation, Paper 3-4 weeks for incorporation.
Manitoba	5-10 business days for incorporation.
Ontario	2 – 4 weeks for incorporation.
Quebec	5 business days.
New Brunswick	10 business days for incorporation (Expedite Service 2 days services for a supplement of 150\$).
Nova Scotia	5-10 business days.
PEI	1-2 days for incorporation.
Newfoundland and Labrador	Next business day for incorporation.