

# What to Know About Entering the Security Industry in Canada



Written for the Global Life Safety Alliance

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Canada with approximately 10 million Square Kms of land mass is one of the top three largest countries in the world geographically. Canada has approximately 38 million people (roughly the same amount as California) and the majority of these people are concentrated in 10 urban areas, the largest being Toronto, Montreal and Vancouver. The land of **Canada** is solely **owned** by Queen Elizabeth II who is also the head of state. Only 9.7% of the total land is privately **owned** while the rest is Crown Land. The land is administered on behalf of the Crown by various agencies or departments of the government of **Canada**.

## Introduction to Canada

Canada is a parliamentary democracy whose officials are elected by the population. The head of the government is the Prime Minister. Officially, the prime minister is appointed by the Governor General of Canada, but by constitutional convention, the prime minister must have the confidence of the elected House of Commons. Normally, this is the leader of the party caucus with the greatest number of seats in the house.

The House of Commons, or lower House, is the **elected assembly** of the **Parliament of Canada**. Its members are **elected** by **Canadians** to represent defined electoral districts or constituencies, also known as ridings.

Canada is made up of thirteen Provinces and Territories.

**Canada** has three levels of government as follows;

**Federal** which is responsible for mail, taxes, money, banking shipping, railways, pipelines, telecommunications, criminal law, foreign affairs, national defense, employment insurance and aboriginal lands and rights. The Federal government is led by a prime minister.

**Provincial** which is responsible for education, health care and road regulations. The provincial governments are led by a premier.

**Municipal** or local governments which are responsible for parks, parking, libraries, roadways, local police, local land use, fire protection, public transportation and community water systems and infrastructure.

Canada has a very diverse range of climates and landscapes from the far Arctic with extremely restrictive conditions to the rocky mountain range in western Canada, the vast prairies in central Canada and the rich lands of Eastern Canada to the Maritimes. These diverse areas allow for a wide variety of opportunities for businesses and provide multiple living experiences.

Canada's top exports based on government data available is as follows;

- Mineral fuels including oil
- Vehicles
- Machinery
- Gems/Precious Metals
- Wood
- Plastics
- Electrical Machinery
- Ores
- Aircraft/spacecraft
- Pharmaceuticals

Canada's top Imports as follows;

- Machinery including computers
- Vehicles
- Electric Machinery
- Mineral fuels including oil
- Gems and Precious metals

- Plastic and Plastic articles
- Pharmaceuticals
- Optical, technical and Medical apparatus
- Articles of Iron or Steel
- Furniture, bedding, lighting, signs, prefabrication

There are generally four types of businesses that can be established in Canada:

- **Sole Proprietorship** which requires only a single member who will conduct business
- **Partnerships** which can be General or Limited and require at least two founding members
- **Corporations** which require at least one shareholder and a director
- **Co-Operatives** which can be established for profit or not-for-profit and can have a large number of shareholders.

Each Province in Canada has licensing requirements, and these are easy to locate on the Provincial Websites. CANASA can assist with locating the correct government agencies once the decision is made on business entity type and what aspect your business may choose to take, i.e., distributor, manufacturer, integrator etc.

Important Regulations to understand –

1. CSA (Canadian Standards Act) CSA-C22.1 – Safety Standard for Electrical Installations. There are many standards for all electronic products.
2. UL Standards – CAN/ULC-S553-Standard for installation of Smoke Alarms, CAN/ULCS530 – Standard for Heat Actuated Fire Detectors for Fire Alarm Systems, CAN/ULC-S316 – Standards for performance of Video Surveillance Systems
3. Canasa has a close relationship with ULCanada and can assist in getting the specific regulations you will require based on the products that you wish to sell here.

**Taxes in Canada** \*(note this information is from the government of Canada website. It's accuracy is not confirmed and is only meant in this context as a guideline).

Standard federal tax rates in Canada are approximately 10% for Canadian operated companies. These, however, are constantly being adjusted. Most provincial governments have a dual tax system which is partly dependent on the Federal Tax rate being applied.

Goods and Services Sales Tax, GST

- Normal work week is Generally 35 to 40 hours with a lunch break.
- Canada has universal health care which is covered off in the taxes we pay.
- Most companies also offer benefit programs for other medical expenses. The costs of these are usually shared by the employee and the employers.

## By Province

### British Columbia

In British Columbia the lower rate of corporate income tax is 2%. Effective January 1, 2018, the higher rate is 12%. Previously, it was 11%.

### Manitoba

In Manitoba, the lower rate of Manitoba's provincial corporation income tax is 0% and the higher rate is 12%.

### New Brunswick

In New Brunswick the lower rate of corporate income tax is 2.5%. Prior to April 1, 2018, it was 3%. The higher rate is 14%. The "New Brunswick business limit is not subject to the federal passive income business limit reduction that applies to tax years starting after 2018.

### Newfoundland and Labrador

The lower rate of Newfoundland and Labrador income tax is 3% and the higher rate is 15%. "These rates also apply to income earned in the Newfoundland and Labrador offshore area."<sup>[16]</sup>

### Northwest Territories

The lower rate of Northwest Territories income tax is 4% and higher rate is 11.5%.

### Nova Scotia

Effective April 1, 2020, Nova Scotia's lower rates decreased from 3% to 2.5% and the higher rate from 16% to 14%. These "rates also apply to the income earned in the Nova Scotia offshore area.

### Nunavut

The "lower rate of Nunavut income tax is 3% effective July 1, 2019. It was previously 4%...The higher rate of Nunavut income tax is 12%.

### Ontario

The Ontario basic income tax rate is 11.5% and the lower rate is 3.2% effective January 1, 2020. It was lowered from 3.5% in 2018 and from 4.5% in 2017.

### Prince Edward Island

The lower rate of Prince Edward Island income tax is 3% effective January 1, 2020, a decrease from 3.5% in 2018, and from 4.5% before 2018. The higher rate of income tax is 16%.

### Saskatchewan

The lower rate of Saskatchewan income tax is 2% and the higher rate is 12% effective January 1, 2018. Previously, it was 11.5%. Saskatchewan is the only province to have raised its SBD levels from \$500,000 to \$600,000.

## **Yukon**

The lower rate of Yukon income tax is 2% and the higher rate of tax is 12%.

## **Alberta**

On June 29, 2020, Alberta Government announced that the corporate tax rate would be lowered to 8% from 10% on July 1, 2020.

## **Health and Safety for workers in Canada**

Canada has some of the strongest legislation in the world to protect all employees and to ensure that no one is required to work in an unsafe environment. Each province has detailed requirements for all types of working scenarios and this information can be found on their provincial web sites. Most are very similar in purpose and generally in Canada they are strongly enforced.

This covers not all kinds of dangerous working conditions but also working with unsafe materials such as chemicals etc. Normal Work week is 35-40 hours a week, Monday through Friday with lunch break. Canada has universal health care which is covered in the taxes collected. Most companies also offer benefit programs for other medical expenses. The costs of these are usually shared by the employee and the employers.

## **Importing commercial goods into Canada**

This is not an easy question to answer. The link provides information to the Federal Government of Canada website. There are multiple scenarios which would affect the import tax rate. There are also many bi-lateral trade agreements with many countries. The good news is that Canada has a strong Embassy system representing most if not all the countries in the America's and help is readily available.

<https://www.cbsa-asfc.gc.ca/import/menu-eng.html>

## **Labour Supply**

There is currently a shortage of skilled technicians to feed the need of the electronic security industry in Canada. Partly because the Security Industry is generally not seen as a "trade designation industry" and somewhat less attractive to young people coming out of school. The Canadian Security Association is working to help with this issue and currently has two Colleges who are offering Security Technician courses. The courses are recognized by CANASA and certificates are offered by CANASA upon completion. Additionally, training opportunities are available for many of the products that are being sold by either the distributors or the manufacturers.

There is a very healthy population of well-educated business people to draw from and hiring is generally quite easy. There are multiple web sites that accommodate Human Resource sourcing. Many are international and will be well known to potential companies coming to Canada.

Of note, Canada is very similar in a smaller sample size to the United States. Most of the products that are sold in Canada are the same as are used in the U.S. and even the major distributors are the same. This information may be of value when considering doing business here.

### **Language Barriers**

Canada has two official languages. English and French. Unofficially, French is generally only spoken in Quebec and parts of New Brunswick. Montreal, which is the largest city in Quebec, is predominantly English.

It is important to know that Quebec has strict laws about literature and signage. French in most cases must be the dominant language. It is quite easy to find the information on the Government of Quebec province website.

### **Banking in Canada**

Canada's banking system is heavily regulated and quite conservative in nature. The Canadian banking system groups banks into five categories: Chartered Banks, Trust and Loan companies, Co-operatives or Credit unions, Life Insurance Companies and Securities Dealers.

All of Canada's major banks have country wide distribution of facilities and all have extensive international alliances. Foreign companies can conduct their financial affairs in Canada fairly easily.

### **Communication**

Canada has the availability of access to the Internet and to Mobile communication almost everywhere where there is a population. Some are government subsidized but there are no issues with having access to all types of telecommunications across the country. It should be noted that Canada's cellular service is currently one of the most expensive in the world. Plans can be easily checked via company's web sites.

### **Closing**

Canada ranks above the average in housing, subjective well-being, personal security, health status, social connections, environmental quality, jobs and earnings, work-life balance, education and skills, civic engagement, income, and wealth. Good education and skills are important requisites for finding a job.

Canada's lifestyle is enhanced because of its 4 distinct seasons and the scenery overall is stunning. The work-life balance is recognized worldwide, along with its commitment to environmental respect. Universal Healthcare and a booming economy offer primary considerations. Also, while Canada has no official religion, Christianity is the largest religion in Canada, with Roman Catholics having the most adherents. Support for religious pluralism and freedom of religion is an important part of Canada's political culture.

Companies who are considering doing business in Canada in the Security Industry and more than welcome to contact the head office of the Canadian Security Association for information and guidance. [www.canasa.org](http://www.canasa.org).

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Patrick Straw is in his fifth year as the Executive Director of the Canadian Security Association representing a wide range of Security Companies across Canada. Patrick has been an active member in the Canadian security industry for 30 years. During that time Patrick has worked in integration, distribution, dealer monitoring and has managed a small company of his own. Patrick has also served on the Ontario Board of Directors for CANASA.

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