

# ***Starting a Business in New Brunswick***

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## ***Helpful Hints for Prospective Immigrants***

This document is available on the  
Population Growth Secretariat website [www.gnb.ca/immigration](http://www.gnb.ca/immigration)

Starting a business in any new country, including Canada, is challenging. Detailed preparations are essential. This is why the Population Growth Secretariat, a branch of the New Brunswick government, has prepared this guide. It provides information on the business culture in New Brunswick and on how to plan your business in this province.

This guide covers a range of subjects. Feel free to move to the next topic if you are already familiar with the information.

You are encouraged to check different websites about starting a business. **Please note, however, that the Population Growth Secretariat does not assume any responsibility for their content or use.** The Population Growth Secretariat has not prepared these websites, and it does not monitor them. Accordingly, this guide and additional website information do not replace professional advice that you should seek prior to starting and operating a business.

New Brunswick is an exciting place for entrepreneurial immigrants and their families. New Brunswick hopes you will be a permanent resident here soon.

For additional information on immigrating to New Brunswick and on the Provincial Nominee Program:  
[www.gnb.ca/immigration](http://www.gnb.ca/immigration).

**You are strongly encouraged** to start your immigration preparations and to familiarize yourself with the New Brunswick business climate and business culture before you visit the province for the first time.

Canada Business – New Brunswick has published a detailed guide, available in English and French, for immigrants on how to start a business in New Brunswick. A great deal of the information in this document is based on the Canada Business – New Brunswick guide: <http://info-commerce.ca/sites/default/files/documents/guide-for-immigrants.pdf>.

## The Business Culture in Canada, Particularly in New Brunswick

Some world-renowned companies have their headquarters in New Brunswick. But most businesses in New Brunswick are small- to medium-sized and family-owned.

New Brunswick has businesses serving local, regional and international markets. Many are involved in exporting, mainly to the United States.

For further information on New Brunswick's business environment, visit the provincial department called Business New Brunswick: [www.gnb.ca/business](http://www.gnb.ca/business). For additional information on the tourism sector: [www.gnb.ca/0397](http://www.gnb.ca/0397).

Business is conducted differently from country to country, and Canada is no exception.

This section outlines the basic business culture in Canada, particularly in New Brunswick.

**It is customary to shake hands** when meeting people for the first time. Normally, you wait for your host to reach out for the handshake. Shake hands with moderate vigour, and clearly state your name. It is also important to have eye contact with the other person. Do not bow your head when greeting a person.

**Business people in New Brunswick dress conservatively.** Business attire is the rule.

**Canadians need personal space.** When talking, do not move too closely to the person; leave a space of at least a half-metre (two feet).

**Women and men are treated exactly the same way.** In New Brunswick, a large and increasing number of women successfully run and manage businesses. If a woman asks a question, make eye contact and direct your response to her.

**Avoid discussing politics, religion and sensitive topics at business meetings.** After you get to know your business partner, you may talk about general family-related topics, without going into too much detail.

**Always have business cards with you.** Exchange them frequently.

**Punctuality is a must** for business meetings. Arrive about five minutes early.

**You are expected to telephone if running late** for a business meeting. When you arrive, a brief apology is expected.

**Cellular telephones must be turned off** during meetings, if at all possible. If you cannot avoid receiving a call during a meeting, step out of the room and apologize for the interruption.

**It is common to call each other by first names, even as early as the first business meeting.** However, this practice does not automatically mean that friendship is being offered.

**Business comes first**, whether you are on first-name basis or not.

**Most contracts in Canada are in writing.** Handshake deals are not common. If in doubt, insist on having a written contract prepared. If necessary, ask a lawyer to check the contract.

**Building relationships will be key** to starting and maintaining a successful business. Relationships are built through networking, a term often used in Canada to refer to making business contacts. You may undertake networking through organizations such as local chambers of commerce and other professional organizations; local and regional industrial development organizations; municipal-based development agencies; newcomer groups; and multicultural organizations, to name a few examples. Please note that most chambers of commerce and professional organizations are based on memberships. In many cases you may attend the first meetings and events as a non-member, free of charge.

**Be active and start networking;** do not wait for organizations to call or to invite you. You must take the initiative. A networking event is one of the few occasions when it is appropriate to be a few minutes late.

**Show appreciation when someone helps.** A simple “thank you” is often enough. Make sure the person helping you clearly understands that you appreciate the help.

**Smoking is officially discouraged in Canada.** Smoking is not permitted in public buildings, offices, hospitals, restaurants and bars. Some hotels only offer non-smoking rooms. Smoking is not allowed in vehicles when children are present.

**Tippling is expected in the hospitality sector.** If you are satisfied with the service in a restaurant, a tip of 12 to 15 per cent is customary. Taxi drivers expect a tip of about 10 per cent. If you get help with carrying luggage in a hotel, a tip of \$1 to \$2 per bag is expected.

In Canada, most immigrants will be dealing with either a chartered bank or a credit union.

**Building a solid credit history and credit rating is essential.** Your credit history will be checked for private and business activities. Even if you had a good credit history in your home country, you will need to establish a Canadian credit history to enable banks and other financial institutions to assess your credit risk. In most cases, your credit history in your home country will not be considered. Many banks and other financial institutions have published guides for immigrants on how to establish properly a credit history and credit rating. Follow the steps outlined carefully. Talk to several banks and credit unions to determine what type of services they offer to immigrants.

The Business Canada guide, mentioned previously, has a wealth of information on networking and the general business culture. You are strongly encouraged to consult this guide for further information under, Credit history and credit rating.

**A secured credit card often is the first step to establishing a credit history.** Most banks will consider issuing a secured credit card, but the terms may differ; talk with more than one financial institution. In this arrangement, you deposit cash in a special account and then request a credit card with a limit that matches that amount.

**Pay your bills on time – never late.** Your record will be part of the credit rating evaluation process.

**Good relationships with banks and other financial institutions are very important.** Keep business and private financial matters separate; open separate accounts.

## Business Plan

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As an entrepreneurial immigrant, you will be expected to start and manage actively a business in New Brunswick within two years of landing in Canada.

You have two options under the Provincial Nominee Program:

- business plan applicant; or
- business proposal applicant.

For further information about the Provincial Nominee Program: [www.gnb.ca/immigration](http://www.gnb.ca/immigration) (go to business applicants link).

**Research is critical** before you start looking at business options in New Brunswick.

Before starting, you must develop a business plan. It is a roadmap to starting and operating a business in New Brunswick. You will no doubt amend it as your circumstances change. For more information about business plans: [www.gnb.ca/immigration](http://www.gnb.ca/immigration).

Make sure you meet all Provincial Nominee Program requirements about starting and operating a business in New Brunswick.

After your arrival in New Brunswick as a permanent resident, it will be time for you to revise your business plan and to make any required adjustments. There are many helpful websites for business plan preparation assistance, including: [www.canadabusiness.ca/eng/125/138/](http://www.canadabusiness.ca/eng/125/138/). <http://info-commerce.ca/>. [www.canadaone.com](http://www.canadaone.com).

Additional help may be obtained through:

- local and regional development agencies;
- municipal offices;
- Community Business Development Corporations – CBDCs; [www.cbdc.ca](http://www.cbdc.ca).
- New Brunswick's regional Enterprise Agencies (CEDAs): [www.enterprise-entreprise.ca](http://www.enterprise-entreprise.ca).

A business plan reflects a personal approach to planning business activities, and this is reflected by its structure and covered topics. A business plan should include:

- **a title page;**
- **an executive summary;**
- **a table of contents;**
- **costs and funding.** How much will the business cost and how much funding is required; where is the funding coming from;
- **a description of your products / services;**
- **market share.** Who are your clients; how many people / businesses are interested in your products / services; who is the competition; why will people buy from your business;
- **marketing plan.** Promotion, advertising; how will you sell your products / services; how will you address your customers' needs;
- **operating requirements.** What assets will be required to operate your business; space and location requirements; extra services required such as extra electricity, air conditioning, special rooms and facilities; what permits and licences are required;
- **management.** Provide background information on yourself and key persons; why you believe your business will succeed;
- **personnel.** Will employees be necessary if yes, at which skill level. Provide information on wages, working hours and whether your employees are full-time, part-time or seasonal;
- **references.** Provide information on professionals who helped you in gathering the information and in setting up the business;
- **financial projections.** Normally a three-year projected cash flow, balance sheet and profit and loss statement are required; they must meet Canadian accounting standards; and
- **an appendix.** This section includes additional information and documentation that will help you to support your business plan.

## Starting a Business in New Brunswick – Options

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You have the following options:

- start a business;
- enter into a partnership / joint venture with a New Brunswick partner; or
- buy an existing franchise.

The choice is yours, but make sure you base your decision on verifiable background information. Never rely on the opinion and advice of only one or two persons. You should seek professional help and assistance by persons not directly involved with the business option. Canada Business has excellent information about the options:

[www.canadabusiness.ca/eng/guide/2360/](http://www.canadabusiness.ca/eng/guide/2360/).

Before finalizing a partnership, make sure that your investment and all your rights are protected and your obligations and roles are clearly defined. **Seek independent legal advice; do not use the same lawyer as your partner.**

Buying a franchise may be a good way to start a business in New Brunswick. Make sure you fully understand the laws and regulations governing the franchise opportunity. Conduct as much research as possible, including gathering information on the franchisor. Make sure the franchise opportunity is right for you. **Consult a lawyer before signing any contract.**

The Canadian Franchise Association provides additional information: [www.cfa.ca](http://www.cfa.ca).

Canada Business has prepared a useful checklist: [www.canadabusiness.ca/eng/guide/2014/](http://www.canadabusiness.ca/eng/guide/2014/).

You may want to buy an existing business. Make sure you have all the background information on the business, including financial statements of the past two to three years, to determine if it is viable. Ask an independent accountant to verify the financial information. Discuss the opportunity with sources not connected with the seller. Make sure there are no potential problems that may hinder growth. Determine why the seller wishes to sell. Consult a lawyer before signing a contract; do not use the same lawyer as the seller.

**One of the most important questions in the purchase of an existing business is to ask whether the assets of the business or the shares of the business are being sold. Both types of transactions have profound implications to the buyer and the seller in terms of taxes, tax savings, liabilities, and financing arrangements.** An existing business must **never** be purchased without the advice of an independent lawyer and an independent professional accountant.

## Starting a Business in New Brunswick – Professional Help

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Most business owners in New Brunswick use the services of professionals, mainly lawyers and accountants. They normally charge a fee based on an hourly rate. Be well prepared for meetings. Write down your questions so that you may conduct the meeting efficiently. Normally, the first meeting is free, but regular fees will apply for subsequent sessions.

Do not be afraid to ask for the fee schedule before you enter into a relationship with any professional. To start and operate a business, you may need a lawyer familiar with business law. A lawyer should check any major contract and agreement before you sign it. Canada Business has prepared a guide on legal issues:

<http://www.canadabusiness.ca/eng/guide/2277/>.

**Canada has clear rules and regulations governing accounting practices.** Consult an accountant if you are unfamiliar with these requirements and Canadian tax laws. It is a smart idea to consult with an experienced accounting professional prior to starting a business to establish your company's tax structure.

You will be required to keep business transaction records in accordance with Canadian accounting standards. There are four different types of accounting credentials in Canada:

- Certified General Accountants (CGAs) – typically work for the public and companies but may also be found in government or corporations;
- Certified Managerial Accountants (CMAs) – typically work for government or corporations, but may be found doing work for the public;
- Chartered Accountants (CAs) – typically work for accounting firms, but some work for corporations as well; and
- Bookkeepers – usually do not have a professional designation and are less expensive. But they cannot provide formal audits that may be sometimes required. Typically bookkeepers offer services on a different level than accountants.

## Starting a Business in New Brunswick – Step by Step

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This section will provide information on the basic steps on starting a business. **This information does not replace the advice and assistance of professionals.**

### Step 1: Choose a business structure

There are three main types of business structures in Canada. Seek professional advice before deciding.

#### a) *Sole proprietorship*

Many entrepreneurs start with this business structure because of its simplicity. Sole proprietorship means you are the only person responsible for the business. With this business structure, you cannot pay yourself a salary or wage. You will have to make “drawings” from your business and record them in your financial records. The downside of this form of business ownership is that creditors have the right to make claims against anything you own if you have financial trouble, whether the property and other assets are related to your business or not.

#### b) *Partnership*

In a partnership, you share the responsibility of the business with your partners. If you choose this model, all partners should sign a partnership agreement that has been created and notarized by a lawyer. Each partnership is slightly different, so be sure you go beyond signing a standard document: you should have the agreement tailored to your business. A lawyer may do this for you, but if you choose to do it yourself, ask a lawyer to check your work for accuracy before signing.

#### c) *Corporation*

Many New Brunswick entrepreneurs prefer this type of business structure. A corporation is managed separately from its owners, typically referred to as shareholders. Shareholders are not considered to be responsible for business debts, obligations or actions because the business is regarded as an individual entity under the law. There is, however, a personal liability because directors must operate company for the benefit of the shareholders. If you wish to use this business structure, talk to your lawyer because there are different kinds of corporations. Businesses may be registered in three ways:

- online: [www.pwx2.snb.ca/brs/docroot/start/landingPage.jsp](http://www.pwx2.snb.ca/brs/docroot/start/landingPage.jsp)
- in person: Service New Brunswick, 432 Queen St., Fredericton, NB
- or by mail: Service New Brunswick, Corporate Registry, P.O. Box 1998, Fredericton, NB E3B 5G4

### Step 2: Choose and register your business name

Once you have completed your research and you are in the process of opening your business, choose a name for your business and register it with the government. When you register your business, you receive a nine-digit business number. This number is needed to pay taxes, to apply for licenses and to import or export goods. Consider:

- your company name should be **easy to pronounce** in the language of your target market;
- the name should **describe** your product / service;
- it should be **short and easy to remember**;
- it should **distinguish you from your competitors**; and
- Canadians **do not always name businesses after themselves or family members**.

If you are going to have business locations outside New Brunswick, in another province or territory, you will be required to follow the procedures for registering your business for that region. Corporate Affairs at **Service New Brunswick** has a set of instructions to help you select your business name: [www.pwx2.snb.ca/brs/docroot/start/landingPage.jsp](http://www.pwx2.snb.ca/brs/docroot/start/landingPage.jsp).

### Step 3: Learn about permits and licences

Every type of business in New Brunswick has requirements for permits and licences. Contact the organizations listed below early to deal with the government, other businesses and the Canadian public:

- Canada Business – New Brunswick: [www.canadabusiness.ca/nb](http://www.canadabusiness.ca/nb) e-mail: [infonb@canadabusiness.ca](mailto:infonb@canadabusiness.ca)
- Service New Brunswick: [www.snb.ca](http://www.snb.ca) e-mail, [snb@snb.ca](mailto:snb@snb.ca)
- your local municipal government.

You may contact your municipal government by looking up the telephone number in the blue pages of the telephone book.

### Step 4: Learn about being an employer in New Brunswick

If you intend to hire employees, learn about your responsibilities as an employer.

If you intend to have employees, you need a payroll account number.

To hire someone, ask him or her for his or her nine-digit **Social Insurance Number** and have him or her fill out a form from the **Canadian Revenue Agency**, called TD1 – Personal Tax Credits Return.

Your obligations related to payroll deductions:

- you must deduct Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums and income tax from amounts you pay to your employees;
- you must report employees' income and deductions on their information returns (T4 or T4A) by the end of February of the following calendar year;
- you must pay a contribution toward each employee's CPP and EI; and
- you must regularly submit the deductions you hold to the government, soon after you begin to pay your new employees.

**The New Brunswick Employment Standards Act** and its regulations set out standards in several areas, including employing and terminating staff, minimum wages, overtime, vacation pay, maternity or parental leave, and holiday pay for employees who work on days such as Canada Day and Christmas: [www.gnb.ca/0062/acts/acts/e-07-2.htm](http://www.gnb.ca/0062/acts/acts/e-07-2.htm).

To ensure that you are conducting your business appropriately, contact the Employment Programs and Services Branch at the New Brunswick Department of Post-Secondary Education, Training and Labour: [www.gnb.ca/0308/index-e.asp](http://www.gnb.ca/0308/index-e.asp).

If you are hiring more than three employees, you are required to register with **WorkSafe NB**, formerly known as the Workplace Health, Safety and Compensation Commission of New Brunswick. This agency, funded by employer premiums, administers a no-fault insurance system providing medical, rehabilitation and placement services for most employees injured on the job. WorkSafe NB also provides workplace injury prevention and education services to employers and workers: <http://www.worksafenb.ca>.

### Step 5: Learn about recruiting employees

When New Brunswick businesses search for staff, they advertise the position and wait for people to apply. Many businesses advertise that they are looking for employees in the newspaper or online through the many job search websites available, including the site of the Canadian government: [www.jobbank.gc.ca](http://www.jobbank.gc.ca). In New Brunswick, the following job search website is popular: [www.nbjobs.ca](http://www.nbjobs.ca).

Typically, an applicant will submit a résumé showing his or her previous work experience and a cover letter with current contact information.

During the interview, ask questions about experience and skills that directly relate to the job. It is acceptable to give an applicant a challenging test to complete or a scenario to think through to demonstrate his or her professional competence. But, avoid posing personal questions. Ask for references at the end of the interview so that you may contact the applicant's former employers.

*Note well:* The **New Brunswick Human Rights Act** prohibits discrimination in 14 areas: race, colour, religion, national

origin, ancestry, place of origin, age, physical disability, mental disability, marital status, sexual orientation, gender, social condition or political belief or activity. The New Brunswick Human Rights Act applies in five areas: employment; housing; schools, stores, motels, hospitals, police and most government services; publicity; and certain associations. You must abide by this act when conducting interviews and when any person is in your employ. To view the New Brunswick Human Rights Act: [www.gnb.ca/0062/acts/acts/h-11.htm](http://www.gnb.ca/0062/acts/acts/h-11.htm) and [www.gnb.ca/hrc-cdp/08-e.asp](http://www.gnb.ca/hrc-cdp/08-e.asp).

### **Step 6: Choose the right location**

When talking about business success, people in North America often say, “**location, location, location.**” They repeat the word because many people believe location is the most important part of business success.

You must make at least four decisions:

**First:** Decide in which region and in which community of New Brunswick you wish to establish a business. New Brunswick’s 15 regional Enterprise Agencies (CEDAs) can provide valuable information on their respective communities and regions. For further information: [www.enterprise-entreprise.ca](http://www.enterprise-entreprise.ca).

**Second:** Decide on the location of your business in your selected community. Consider:

- does the location meet your needs?
- will you be able to pay the rent?
- does the location meet all zoning requirements?
- does the location meet all your power and water requirements?
- is the location easy to find?
- will your business be in a good neighbourhood?
- will you be close to your target customers?
- will you be far enough away from your competitors; or, do you want to be close to them?
- will you need parking for your customers? Is it available?
- is the parking free? If not, will your clients mind?
- is it on a bus route?
- will you need a storefront?
- if you want a storefront, are you in a place where many people pass by during business hours?

**Third:** Leasing space. Most new businesses in Canada lease their first location. A lease is a legal document that obliges you to provide regular, timely payments to your landlord. Be sure to have your lawyer review your lease before you sign it. Questions to ask a potential landlord:

- how long will the lease run?
- how much is the rent?
- will the rent go up? When and by how much?
- may you sublet (rent a portion or the complete facility to another tenant)?
- may you renew your lease once the term is over?
- what happens if your landlord goes out of business?
- what happens if your landlord sells the property?
- who is responsible for insurance?
- what building services do you get?
- who pays for improvements?

**Fourth:** Home-based businesses. Working at home may be a great way to get started. Due to zoning restrictions, some locations do not allow home-based businesses. To find out, contact your municipality or your local district planning commission. You must also consider what, if any permits and licences you may need.

### **Step 7: Complete your business plan (see previous section)**

### **Step 8: Obtain business insurance**

Many insurance products are available to business owners. Standard policies protect against fire, theft and vandalism. Other policies may protect you from some of the costs of potential legal action against you.

Buy life insurance for yourself and your partners (if you have them), so that the business will be able to continue to operate should anyone die. Contact an insurance representative to determine your insurance needs. Provide a copy of your business plan so that the insurance agent may give you an accurate estimate.

Most insurance plans will have a deductible. This means that you will be responsible for paying a minimum part of the total amount for which you will be insured.

### **Step 9: Learn about crime and security**

Although running a business in Canada is relatively safe compared to other areas of the world, you still need to remember that there is a risk of your business falling victim to a crime. New Brunswick businesses may encounter such crimes as:

- scams, fraud;
- bad credit cards or cheques;
- break, enter and theft;
- counterfeit money;
- vandalism; and
- armed robbery

You may protect your business in several ways:

- employee training;
- video surveillance systems;
- security alarm systems;
- counterfeit bill identification;
- visit the PhoneBusters website, for information on how to protect your business from scams, fraud and identity theft: [www.phonebusters.com](http://www.phonebusters.com)

### **Step 10: Market your business**

If your business is to succeed, **you must develop a marketing plan** that tells people about your products / services. Review your market research, and think about how you may best reach your customers.

Marketing must be tailored to the clients you are targeting. You should already know about the people to whom you wish to sell. Now is the time to create a plan and put it into action. Consider:

- what **image** do you want your business to have?
- are you charging a **competitive price** for your product / service; should you advertise that fact?
- are there **local marketing associations**, group advertising or special events that will raise the profile of your business?
- will setting up a booth at **trade shows** help you meet potential customers?
- will you have a **website**? Will you be selling your products / services online?
- what will be your **best contact with your market**? Radio, television, newspapers?
- will it be better to **distribute flyers**?

**In Canada, the service you give customers can make or break your business.** Do not underestimate the power of “**word of mouth.**” People tell their friends when they like your product / service. They tell even more people, however, when they are not satisfied. Potential customers want to know that you will cater to their needs; you will need to make them feel as though they are the most important people in the world. You can do this in several ways:

- smiling and greeting your customers or clients;
- giving small concessions to increase the level of satisfaction;
- giving your customers personal space; letting them explore the products on their own; and
- offering and honouring warranties on products or services.

## Taxation

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In Canada, each individual and corporation is required to pay the correct amount of tax each year. **The Canada Revenue Agency, is primarily responsible for collecting taxes based on income, profit and sales:** [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

**Provinces and municipalities are primarily responsible for collecting property taxes.** These taxes are based on the assessed value of real estate such as land and buildings.

Business owners typically must take into consideration one or more of the following types of taxes:

- income tax from self-employment;
- tax on corporate income;
- property taxes; and
- the 13 per cent harmonized sales tax, similar to the value-added tax (VAT) levied in other countries.

Contact a tax professional for more information, including how to take advantage of tax incentives and other tax relief.