

Before You Start

Understand These Business Terms

A **business name registration** refers to a registration under the **Business Names Act**. It expires after 5 years and must be renewed. The Companies and Personal Property Security Branch, Ontario Ministry of Government Services (MGS) does not send reminder notices. A registry of business names of sole proprietorships, general partnerships, Ontario limited liability partnerships, extra-provincial limited liability companies and business names registered for a corporation operating with a name other than its corporate name is maintained by the Branch. A business name registration should not be confused with incorporation (see corporation) or a business licence (see business licence).

A **Business Identification Number (BIN)** is the number assigned by the Companies and Personal Property Security Branch, Ontario Business Information System (ONBIS) to your business name registration. This is not your federal Business Number (BN) issued by the Canada Revenue Agency (see below).

A **Master Business Licence (MBL)** is issued when a business name is registered under the **Business Names Act**. The Master Business Licence can be used as proof of business name registration at financial institutions and to facilitate any other business-related registration with the Ontario government.

A **Business Number (BN)** is a federal numbering system that replaces the multiple numbers businesses require to deal with the government. The business number includes Goods and Services Tax (GST), import/export, payroll deductions and/or corporate income tax.

A **Business Licence** is required by particular businesses in order to operate. This is **in addition to** the business name registration. For example, "Joe's Garage" is required to register its business name with the Ontario Companies and Personal Property Security Branch, Ontario Ministry of Government Services, **AND** obtain a licence in order to operate as a garage. To determine if your business will be affected by local regulations, licences, municipal business tax or zoning requirements contact the clerk of the city, town, village or rural municipality where your business will be located. These numbers can be found in the Blue Pages of the Telephone Directory under the appropriate heading (e.g. Licences and Permits).

Sole Proprietorship refers to an unincorporated business with one (sole) owner. The owner must be an individual. It is **not** a corporation. The business name of a sole proprietorship is registered by filing a Registration Form 1 under the **Business Names Act**. A sole proprietorship is not required to be registered if the business is carried on under the owners name (e.g. Jane Smith).

General Partnership refers to an unincorporated business with 2 or more owners. The general partnership may consist of individuals, corporations, or other unincorporated businesses. This is not the same as a limited partnership. The business name of a general partnership is registered by filing a Registration Form 1 under the **Business Names Act**.

Limited Partnership refers to an unincorporated business with at least one general partner and one or more limited partners. General partners have unlimited liability and limited partners have limited liability up to the amount of their investment. A limited partnership is created by filing a Declaration Form 3 under the **Limited Partnerships Act**.

A **Limited Liability Partnership (LLP)** is a partnership, other than a Limited Partnership, that is formed or is continued as a Limited Liability Partnership in Ontario under Section 44.1 of the **Partnerships Act**. Currently in Ontario only chartered accountants, certified general accountants or lawyers can form LLPs.

An **Extra-Provincial Limited Liability Partnership** is defined in subsection 1. (1) of the Partnerships Act as a limited liability partnership formed under the laws of another jurisdiction but does not include an extra-provincial limited partnership within the meaning of the **Limited Partnership Act**. The law under which an EP LLP is formed determines how it is governed and the personal liability of its partners as per subsection 44.4 (4) of the **Partnerships Act**.

An **Extra-Provincial Limited Liability Company** is defined in subsection 2.1 (1) of the **Business Names Act** as an unincorporated association, other than a partnership, formed under the laws of another jurisdiction that grants to each of its members limited liability with respect to the liabilities of the association. For more information regarding interpretation, it is advised that you consult a lawyer.

A **Corporation** is an incorporated entity with its own rights and responsibilities as a distinct person under the law. A corporation is owned by the shareholders and managed by directors chosen by the shareholders. The owners of a corporation are not personally responsible for the debts of the corporation. The corporation is responsible for its debts. A corporation should not be confused with an unincorporated business name registered under the **Business Names Act**.

A Business Corporation is a business entity incorporated under the Ontario **Business Corporations Act**. The purpose of a business corporation is to make a profit for its owners. A business corporation is distinguished by the use of the following legal elements within the corporate name: "Limited", "Limitée", "Incorporated", "Incorporée" or "Corporation" or the corresponding abbreviations "Ltd.", "Ltée", "Inc." or "Corp."

A **Not-For-Profit Corporation** is an Ontario corporation incorporated under the Ontario **Corporations Act**. Not-for-profit corporations, such as social clubs or cultural and sporting organizations, do not operate for the purpose of gain for its members and any profits must be used to promote its objects. It may have "Incorporated", "Inc.", "Corporation" or "Corp." as a legal element within the name, but it is not required.

A corporation may operate under a name other than its legal corporate name by filing a Registration Form 2 under the **Business Names Act**. The operating name can not have the legal elements of "Limited", "Limitée", "Incorporated", "Incorporée", "Corporation", "Ltd.", "Ltée", "Inc." or "Corp." within the name.

Source:

Canada-Ontario Business Service Centre (COBSC)

Toll-free (information): 1-888-576-4444 (in Ontario) or **TTY Toll-free (hearing impaired):** 1-800-457-8466

Web site: <http://www.canadabusiness.ca/ontario>