

Post-Incorporation Checklist

ESSENTIAL NEXT STEPS

Now that your corporation is established, it is important to take the necessary steps to set a solid foundation.

This checklist outlines essential post-incorporation tasks, from tax filings to corporate governance, to help you navigate the next phase of your business journey.

1. Register for Canada Revenue Agency Accounts and Tax Filings

Upon incorporation, your corporation will be provided with a business number by the applicable corporate registry. This business number may be used to register your corporation with Canada Revenue Agency. We highly recommend speaking with an accountant to assist with registration of your business number and for the purpose of determining future reporting and tax filing requirements with Canada Revenue Agency.

2. Annual Returns and Meetings

Both the Prince Edward Island Business Corporations Act (for provincial incorporations) and the Canada Business Corporations Act (for federal incorporations) require that your corporation:

- i. File annual returns with the PEI Business/Corporate Registry and/or the Federal Corporation database;
- ii. Hold annual meetings¹; and
- iii. Prepare and maintain corporate records (your corporation's minute book).

We have prepared your minute book to reflect your corporation's records as of the time of incorporation. The minute book should be updated on a regular basis to reflect and store corporate records, including, but not limited to, minutes, resolutions, key agreements, debt obligations, directors, officers, shareholders, along with any updates to corporate structure/governance. While we offer to store your minute book free of charge, our corporate services team can also assist you with filing your annual returns and updating/maintaining your minute book. For more information, please contact your lawyer.

3. Bank Account

Upon incorporation, a bank account should be opened in the name of the corporation for the corporation's banking purposes. Once the account has been opened, any shareholder(s) should deposit any subscription price due to the corporation under their respective subscription agreement as evidence of payment for the subscribed shares.

4. Shareholders' Agreement

In the event that your corporation has more than one shareholder, we highly recommend having a shareholders' agreement in place. Shareholders' agreements are a contractual arrangement of the shareholders of the corporation which put in place rules and procedures with respect to issues such as corporate governance and decision-making, dispute resolution, compensation, and changes in shareholders, amongst many others. For assistance with this, please contact your lawyer.

¹ In connection with the annual meeting, the corporation is also required to prepare and provide financial statements for review of the shareholders. We recommend you speak with your accountant regarding the same.

5. Licensing

The proposed activities of your corporation may require additional licensing, permits, and/or registrations. You should discuss the proposed activities of your corporation with your lawyer to determine if any further action is required.

6. Employees

A business's workforce is one of its most valuable assets. Effectively managing your workplace is crucial to attracting, retaining, and motivating employees. Below are key steps to help you navigate these essential considerations.

WRITTEN EMPLOYMENT CONTRACTS

Carefully drafted employee contracts are essential in the hiring process. Contracts can address the following issues that will save time, stress and expense:

- » **Employment Standards Act ("ESA") minimum notice**
Have the Employee agree to limit their termination entitlements to only the ESA minimum entitlements. This is an important tool to limit liability, if termination or lay off is needed for an employee. It can prevent entitlement to "common law reasonable notice" of termination, which can range from an additional 0–24 months' pay, depending on length of service, age, position, and availability of comparable employment.
- » **Workplace Flexibility**
Clauses permitting changes to the terms and conditions of employment, such hours of work, location of work, and temporary layoffs, can provide you with flexibility when changes in workflow or demand arise, reducing litigation risk.
- » **Protections for Employer**
Specifically tailored clauses that protect your business's confidential information, intellectual property, and moral rights, while employees are employed with you and after their employment ends.

LEGAL OBLIGATIONS & DRAFTING OF WORKPLACE POLICIES

Ensure your corporation complies with PEI legislation, including the Occupational Health and Safety Act, Employment Standards Act, and Human Rights Act. Non-compliance can result in costly penalties and reputational damage. We can assist in drafting key workplace policies, including:

- i. Workplace Harassment Prevention policies (which is mandatory)
- ii. Workplace Accommodation policies
- iii. Criminal Background Check policies
- iv. Discipline and performance management policies
- v. Social media policies
- vi. Drug, Alcohol, and Medication policies

7. Insurance

It is generally advisable that your corporation obtains insurance, including, but not necessarily limited to, insurance with respect to property, operations, and director and officer liability insurance. We recommend speaking with an insurance broker/advisor in connection to determine and obtain the appropriate insurance for your business.

8. Estate Planning

Corporate structuring can impact the distribution of your estate. You may wish to speak with your lawyer to see if your estate planning requires any updates following the incorporation of your business. If you have not yet done any formal estate planning, our team is happy to assist.



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