

# Licence, Permit, Regulatory, and Insurance Considerations When Carrying on Operations in Ontario

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## Learning Outcomes

Following your study of the materials in this chapter, you should be able to:

- describe the importance and use of the business number (BN) and how it differs from the business identification number (BIN);
- describe the difference between a business number and a Master Business Licence;
- list some of the types of insurance that should be considered in starting up and operating a business or not-for-profit operation in Ontario;
- discuss the need, including examples, for risk management planning; and
- discuss the involvement of various levels of government in the regulating of business and not-for-profit organizations in the form of licences and permits.

# Introduction

Beyond the tasks performed in establishing a form of business in Ontario, there are many other matters that a business owner, particularly a small business owner, will have to consider, depending on the nature of the business undertaken. In some cases, the need for some licences and permits is not restricted to businesses, be they sole proprietorships, partnerships, corporations, or other forms, as some not-for-profit or charitable entities may also need to obtain them, should the nature of their operations require them.

When we discuss licences or permits in this text, for the most part we are speaking of permissions granted by various levels of government (federal, provincial or territorial, and/or municipal) and sometimes various regulatory authorities established by or through statutes or regulations. Some of these licences are obtained simply by registering for them through an office, through a kiosk, or online, and providing requested information about the organization, such as its name, its purposes, types of operations, and contact information. Other licences, permits, or regulations require that the organization, or those who act on its behalf on a day-to-day basis in carrying on its operations, have taken courses, passed examinations, achieved an accreditation, or had inspections.

Although a law firm is not usually involved in obtaining these types of licences or permits for its clients, it is good for the corporate law clerk to be aware of the range of issues that a client will need to give attention to when opening its operations, and to be conversant with some of the terminology when speaking with a client. In some instances, the client will need specific guidance as to where to turn for answers to certain questions; in others, the client will know a great deal more than the corporate law clerk and the lawyer about the specific area of operations and any licensing or regulatory bodies to be consulted in the start-up or ongoing phases of operation.

The discussions that follow are brief and intended to raise awareness of some of the concerns involved, as a detailed and exhaustive elaboration is beyond the scope of this text. They will, however, give a glimpse into the involvement of every level of government in regulating business and not-for-profit organizations.

## Business Number

### **business number (BN)**

a core 9-digit number obtained from the federal government; expands to a 15-digit alphanumeric number when program account numbers (such as for HST, payroll deductions, corporate income tax, import/export, or charitable accounts) are obtained

The **business number (BN)** is used as an identification number with several levels of government and its agencies. It consists of a core 9-digit number but expands to a 15-digit alphanumeric number when program accounts are added (described below). The latter 6 digits consist of a 2-digit alphabetic program identifier followed by its 4-digit numeric reference number. It is obtained from the federal government, and in the case of a business or other entity in Ontario, in collaboration with some Ontario government offices. Businesses that require a business number must use the Business Registration Online (BRO) service maintained by the Canada Revenue Agency (CRA) at <<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/bn-ne/bro-ide/menu-eng.html>>. The CRA partners with the Ontario government's ONE-Source business registry service in this endeavour; information obtained by either of them is shared with the other. Although it is called a "business number," a not-for-profit organization will very likely register for this number as well, because the organization may collect and will pay taxes on goods

and services, and it may have employees. Where a not-for-profit organization applies to be designated as a registered charity, any business number it has already obtained is to be provided in the registration form.

The BN should not be confused with a **business information number (BIN)** assigned by the Ontario government at the time of registering a business name, such as when a registration is filed using Forms 1, 2, and 6 under the *Business Names Act*,<sup>1</sup> or Form 3 under the *Limited Partnerships Act*.<sup>2</sup> The BIN is provided following these registrations on the Master Business Licence (MBL), discussed below.

With a business number (BN), the following program accounts can be established, depending on the needs of the organization. Note that registering for the business number of any of the program accounts does not automatically register the business for the other program accounts. Each registration, although it uses some information in common with others, also has some very specific information requirements. The program accounts most frequently applied for are as follows:

*1. Goods and services tax (GST) / Harmonized sales tax (HST) program*

*account.* The GST/HST account number (with program identifier “RT”) is used to collect and remit HST (harmonized sales tax) and to claim input credits. The use of HST is not universal across Canada: only GST (goods and services tax) is charged in five of Canada’s provinces and in its three territories. However, in the remaining five provinces, including Ontario, HST, which is a combination of the 5 percent federal GST rate with the respective province’s retail sales tax rate, is paid by a purchaser. Because this text focuses on Ontario business and not-for-profit entities, we will refer to an HST account, rather than a GST/HST account. In Ontario, a 13 percent HST rate is currently chargeable on most goods and services, excepting those that are zero-rated, such as basic groceries and prescription drugs; monthly residential rental payments; childcare services; legal aid services; and most health, medical, and dental services. A point-of-sale discount of the Ontario portion of the HST (i.e., the provincial sales tax [PST] rate of 8 percent) is provided for items such as books, children’s clothing and footwear to a specified size, children’s car seats and car booster seats, diapers, qualifying food and beverages, and print newspapers.<sup>3</sup>

If the business sells its non-exempt goods or services outside of Ontario, even if the vendor business is located inside Ontario, it charges its customers the rate applicable in the customer’s delivery area.<sup>4</sup> For example, if a product was purchased through the website of an Ontario business, or even by phone or through its office, but was delivered to Calgary, the business would charge only 5 percent GST because there is no provincial component of the HST in Alberta. Sales entirely outside of Canada or to special-category purchasers, such as charities, are beyond the scope of this chapter and should be individually researched.

**business identification number (BIN)**

a nine-digit number found on the Master Business Licence, used for amendments, renewals, or cancellation of any previous registrations under the *Business Names Act*

<sup>1</sup> RSO 1990, c B.17.

<sup>2</sup> RSO 1990, c L.16.

<sup>3</sup> Ontario Ministry of Finance, “Harmonized Sales Tax (HST),” online: <<https://www.fin.gov.on.ca/en/tax/hst>>.

<sup>4</sup> Canada Revenue Agency, “Charge and Collect Tax – Which Rate to Charge,” online: <<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-which-rate.html>>.

If a business charges, collects, and remits HST to the government, it can also claim input credits for HST that it has paid on services and items it has purchased for the business. The input credit is offset against the amount due because the HST was collected from customers, in effect reducing the amount of money the business needs to pay from its accounts.

Businesses will be interested to know that they do not need to charge and collect HST if they are considered a small supplier, defined as a person whose revenue from worldwide taxable supplies (goods and services) was \$30,000 or less in a calendar quarter and over the last four consecutive calendar quarters, with the exception of a taxi or limousine operator, who must obtain an HST number and charge and collect HST even if annual revenue is lower than \$30,000. A small supplier who is unsure about whether they will achieve the threshold level of \$30,000 revenue can wait to obtain this HST account number until total revenues exceed \$30,000 in any one quarter, or cumulatively over four consecutive quarters. That is, upon starting a business, a small supplier may not need to register to obtain an HST account or charge, collect, and remit HST, but as the business grows, the duty arises to assume all of these responsibilities. Charities and public institutions can also be considered small suppliers where their gross revenue from donations, grants, subsidies, forgivable loans, and property income is \$250,000 or less in a calendar quarter and over the last four consecutive quarters, or their sale of taxable supplies is less than \$50,000 in the same periods.

2. *Payroll deductions program account.* The payroll deductions account number (with a program identifier "RP") is used when the operation has employees. In that situation, statutory payroll deductions, including income tax, employment insurance premiums, and Canada Pension Plan contributions, are taken from the employee's pay by the employer and held in trust on that employee's behalf. The payroll account number is used by the employer to remit the deducted amounts to the government so that they are easily tracked and can be referenced when the employee files their own income tax return or applies for employment insurance or for funds under the Canada Pension Plan.<sup>5</sup>
3. *Corporation income tax program account.* The corporate income tax account number (with program identifier "RC") is, as the name suggests, required only by corporations, which must pay taxes on their taxable income as a separate entity. This number is not applicable to sole proprietorships, nor to partnerships, including limited partnerships, as individual sole proprietors or partners use their personal social insurance numbers to report their share of the net income from the business as a part of their personal income, even though their proprietorship or partnership will use the business number for HST, payroll, and import/export activities.

Where a for-profit corporation is incorporated federally or in a number of provinces or territories, including Ontario, a business number and a corporate tax number is issued automatically when the certificate of incorporation is issued.

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<sup>5</sup> For more particulars on when a business or not-for-profit entity must obtain a payroll account number, see <<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/find-if-make-payroll-deductions.html>> and <<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll.html>>.

4. *Import/export program account.* The number associated with this account (with program identifier “RM”) is important for a Canadian operation that either imports materials or products into Canada or exports its products to other countries. The number greatly assists the process of dealing with the customs documents arising from either of these processes. For more details, see <<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/import-export-program-account.html>>.
5. *Information returns program account.* The number associated with this account (with program identifier “RZ”) is needed by administrators of financial programs, such as banks or trust companies, that issue information slips and file returns for reporting income tax, including interest or investment income (T5) information slips, and registered retirement savings program (RRSP) contribution slips.
6. *Registered charity program account.* On successful registration as a charitable organization, a number (with program identifier “RR”) is assigned for use in filing various returns. If you have conducted a search of a charitable organization in CRA’s List of Charities, you will find that the charity has been assigned a 9-digit BN with an RR program identification number and a 4-digit reference number.
7. *Employer health tax account (Ontario).* This account number (with program identifier “TE”) is obtained by an Ontario operation with employees through the Business Registration Online service, or by calling or visiting an Ontario Ministry of Finance tax office, or visiting a ServiceOntario location. The employer health tax is paid on the basis of the size of the total payroll for Ontario employees of the operation, with an escalating exemption amount. For example, it was scheduled that in 2020, no employer health tax would be payable on the first \$490,000 of total annual Ontario payroll where the operation has a payroll of up to \$5 million per year.<sup>6</sup> (As noted in the footnote below, this exemption amount was temporarily increased for 2020 during the COVID-19 pandemic to the first \$1 million of payroll for a business having a total payroll of \$5 million or less.) The account number, provided by Ontario’s Ministry of Finance, is used by the operation to file its required payments and to report and balance amounts due following the end of its fiscal year.

Another account routinely applied for, particularly where the operation will have employees, is the *Workplace Safety and Insurance Board (WSIB)* account. Obtained through the agency’s website at <<http://www.wsib.on.ca>>, this type of coverage is mandatory for most Ontario operations that employ workers and is available to cover expenses and a portion of income lost when an employee is hurt on the job. Registration must be made within ten days of hiring the first worker, and employer premiums are remitted using the account number obtained on registration. While the registration for this account is not made using the BRO service, the business number obtained through BRO must be provided in a WSIB account application.

<sup>6</sup> Ontario Ministry of Finance, “Employer Health Tax,” online: <<https://www.fin.gov.on.ca/en/tax/eht/index.html>>. Note that there was a temporary increase in the upper payroll limit exemption amount during the COVID-19 pandemic, noted on the web page during that time.

## BUSINESS NUMBER REGISTRATION FOR CHARGEITUP!

Alice Kaltush registered her sole proprietorship under the provisions of the *Business Names Act* using the name “ChargeItUp!” She also applied for a business number through the Business Registration Online site. In making this application, Alice is confident that the business soon will have revenues of more than \$30,000 in four consecutive quarters and will have at least one part-time employee within a matter of weeks. She would like to have an import/export licence with the expectation that she will be able to export her product beyond Canada’s borders.

On registration, Alice is provided with the following numbers for ChargeItUp!:

- business number: 987654321
- HST account number: 987654321 RT0001
- payroll deductions account number: 987654321 RP0001
- import-export account number: 987654321 RM0001

(No corporate income tax account number can be issued to ChargeItUp! because it is a sole proprietorship.) When ChargeItUp! begins to have employees, an employer health tax number and a WSIB account number would be obtained.

Note: When ChargeItUp! changes its business form from a sole proprietorship to a partnership or a corporation, ChargeItUp! Incorporated, the accounts involving the business number 987654321 will be surrendered and new numbers issued for the corporation. Reconciliations will be done with respect to each of the accounts operated under the sole proprietorship, with appropriate extra payments being requested or refunds being issued.

If ChargeItUp! had charitable rather than business purposes and programs, the charitable registration number assigned to it for use on donation receipts would be 987654321 RR0001.

### Master Business Licence (MBL)

proof of registration of the business name under the *Business Names Act* with the bank and other governments or entities; contains the business identification number (BIN) and is obtained from the Ontario Ministry of Government and Consumer Services

## Master Business Licence

Although it sounds similar to the business number just discussed, a **Master Business Licence (MBL)** is obtained from the Ontario Ministry of Government and Consumer Services when a registration is made under the provisions of the *Business Names Act*.<sup>7</sup> The MBL specifies the registration date and an expiry date, which will be five years following the registration date, as well as a nine-digit business identification number (BIN), which is different from the nine-digit BN number issued by the federal government. The Master Business Licence may be used as proof of registration of the business name with the bank and other governments or entities requiring that information, and the BIN provided with the licence is then used for amendments, renewals, or cancellation of any previous registrations.

<sup>7</sup> RSO 1990, c B.17.

# The Ontario Business Registry

The Ontario government plans to begin an Ontario Business Registry, which will manage an online profile for any operation, including one that is not-for-profit, that is registered, incorporated, or licensed to carry on business in Ontario, including all businesses filing under the *Business Corporations Act*, the *Business Names Act*, the *Corporations Act*,<sup>8</sup> the *Corporations Information Act*,<sup>9</sup> the *Extra-Provincial Corporations Act*,<sup>10</sup> and the *Limited Partnerships Act*. Information about this registry may be found at <<https://www.ontario.ca/page/ontario-business-registry>>, and one may register on a linked page using their BIN or Ontario corporation number to obtain more information as the registry progresses in its operations. The registry proposes to offer a range of self-service options, including registering or incorporating a business, updating information about a business, and filing notices and other documents.<sup>11</sup>

## Business Licences

Many businesses require an array of licences and permits from various government levels. For example, if someone wished to open a café in Toronto, they would need to obtain a business licence from the municipality, which requires them to do the following: submit their business form registration documents, identification, criminal reference checks, proof of ownership or lease of the space that is to be used for the café operation; demonstrate compliance with the zoning of the restaurant space (discussed later in this chapter); provide proof that their staff have undergone food handler training; and ensure that their establishment meets all requirements related to kitchen set-up (including number and distancing of sinks for food preparation, cleanup, and storage), washroom availability, and garbage and waste collection availability. Additionally, there may be a need for sign permits, a boulevard café permit if outdoor space is intended, municipal approval for a liquor sales licence, the liquor sales licence itself from the Alcohol and Gaming Commission of Ontario, a SOCAN licence for performing music, elevator permits if applicable, and the potential of many more requirements as well as inspections from public health officials on a regular basis. If a renovation is intended before opening, building permits, inspections, and electrical and plumbing permits will be among the items needed. Most of these permits and licences require the filing and review of many documents, as well as inspections both at the outset of the licensed activities and/or on a regular basis thereafter.

Future business owners shouldn't think that if the business is one that primarily operates on a mobile basis, it is relieved from obtaining a licence because it has no storefront for its customers to visit. For instance, driving schools, food trucks, snow plow contractors, and itinerant (door-to-door) sellers all need licences to operate their businesses in Ottawa, separate from a provincial vehicle licence plate and motor

<sup>8</sup> RSO 1990, c C.38.

<sup>9</sup> RSO 1990, c C.39.

<sup>10</sup> RSO 1990, c E.27.

<sup>11</sup> ServiceOntario, "Ontario Business Registry," online: <<https://www.ontario.ca/page/ontario-business-registry>>. Note that although the web page indicates that this service will be available to not-for-profit organizations, its subsequent references refer to businesses.

vehicle licences, including commercial vehicle operator licences, where applicable, for any vehicle operators.<sup>12</sup>

In many cases, these business licences, as distinct from professional and personal licences such as a licence to practice law, medicine, or dentistry, or to drive a car, can be sold or transferred with the business, as long as the new owner complies fully at the time of transfer and afterward with the licence requirements, which can include premises inspection or vehicle and equipment certification to ensure safety and cleanliness for the health of the customers and staff.

Generally, fees are payable for these licences. These fees may be charged at the issue of the licence only, or for a certain renewable period of time, or as an annual fee, or any combination of the foregoing. These fees are, for the most part, used to pay staff and operate the departments that review and approve the applications and do routine inspections to ensure compliance with the **regulations** governing the type of business. For example, we all benefit from regular inspections of restaurants by municipal health department officials to ensure that food handling and storage safety regulations, many of which are provincial, are obeyed. A business owner will want to comply with all reasonable and valid regulations in order to maintain the reputation of the business and to avoid having to pay fines for not following such regulatory requirements.

Some operations require licensing or permits at a provincial or federal level. An exterminator who uses pesticides needs a licence from the Ontario Ministry of the Environment, Conservation and Parks.<sup>13</sup> The proposed operator of a gravel pit or quarry will need to apply to the Ontario Ministry of Natural Resources and Forestry for permits.<sup>14</sup> An applicant for a private radio station will need a frequency from Innovation, Science and Economic Development Canada and a licence from the Canadian Radio-television and Telecommunications Commission to operate an over-the-air broadcasting station in Canada.<sup>15</sup>

The federal government has collaborated with most provinces and territories, and with many municipalities, to create a resource to assist interested parties in discovering what sorts of permits and licences will be required according to the type of business and the city or municipality in which the business will be conducted. The BizPal service may be found online at <<https://services.bizpal-perle.ca>>. Any interested party should be able to use this site for information across Canada. Although this is a useful resource, a business must also conduct its own due diligence to ensure that the business is fully compliant with all needed licences and permits.

### **regulations**

rules made under the authority of a statute

12 City of Ottawa, "Businesses That Require a Municipal Licence," online: <<https://ottawa.ca/en/business/business-assistance-and-growth/permits-licences-and-applications-laws-and-garbage/business-licences#businesses-require-municipal-licence>>.

13 Ontario Government, "Pesticide Licences and Permits," online: <<https://www.ontario.ca/page/pesticide-licences-and-permits>>.

14 Ontario Government, "Application Standards for Proposed Pits and Quarries," online: <<https://www.ontario.ca/page/application-standards-proposed-pits-and-quarries>>.

15 Canadian Radio -television and Telecommunications Commission, "How to Apply for a Broadcasting Licence," online: <[https://crtc.gc.ca/eng/info\\_sht/b313.htm](https://crtc.gc.ca/eng/info_sht/b313.htm)>.

## Professional Licences

A lawyer cannot begin a practice in Ontario without being called to the Bar of Ontario, following that individual's completing a legal degree program with an accredited law school or program with a focus on common law, passing licensing examinations, completing an articling or law practice program, and providing proof of good character.<sup>16</sup> Additionally, a practising lawyer must carry errors and omissions insurance. Similarly, paralegals become licensed after graduating from a Law Society of Ontario–accredited paralegal education program, passing a licensing examination, and providing proof of good character; errors and omissions insurance is also required. Many other professionals require professional licences to practise in their fields in Ontario—for example, insurance brokers, travel agents, optometrists, and naturopaths. In each case, this type of licence is personal to the professional, and cannot be sold or transferred, and compliance with regulations, including additional filing and registration requirements, of the respective governing bodies is required.

## Employee Matters

Although matters related to employees do not fall squarely within the subject of licences and permits, it is helpful for a law clerk to be aware of some of the major issues related to employees that may be of concern to the law firm's clients.

As has already been noted, one of the program accounts that can be applied for when making an application for a business number is the payroll deductions account number, which is needed when an organization has employees. This number will be used to remit income tax, Canada Pension Plan contributions, and employment insurance premiums taken from the gross pay of each of its employees as well as any employer payments required under these programs.

As discussed in Chapter 1, legislators have taken steps by statute and regulation to protect employees. Business and not-for-profit operations with employees must adhere to the provisions of the *Employment Standards Act, 2000*,<sup>17</sup> which legislates matters for employees in Ontario, including minimum wage, overtime, and statutory holiday provisions, and vacation and notice of termination entitlement. An operations owner must also ensure that the workplace is safe for its staff as well as its customers. The organization must verify that each employee has taken at least a minimum level of training in the field of workplace health and safety awareness under the provisions of the *Occupational Health and Safety Act*,<sup>18</sup> after having provided opportunities to its employees to complete these requirements. Online programs that can be used for this purpose for both workers and supervisors are offered by the Ontario Ministry of Labour, Training and Skills Development: see <<http://www.labour.gov.on.ca/english/hs/training>>.

<sup>16</sup> Lawyers who are entitled to practise in other provinces that have signed the National Mobility Agreement or the Territorial Mobility Agreement and adopted regulatory provisions implementing the requirements of the Agreement may appear in Ontario courts. See <<https://lso.ca/lawyers/about-your-licence/manage-your-licence/lawyers-from-outside-ontario/mobility-and-inter-jurisdictional-faq#4-how-can-i-exercise-temporary-mobility-in-ontario—7>>.

<sup>17</sup> SO 2000, c 41.

<sup>18</sup> RSO 1990, c O.1.

**collective agreement**  
a written agreement between the employer and a union that represents some or all of the employer's employees; this collective agreement governs the employment relationship of those employees

**zoning by-law**  
passed by the municipality, controlling the use of land in its area; generally states how land may be used, where buildings and other structures can be located, the types of buildings that are permitted and how they may be used, and the lot sizes and dimensions, parking requirements, building heights, and setbacks from the street

**Ontario Building Code**  
a regulation that governs the construction, renovation, change of use, and demolition of buildings in Ontario

Unless a workplace has fewer than six workers, and depending on the size and type of operation, a joint health and safety committee or a health and safety workplace representative is required. These representatives must undergo certification training to recognize potential issues related to ensuring safety in the workplace. Other aspects of workplace safety include workplace violence and harassment. Under the *Occupational Health and Safety Act*, employers are required to prepare policies with respect to workplace violence and harassment and review them at least annually.

Separately, employees may also choose to unionize, in which case a **collective agreement** is entered into between the employer and the union that represents the employees. Non-unionized employees frequently enter into individual written contracts of employment with their employer; if not, the common law and statutes such as the *Employment Standards Act* apply.

## Location and Municipal Permit Considerations

Where the organization is to operate from industrial, commercial, or even institutional premises, such as a factory, store, warehouse, or office, the owner must ensure that the nature of the business being carried out in that location is permissible according to the **zoning by-laws** established by the municipality. For example, neither an auto body shop nor a manufacturing facility can generally operate out of a garage attached to or beside a house in a residential neighbourhood. Once the owners are confident that the business is permissible within the municipal by-laws, any renovations of the premises must be undertaken in accordance with the **Ontario Building Code**,<sup>19</sup> as well as according to the by-laws and regulations related to the type of business being conducted. For example, the regulations to Ontario's *Child Care and Early Years Act, 2014*<sup>20</sup> require licensed childcare centres to have outdoor play spaces of minimum sizes, indoor play activity space, and play activity rooms separated according to the number and age of children attending the facility. Planning by-laws will set out requirements regarding the number of parking spaces for the size of the organization's operation and will vary depending on the nature of the operation. For example, a grocery store, restaurant, or shopping mall will generally be required to provide more parking spots per square foot of floor space than would a factory or warehouse.<sup>21</sup>

In general, the type and size of signs that can be used by an operation are under the jurisdiction of the municipal level of government. Safety is the major concern in making regulations in this area—is the sign too large or too close to the road for drivers to see pedestrians and other cars? Is it distracting because it is animated or can only be read for two seconds before changing? Does it pose a hazard by sitting in the middle of the sidewalk or hanging low from above? Does it advertise a business promotion on city land? Where an organization wishes to use a roadside sign or temporary signage, most municipalities require a permit to be issued.

19 O Reg 332/12.

20 SO 2014, c 11, Schedule 1.

21 For an example, see City of Ottawa, "Section 101 - Minimum Parking Space Rates," online: <<https://ottawa.ca/en-living-ottawa/laws-licences-and-permits/laws/law-z/planning-development-and-construction/maps-and-zoning/zoning-law-no-2008-250/zoning-law-2008-250-consolidation/part-4-parking-queuing-and-loading-provisions-sections-100-114#section-101-minimum-parking-space-rates>>.

Businesses that wish to carry on their operations from carts, stands, or other locations not in a building must obtain a permit from the municipality, which will consider whether the structure will obstruct pedestrian traffic or drivers' lines of vision.

## Fire Safety Regulations

Most buildings or areas occupied or used by a business or not-for-profit organization will require a fire safety plan prepared under the provisions of the *Fire Protection and Prevention Act, 1997*<sup>22</sup> and the requirements of the fire department for the municipality in which the operation is located.<sup>23</sup> The fire safety plan, shared with the municipality and its fire department, sets out the evacuation paths and meeting places in the event of heavy smoke or fire, and it details the personnel who are responsible to implement plans for training and drills among staff, volunteers, and persons who will occupy and could be present on the premises, such as children for a daycare centre or a camp. This fire safety plan is often located in a prominently marked box near an entrance to the main facility, and it usually outlines the type and location of appropriate smoke and carbon monoxide detectors, security alarms, fire extinguishers of various types, exhaust fans, emergency lighting, and automatic door closures to reduce the spread of any fire to other areas of the building. Annual inspections of alarms, detectors, and extinguishers are required, and full records must be maintained on site.

## AODA Requirements

The *Accessibility for Ontarians with Disabilities Act, 2005*,<sup>24</sup> (AODA) mentioned in Chapter 1, applies to all levels of government and public and private sector organizations, including business, service, and not-for-profit organizations, and sets out standards with a goal for the entire province to become fully accessible to people with disabilities by the year 2025. Disabilities can be more or less apparent, or even invisible, to others and can include physical or mobility challenges; visual, hearing, or speech impairment; mental health challenges; learning or intellectual development issues; brain injury; epilepsy; or reliance on external aids such as service dogs, canes, walkers, and wheelchairs. No doubt you have already taken training in at least one of the AODA standards, which mandate how organizations must remove and prevent barriers for people with disabilities; these standards are in the areas of customer service, information and communications, transportation, employment, and design of public spaces. And you have likely observed the construction of ramps to buildings that are challenging to those with mobility issues; the welcoming of assisting individuals and service animals; messages on websites that offer enhanced services or options to those who are visually impaired; and encouragement to provide feedback to the organizations in their efforts to assist. Depending on the size of the organization, policies are to be made and regular compliance reports completed and filed with the Ontario government concerning steps being taken by the organization towards achieving accessibility goals. The principles to be borne in mind in creating policies and the

<sup>22</sup> SO 1997, c 4. See in particular the *Fire Code*, O Reg 213/07, under that Act.

<sup>23</sup> See the template for a fire safety plan for the City of Kitchener online at <[https://b68a5750-c769-4e7d-92eb-469ca8120bb3.filesusr.com/ugd/7ffdfd\\_04262b75e5aa4b17b07fca3dc6148c7d.pdf](https://b68a5750-c769-4e7d-92eb-469ca8120bb3.filesusr.com/ugd/7ffdfd_04262b75e5aa4b17b07fca3dc6148c7d.pdf)>.

<sup>24</sup> SO 2005, c 11.

environment in each organization are dignity, independence, and equality to all who work, volunteer, enter, and partake of the services offered by the organization.

## Intellectual Property Considerations

Intellectual property is an area of law that is concerned with the protection of ideas. Specific types of protection include copyright (such as for music, books, plays), trademarks (for logos, coined words, phrases, or sounds), patents (for formulas, scientific processes, drugs, ideas, recipes), and industrial design (for equipment, furniture, packaging), but there are others—circuit board topography, for example. The realm of innovation and ideas, particularly with rapid technological advances, has made this area of law and rights seemingly limitless, and as a result, the systems are often criticized for failing to provide appropriate mechanisms for the registration, protection, and enforcement of rights.

This area of law, under federal legislation, is specialized, and clients will often have to seek the advice of law firms that have patent and trademark agents on their staff. Chapter 2 discussed some of the techniques for protection and particularly use of some of these assets by non-owners—for example, franchise and licensing arrangements. Agreements in this field provide well-defined rights of use (on the basis of time, geographic area, and purpose) of registered trademarks or patents, in exchange for royalty and other payments and promises to maintain quality and the good name of the trademark or design and its owner. A thorough discussion of trademarks, their meaning, registration, and protection can be found in Chapter 6.

## Insurance

Persons starting and operating a business or not-for-profit operation in Ontario should consider the types of insurance available for their business.

Organizations should seek advice from an **insurance broker** or **insurance agent** who is knowledgeable about commercial risks. Among the types of insurance to be considered are:

- property coverage for any building(s) owned or rented;
- content coverage for fire, theft, flooding, and other perils against the equipment and furnishings;
- vehicle insurance for a fleet or other vehicular equipment, and for the liability of any action on the part of a driver;
- commercial general liability for injuries occurring on or from the premises for a wide range of reasons;
- product liability insurance for injury or damage arising from a defective product designed or manufactured by the insured;
- business interruption insurance, designed to provide a stream of funds if an insured event prohibits the operation from continuing its work for a period of time;
- key person life or disability insurance in the event that an individual who is fundamental to the operations of the entity dies or is unable to contribute to that business for a period of time; and

**insurance broker**

a broker who acts for the client in arranging insurance coverage with one or more insurance companies

**insurance agent**

an agent who acts for the insurance company when arranging insurance coverage for a customer

- life insurance and extended health benefit plans, which could include prescription, dental, vision, and other professional health care, as well as disability coverage, for employees.

As operations gain in size and complexity, businesses frequently purchase forgery coverage and, where the business or not-for-profit is operated in the corporate form and its by-laws permit, directors' and officers' liability coverage. The latter is frequently purchased to provide funding to an individual who has been sued in his or her capacity as a director or an officer, so long as the individual being sued has acted honestly, in good faith, and with a view to the best interests of the organization while maintaining a reasonable level of oversight in the organization's activities.

## Risk Management Planning

Even with insurance, businesses and not-for-profit organizations will want to give attention to making plans for emergency situations. Until early 2020, we might have considered the most obvious Ontario examples of emergencies to be fire, break-ins, gas leaks, explosions, flooding, ice storms with resulting power losses, and malware attacks. With the COVID-19 pandemic, we have faced a new level of emergency for which so many of us were unprepared. While it is impossible to predict every type of catastrophe, and to think ahead to acquire business interruption insurance to cover each possible situation, careful thought should be given to ensuring that emergency and contingency plans are in place for a variety of situations and are particularly suited to the organization, its staff, clients, volunteers, and program participants.

To devise these plans, an organization should identify the biggest risks it is likely to face. Next, it should consider the likelihood of each of these risks occurring and the impact that such an emergency would have on the operations. Such impacts could fall on a spectrum, depending upon the severity of the emergency; for example, a tornado could destroy the property on which an organization's operations take place, or it could sweep through the region, resulting in an electrical power outage at the organization for two days. Plans should then be devised for those risks with the highest likelihood of occurrence and of greatest impact to the organization. These plans should contain specific steps to be taken, with contingencies for various grades or stages of the emergency; identify those who are in charge of watching for the risk and operationalizing the plan's steps should the emergency occur; ensure that needed equipment continues to be in place and in proper condition, including properly charged batteries, where relevant; and schedule a regular training and update program for staff, volunteer, and program participants, outlining the steps to be taken in the event of the emergency. Regular review of the resulting plans should be scheduled to update their relevance to the organization in light of any changes the organization has made in terms of its evolving goals and purposes; substituting and training alternate responsible individuals, where needed; and seeing whether there have been changes in the nature of the facility or equipment, including technology and available solutions, to deal with a particular emergency, if it still poses a significant risk.

At a minimum, any organization, including a law firm, will want to ensure that a comprehensive listing of appropriate emergency numbers and designated individuals within the organization who are tasked with responding to a given emergency, along with their backups if the first-listed persons are not present, should be prepared in

advance and made available throughout the organization in a number of formats so that it may be immediately accessed when needed. This list should include individuals within the organization with first aid and cardiopulmonary resuscitation (CPR) training, or individuals should be assisted to receive this training, along with regular updates and renewals.

It will also be important to make and execute a plan to protect the organization's most important physical assets, including records, using fire and waterproof boxes, safes, and enclosures; making scans or facsimiles of critical documents and storing these offsite; making backups of all network drives at least daily and moving at least one copy offsite, exchanging it with an updated copy on at least a weekly basis; and ensuring that there is protection in place on network and other technology to reduce the chance of cybersecurity attacks.

A contingency that moved into the front line in early 2020 was the creation or implementation of plans for conducting operations offsite if needed for a period of time, taking into consideration the needs for communicating with clients, providers, and each other in a safe and secure manner.

Although the risk management planning process may be time-consuming, particularly for a business or not-for-profit already operating at full capacity to meet its goals and purposes, it is needed for the protection of individuals and the operation when a critical event may occur.

# CHAPTER SUMMARY

Whatever the form of entity chosen, there are many matters to be considered in the start-up and ongoing operations and growth of a business or not-for-profit organization in Ontario, full particulars of which are beyond the scope of this text. A broad range of legislative and regulatory requirements has been brought into place in an attempt to protect customers, employees, members of the public, and society as a whole who might be affected by the actions or planning (or failure to take needed steps) of an overzealous manager who may have overlooked how their actions could affect others. Doing more than the minimum will positively affect the reputation and goodwill of the organization.

Remaining informed about the laws and regulations in the relevant topical and geographic areas of its operation,

ensuring that an organization is in full compliance with any applicable laws and regulations, and remitting reports, deductions, and taxes collected requires a great deal of administrative time on the part of the business owner or board of directors of either a business or a not-for-profit organization. These individuals might rather spend their time and creative energies on the entity's operations, designing new products or services, marketing them, or expanding a business, activity, or programming area. However, taking continuous and proactive steps to comply with regularly changing and extended requirements is needed in order for the organization to remain operational, the owners and directors to be free of fines and charges, and, most importantly, the organization to achieve and maintain its good reputation in the eyes of the public.

## KEY TERMS

business identification number (BIN), **17:2**

business number (BN), **17:2**

collective agreement, **17:10**

insurance agent, **17:12**

insurance broker, **17:12**

Master Business Licence (MBL), **17:6**

*Ontario Building Code*, **17:10**

regulations, **17:8**

zoning by-law, **17:10**

## REVIEW QUESTIONS

1. What types of laws and regulations must an Ontario organization that hires employees take into consideration?
  2. What types of insurance might Alice consider for her ChargeItUp! business?
  3. Indicate whether the following statements are true or false and provide a reason for your answer.
    - a. A business number can be issued only to businesses carrying on business with a view to making a profit.
    - b. A business can locate itself wherever it wishes in a municipality.
    - c. A business identification number (BIN) issued as part of a Master Business Licence is the same as a business number (BN).
  4. Identify the level of government that deals with licences and permits for the following:
    - a. trademark registration
    - b. operating a childcare centre
  - c. the placement of a portable sign beside a roadway
  - d. operating a radio station
5. a. Think of a type of business you, a family member, or friend might be interested in operating, other than one described in this chapter. Using online services available, determine what types of licences will be needed to operate that business and who one would contact to apply for the licences.
  - b. For this same business, think of the threats or risks that might arise in relation to its operations, and list the type of contingency or emergency plans that should be considered.
  6. If, in your position as law clerk in a law firm, you were asked to sit on a risk management task force, what would you suggest would need to be considered?

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