

Building your Future in British Columbia, Canada



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Trading Companies in British Columbia

Provincial Guidelines for the Removal of Entrepreneur Terms & Conditions

Trading Companies

Export trading is a substantial business in British Columbia. Last year, approximately \$26 billion worth of goods originating from this province were exported to customers in international markets. While many of these goods were exported directly by the producers, an important role was played by trading companies which brought suppliers together with foreign customers. With the consistent growth of the economy, many new trading houses have grown up in British Columbia in recent years.

Concerns of Entrepreneur Immigrants

Investing in a trading company can cause many difficulties for an entrepreneur immigrant wishing to remove his or her terms and conditions. For a number of reasons, general guidelines provided in this paper have been designed to address this industry and the following intentions in particular:

- That a trading business will have a high probability of continuing after terms and conditions have been removed.
- That a trading company develop sufficient business activity & revenues to require full-time employee.
- To define trading activities which create a clear benefit to the economy.
- To distinguish company revenues for the total amount of a trade.
- To address the current trend towards home-based business.

Provincial Guidelines

The following guidelines have been established for the removal of terms and conditions for trading companies in British Columbia. Any entrepreneur operating a trading company which meets these guidelines will have the support of the Government of British Columbia's Business Immigration Branch for removal of terms and conditions. To obtain this support, an entrepreneur¹ operating a trading company, in addition to:

- 1) creating or continuing employment for at least one Canadian, other than the entrepreneur or his/her family, and;
- 2) actively participating in the management of the business, and;
- 3) operating from business premises (not home-based), must:
- 4) produce sufficient annual revenues² from export activity³ to support two families, that of the entrepreneur and that of the employee. This amount is currently calculated to be a minimum of \$75,000. Details of the calculation follow.

Average income for B.C. residents employed full time earning at least minimum wage, from Statistics Canada's last census in 1993 = \$38,277 per year.

Minimum revenue = 2 x (average income)

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Minimum revenue = \$75,000 (rounded from \$76,554)

- ¹ This set of guidelines must be met by each entrepreneur immigrant involved in the business and requesting the removal of terms and conditions.
- ² Only actual income received by a trading company from a transaction may be counted as revenue as this is the only amount earned and available to pay overhead, salaries and other expenses. The practice of counting the full price paid by the purchaser of the goods as sales revenue, when the trading company receives only a small percentage as a fee or commission, is misleading.
- ³ Exporting Canadian goods meets the test of clearly and unambiguously creating benefit to the economy. Importing goods to Canada does not meet this test, nor does trans-shipping goods between other countries. Only the revenue from the export of Canadian goods will be counted in this calculation.

Note: The calculation of minimum revenues provides some latitude in the amount of salary the owner and employee will receive since operating expenses for the business have not been included in the equation. Normal office overheads would reduce the amount of income available to an entrepreneur or his/her employee.

Example:

As an example, an entrepreneur operating a trading company which earned an average fee or commission of 15% of the value of the goods traded, in addition to meeting requirements 1,2 and 3 above, would need to trade \$500,000 worth of goods each year to earn the necessary revenues of \$75,000 ($\$500,000 \times 15\% = \$75,000$). Similarly, a company which earned an average fee or commission of 8% would need to trade \$937,500 worth of goods each year to reach the same level of revenue.