

Annex: Modernizing the Definition of Canadian-owned-and-controlled – Proposed Changes highlighted in yellow

The following tables outline the Canada Music Fund’s current definition of what constitutes a Canadian-owned and -controlled firm and a Canadian not-for-profit organization or association and the proposed changes (highlighted in yellow) that would be put in effect on April 1, 2023.

Definition: Canadian-owned and -controlled FIRM	
Current	Proposed Changes Starting April 1, 2023 – new wording highlighted in yellow
a) that is a sole proprietorship, partnership, cooperative or corporation established under the laws of Canada or a province;	No change
b) whose activities are based primarily in Canada;	No change
c) whose firm’s headquarters is based in Canada;	No change
d) whose chairperson or presiding officer and more than half of whose directors and other similar officers are Canadian;	whose chairperson or presiding officer and more than 75% of whose directors and other similar officers are Canadian; or permanent residents within the meaning of the <i>Immigration and Refugee Protection Act</i>;
e) if a corporation with share capital, of which Canadians beneficially own or control, other than by way of shares held only as security, directly or indirectly, in the aggregate at least 50 per cent plus 1 of all the issued and outstanding votes;	if a corporation with share capital, of which Canadians beneficially own or control, other than by way of shares held only as security, directly or indirectly, in the aggregate at least 75% of all the issued and outstanding votes;
f) if a corporation without share capital, of which Canadians beneficially own or control, directly or indirectly, interests representing in monetary value at least 50 per cent plus 1 of the total value of the assets;	if a corporation without share capital, of which Canadians beneficially own or control, directly or indirectly, interests representing in monetary value at least 75% of the total value of the assets;
g) if a partnership, trust or joint venture, of which a Canadian or Canadian corporation or any combination of the two, beneficially own or control, directly or indirectly, interests representing in value at least 50 per cent plus 1 of the total value of the assets of the partnership, trust or joint venture, as the case may be, and of which the Chairperson or other presiding officers and more than half of the directors or other similar officers are Canadian.	if a partnership, trust or joint venture, of which a Canadian or Canadian corporation or any combination of the two, beneficially own or control, directly or indirectly, interests representing in value at least 75% of the total value of the assets of the partnership, trust or joint venture, as the case may be, and of which the Chairperson or other presiding officers and more than half of the directors or other similar officers are Canadian.
	NEW 75% of its employees must be based in Canada. Note: The Canada Revenue Agency indicates that an employee could carry out their duties in Canada or outside of Canada, as long as the employer treats them as a Canadian employee for tax purposes.
If at any time one or more persons that are not Canadian have any direct or indirect influence through a trust, an agreement, an arrangement or otherwise that, if exercised, would result in control in fact of the firm, the firm is deemed not to be Canadian-owned and-controlled.	No change

Canadian non-profit organization or association	
Current Definition	Proposed Changes starting April 1, 2023 – new wording highlighted in yellow
An organization registered or incorporated in Canada under federal or provincial statutes.	No change
A non-profit organization whose activities are based primarily in Canada and over half of the members and administrators are Canadians.	<p>A non-profit organization whose activities are based primarily in Canada and at least 75% of the members are Canadian. At least 75 per cent of the administrators of its Board of Directors must be Canadian. Any sub-group of the Board of Directors with decision-making powers (i.e. Executive Committees) that act on behalf of the Board must also consist of at least 75% Canadians.</p> <p>Further, at least 75% of member seats of its Board of Directors and any sub-groups with decision-making powers, must be reserved for Canadians representing Canadian-owned companies and organizations.</p>
“Canadian organization” excludes any organization controlled by a non-Canadian person or entity, such that there is direct de facto control, by virtue of stock ownership, or indirect de facto control, through a trust, agreement, accord or other instrument.	No change