

## **WHY COMING TO CANADA IS YOUR BEST INVESTMENT and**

### **Why Indian company should set up presence in Canada.**

If you are an Indian/foreign company interested in the U.S. market, here are some excellent reasons to set up your manufacturing and research in Canada.

- Research & Development Tax Credit Program. This is a program supported by both the Federal Government and the Government of Quebec which allows companies to reclaim a total of 70% of their R & D expenditures, including an allowance for overheads and materials used in that R & D.
- Economic Development Corporation, is another financial support program from the Canadian government. There are several aspects to this program , however the crux of it is this, EDC will for the cost of 1% of your invoice price to your foreign customer, insure your receivable up to 90% of its value. In other words, if your foreign client does not pay you what they owe, the Canadian government does. EDC also will take equity positions on deals between Canadian companies and Foreign ones.
- Another program, allows you to visit trade shows and reclaim 50% of all your costs including air fare, hotels, meals, and car rentals.
- Another program will pay up to 50% of the cost of bringing foreign buyers to Canada to visit your facilities and meet with you.
- NAFTA under this free trade agreement, Canadian manufactured goods can go into the U. S. duty free. It should also be noted that for a product to be classified as Canadian, 60% of the cost of that product must come from Canada. Now take the case of an electronics company. Components are purchased in the Pacific rim and imported to the Canadian corp. that assembles, tests and packages the product for sale in the U.S. The components are often in expensive and will fall into the 40% cost of product category, allowing the finished product to be deemed as "Made in Canada" and therefore fall under NAFTA.
- Setting up a factory in Canada. Under a program with the DBC or BDC ( Development Bank of Canada ) a company can get up to a 90% mortgage for the building of a plant. Local areas outside of say Montreal, will often have development programs that offer a company , free cost of city services to the new plant, low or no taxes, or tax holidays and other incentive programs for the new company to locate their manufacturing center in these cities.
- The Canadian dollar verses the U.S. dollar. Currency differences in favor of the U.S. dollar have fluctuated between 45-25% . This is just another financial incentive to companies dealing in the U.S. market place. Your cost of manufacturing is in Canadian dollars and you sell in U.S. The exchange is just another addition to your bottom line.

### **THE BOTTOM LINE**

Canada has over 1000 types of grants, from small business loans, to R & D programs, to Export Development and Medical Research. Canada is one of the best kept secrets. It is

the one place on this planet where companies can have an edge over their competition. If you take advantage of all of the financial support programs, it can add immeasurably to your bottom line.



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