

**Four Things you Absolutely Need to Know about**

# **Establishing an MLM Business in Canada**

**Presented at the MLMIA's Annual Conference**

March 24, 2007: Las Vegas, NV

**W. JACK MILLAR**

[wjm@taxandtradelaw.com](mailto:wjm@taxandtradelaw.com)

**ROBERT G. KREKLEWETZ**

[rgk@taxandtradelaw.com](mailto:rgk@taxandtradelaw.com)

**MILLAR KREKLEWETZ<sub>LLP</sub>**

**How you do it, *does* matter.**

# Correct Corporate / Tax Structuring

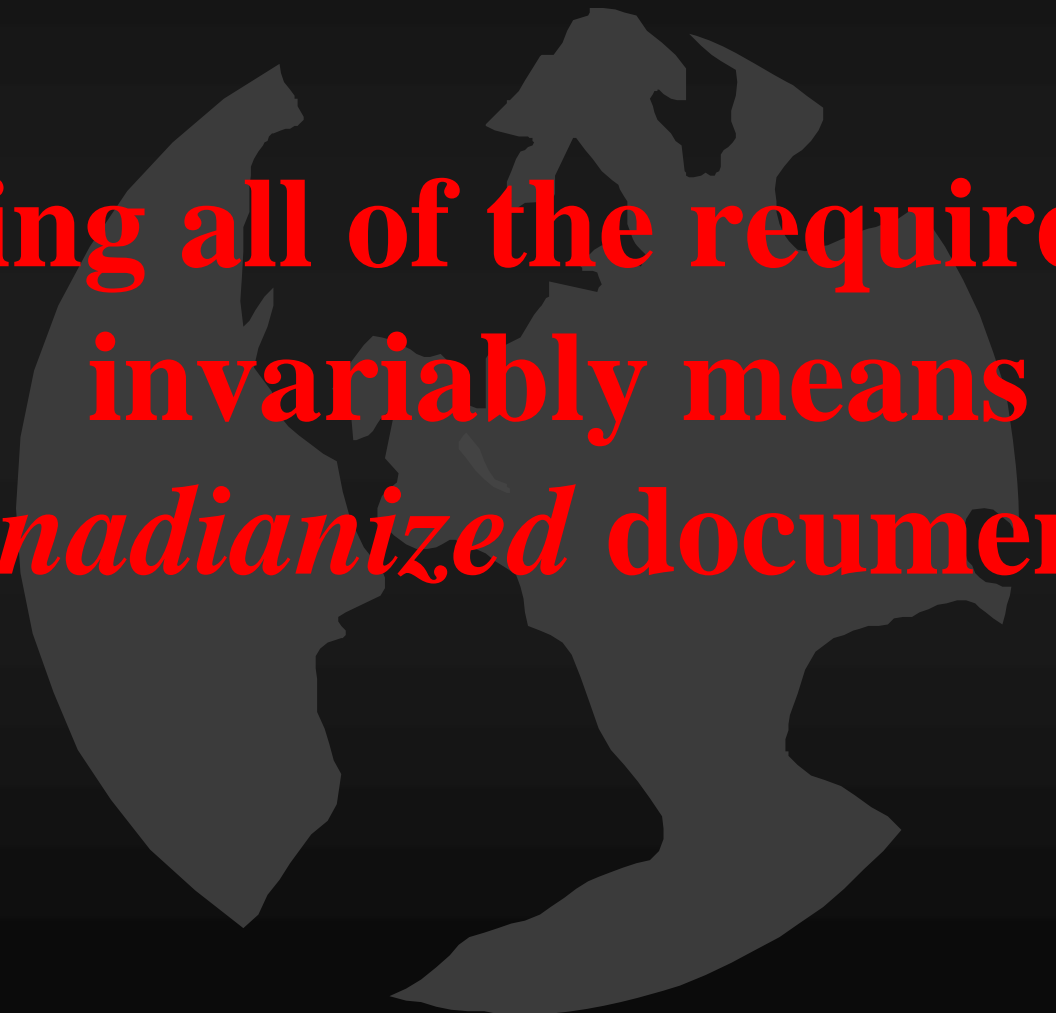
- **Options:**
  - ▶ **Using Only ISCs in Canada**
  - ▶ **Using Branch or Sales Office**
  - ▶ **Full Corporate Subsidiary**
- **Income Tax /Customs Considerations Paramount**
- **GST & Sales Tax Considerations Follow**
- **Experience**



**Canadian-approved plans may be  
radically different.**

# Canadian Competition Requirements

- **Special Federally Mandated Regime**
- **Key Requirements:**
  - ▶ No payments to enter, maintain, advance
  - ▶ No payments for new recruits: *pay* for SALES volumes
  - ▶ Stringent requirements on Earnings Reps
  - ▶ Reasonable Buy-back Required
  - ▶ Reasonable relationship between price and product value
- **Experience**



**Meeting all of the requirements  
invariably means  
*Canadianized* documents !**

# Documentation Issues

- **Employee vs. ISC Issues**
  - **No IRC 3508 Deeming Rules**
  - **Tax Reporting Issues**
- **Provincial Registration Requirements**

# Other Legal Issues

- **Corporate Name Registrations**
- **Trademark Registrations**
- **Importation / Packaging & Labeling Issues**
- **Food & Drug Framework**
- **New Canadian Privacy Legislation**





**Canada really is  
a different country.**