



## Nova Scotia Unlimited Liability Companies

Establishing or acquiring a business in Nova Scotia? A Nova Scotia Unlimited Liability Company (NSULC) may be advantageous to you and your business.

### What is a Nova Scotia Unlimited Liability Company (NSULC)?

Created under the Nova Scotia Companies Act, an NSULC permits the incorporation of a company with no limit on the liability of its shareholders. The result is a hybrid entity – a taxable corporation for Canadian tax purposes and a flow-through entity for U.S. tax purposes. This allows for unique

opportunities in cross-border tax planning – making it even more attractive to U.S. investors with operations in Nova Scotia.

### How can Nova Scotia Business Inc. help?

Nova Scotia Business Inc. is the province's business development agency, an organization that works with companies to provide business solutions. If you're considering establishing or acquiring business in Nova Scotia, an NSULC may suit your business requirements. If you would like further information, we would be pleased to assist.

## Advantages of a Nova Scotia Unlimited Liability Company

An NSULC is useful in transactions for a company doing business in the U.S. or Canada and where a U.S. resident has a direct or indirect interest in the NSULC. The following are some examples of the benefits of using an NSULC:

- » A U.S. taxpayer may be able to use losses from its Canadian business as a deduction against its income for U.S. income tax purposes.
- » A U.S. taxpayer could use the NSULC to limit transfer pricing issues to Canada.
- » A U.S. individual could have a local corporate presence in Canada (avoids, among other things, the cumbersome Canadian branch tax calculation) while at the same time having the benefit of a flow-through entity for U.S. income tax purposes (e.g., an NSULC structure could be utilized by a U.S. individual so that he or she could use the NSULC's Canadian income tax as a credit against U.S. income tax; something a U.S. individual could not accomplish using a Canadian limited company).
- » NSULCs do not have residency requirements for directors of Nova Scotia companies. The board of directors may be comprised entirely of non-residents, allowing the company to appoint a board based on skill and ability rather than geography.



**Nova Scotia Business Inc.** is Nova Scotia's private sector-led business development agency. NSBI is the investment attraction arm of the province and helps businesses in Nova Scotia meet growth potential through advisory services, export development, financing and venture capital.

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