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Bill 38

An Act to amend the Business Corporations Act and the Real Estate and Business Brokers Act, 2002 with respect to personal real estate corporations

Mr. R. Bailey

Private Member's Bill

1st Reading October 3, 2018

2nd Reading

3rd Reading

Royal Assent



EXPLANATORY NOTE

The Bill amends the *Real Estate and Business Brokers Act, 2002* to permit a personal real estate corporation to be registered as a broker or salesperson. A personal real estate corporation must be incorporated as a professional corporation under the *Business Corporations Act* and be authorized only to trade in real estate.

In addition, the Bill amends the *Real Estate and Business Brokers Act, 2002* to permit a brokerage to pay commission or other remuneration to a personal real estate corporation that it employs as a broker or salesperson.

**An Act to amend the Business Corporations Act and the Real Estate and Business Brokers Act, 2002
with respect to personal real estate corporations**

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

BUSINESS CORPORATIONS ACT

1 Clause 3.1 (2) (b) of the *Business Corporations Act* is amended by adding the following paragraph:

3.1 *Real Estate and Business Brokers Act, 2002.*

2 Subsection 3.2 (2.1) of the Act is amended by adding “or “société personnelle immobilière”” after “société professionnelle”.

REAL ESTATE AND BUSINESS BROKERS ACT, 2002

3 (1) The definition of “broker” in subsection 1 (1) of the *Real Estate and Business Brokers Act, 2002* is repealed and the following substituted:

“broker” means an individual or personal real estate corporation that has the prescribed qualifications to be registered as a broker under this Act and that is employed by a brokerage to trade in real estate; (“courtier”)

(2) Subsection 1 (1) of the Act is amended by adding the following definition:

“personal real estate corporation” means a professional corporation as defined in subsection 3.1 (1) of the *Business Corporations Act* that satisfies the conditions set out in subsection (3) of this section; (“société personnelle immobilière”)

(3) The definition of “salesperson” in subsection 1 (1) of the Act is repealed and the following substituted:

“salesperson” means an individual or personal real estate corporation that has the prescribed qualifications to be registered as a salesperson under this Act and that is employed by a brokerage to trade in real estate; (“agent immobilier”)

(4) Section 1 of the Act is amended by adding the following subsections:

Personal real estate corporation

(3) A personal real estate corporation shall satisfy the following conditions:

1. An individual owns all of the equity shares in the corporation.
2. All of the non-equity shares, if any, in the corporation are owned by the individual who owns the equity shares in the corporation, the members of the immediate family of that individual or a corporation of which all of the equity shares are owned by that individual or the members of the immediate family of that individual.
3. The name of the corporation includes the words “Personal Real Estate Corporation” or “société personnelle immobilière” and complies with the rules respecting the names of personal real estate corporations set out in the regulations.
4. The corporation is not authorized to carry on a business other than the profession of trading in real estate.

Non-application of *Business Corporations Act*

(4) Paragraphs 1 and 3 of subsection 3.2 (2) of the *Business Corporations Act* do not apply to a personal real estate corporation.

Name change

(5) A corporation that ceases to be a personal real estate corporation shall change its name to remove from it the words “Personal Real Estate Corporation” or “société personnelle immobilière”.

4 The English version of the following provisions of the Act is amended by striking out “he or she” wherever that expression appears and substituting in each case “the person”:

1. **Clause 4 (1) (b).**
2. **Clause 4 (1) (c).**

5 Section 31 of the Act is amended by adding the following subsection:

Personal real estate corporation

(3) For greater certainty, if a brokerage employs a personal real estate corporation as a broker or salesperson, the corporation is entitled to receive commission or other remuneration from the brokerage for trading in real estate.

COMMENCEMENT AND SHORT TITLE

Commencement

6 This Act comes into force on the day it receives Royal Assent.

Short title

7 The short title of this Act is the *Tax Fairness for Real Estate Professionals Act, 2018*.