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UNIFORM LAW CONFERENCE OF CANADA

HYBRID ORGANIZATIONS – POLICY REPORT

Presented by the Working Group

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1. Working Group Membership and Meeting Report

1.1 Members of the Working Group

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1.2 Background

[1] The current Working Group on Hybrid Organizations was created over the course of the fall of 2024 and had its first meeting on 29 January 2025. It had a second meeting on 25 February 2025 and a third meeting on 7 March 2025. It had a fourth meeting on 28 April 2025 to review a draft progress report for the ULCC annual meeting in August of 2025.

[2] The current Working Group on Hybrid Organizations had its origins in 2018 arising out of a joint ULCC/CBA project relating to charities and not-for-profit organizations.¹ There was also a report at the ULCC August 2022 meeting entitled “Charities Project – Interim Report and Issue Spotting Documents,”² presented by Peter Lown, QC with notes by Yvonne Chenier, Q.C. and Peter Lown, Q.C., that gave further background on the development of a project relating to “Charities and Not for Profit Law”. Part 3 of that report dealt briefly with Hybrid Organizations noting that “These organizations are sometimes referred to as ‘social enterprises’ but there is no commonly accepted definition and they are not referred to at all in the fiscal framework in the *Income Tax Act*.”³ The report asked for input on a couple of questions it posed so that key issues could be identified.

[3] There was a separate report on hybrid organizations presented at the August 2023 ULCC conference in Charlottetown, Prince Edward Island. That report, prepared by Peter Lown, K.C.

¹ “Charities Project – Progress Report” presented by Peter Lown, QC (now KC) at the ULCC Conference in August of 2021 available, in English, at: <https://www.ulcc-chlc.ca/ULCC/media/EN-Annual-meeting-2021/CHARITIES-PROJECT-PROGRESS-REPORT-2021.pdf>, and, in French, at: <https://www.ulcc-chlc.ca/ULCC/media/FR-Annual-Meeting-2021/PROJET-DES-ORGANISMES-DE-BIENFAISANCE-%e2%80%93-RAPPORT-D%e2%80%99ETAPE-2021.pdf>.

² Available, in English, at: <https://www.ulcc-chlc.ca/ULCC/media/EN-Annual-Meeting-2022/Charities-Project-Interim-Report-and-Issue-Spotting-Documents.pdf>, and, in French, at: <https://www.ulcc-chlc.ca/ULCC/media/FR-Annual-Meeting-2022/Projet-sur-les-organismes-de-bienfaisance-Rapport.pdf>.

³ Definitions that have been used in the past include, for example, an “organization or business that uses the market-oriented production and sale of goods and/or services to pursue a public benefit mission” (see Canada’s National Advisory Board to the Social Impact Investment Taskforce, “Mobilizing Private Capital for Public Good: Priorities for Canada” (September 2014) that goes on to add that “A social enterprise can take the form of a charity, NPO, co-operative, for-profit corporation, or hybrid corporation”). At one time the Canadian federal government’s Ministry of Innovation, Science, and Economic Development defined “social enterprise” in the following way:

“A social enterprise seeks to achieve social, cultural or environmental aims through the sale of goods and services. The social enterprise can be for-profit or not-for-profit but the majority of net profits must be directed to a social objective with limited distribution to shareholders and owners.”

As of 27 August 2024, the Ministry had a document (that appears to no longer be available) entitled “Start, Build and Grow a Social Enterprise: Start Your Social Enterprise” that defined “social enterprise” in the following way:

“A social enterprise seeks to achieve social, cultural or environment aims through the sale of goods and services. It has been said that there is no widely accepted definition of ‘social enterprise’; that social enterprise can include a wide range of business models that do not have a specific corporate form; and that they can include non-profit organizations, registered charities, and organizations that operate as ‘for-profit’ businesses with a social goal.”

was entitled “Charities Project – Progress Report Hybrid Organizations”.⁴ Briefly put, the thrust of that August 2023 Report was that the ULCC should continue to have a Working Group on Hybrid Organizations that would consider what the August 2023 report called a “Robust CSM” (with CSM referring to “company with a social mission”). It contrasted this with “Light CSM” such as “benefit corporations” in the United States.⁵ Robust CSM, according to the August 2023 report would have characteristics like those of the Community Contribution Companies in British Columbia⁶ or the Community Interest Companies in Nova Scotia.⁷

[4] It should be noted that the expressions “company with a social mission” (CSM) and “Robust CSM” are not, to the knowledge of the current Working Group, widely-used expressions—they appear to have been terms created by the former Worker Group. “Robust CSM” appears to have been the former Working Group’s expression for companies with a social mission excluding “benefit corporations”, with “benefit corporations” being what the former Working Group referred to as “Light CSM”. The expression “company with a social mission” (CSM) appears to have been the former Working Group’s way of articulating the nature of the organizations that have purposes that include social purposes. The CSM expression appears to have been coined to avoid using the expression “social enterprise” since that expression, as that former Working Group noted, has “no commonly accepted definition”. The current Working Group has retained these expressions in its discussion for the time being but may revisit the question of terminology.

⁴ Available, in English, at: [https://www.ulcc-chlc.ca/ULCC/media/EN-Annual-Meeting-2023/Progress-Report-\(Part-3\)-Hybrid-Organizations.pdf](https://www.ulcc-chlc.ca/ULCC/media/EN-Annual-Meeting-2023/Progress-Report-(Part-3)-Hybrid-Organizations.pdf) and, in French, at: [https://www.ulcc-chlc.ca/ULCC/media/FR-Annual-Meeting-2023/Rapport-d-etape%c2%a0\(partie-3\)-Organisations-hybrides.pdf](https://www.ulcc-chlc.ca/ULCC/media/FR-Annual-Meeting-2023/Rapport-d-etape%c2%a0(partie-3)-Organisations-hybrides.pdf).

⁵ The current 2025 Working Group took note of an empirical study on benefit corporations in the United States that suggests that benefit corporations are not delivering any social or environmental benefits (*see* Ellen Berrey, “Social Enterprise Law in Action: Organizational Characteristics of U.S. Benefit Corporations” (2018) 20:1 *The Tennessee Journal of Business Law* 21 available online at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3377048). There was a sense that the number of incorporations under the benefit corporation provisions in Part 2.3 of the British Columbia *Business Corporations Act* are quite low. One member of the Working Group speculated that the benefit corporation legislative provisions might, at some point, be repealed.

⁶ See the *Finance Statutes Amendment Act*, S.B.C. 2012, c. 12, s. 8 that amended the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57 by adding part 2.2, ss. 51.91 to 51.99 (brought into force on 29 July 2013—B.C. 63/2013). For discussions of the British Columbia community contribution company see, e.g., Pauline O’Connor, “The New Regulatory Regime for Social Enterprises in Canada: Potential Impacts on Nonprofit Growth and Sustainability” *Centre for Voluntary Sector Studies, Ryerson University*, Working Paper Series Volume 2014 (1) (available at <http://www.ryerson.ca/content/dam/cvss/AODAforms/datedPapers/WP%202014.1.OConnor-Social%20EnterpriseRegRegime.FINAL.Working%20Paper.%20Oct.21.2014.pdf>) at 28-31; and Michael Blatchford and Margaret Mason, “Introducing the Community Contribution Company: A New Structure for Social Enterprise” (presented for the Legal Education Society of Alberta, November 2013 available at <https://www.bht.com/sites/default/files/LESA-%20C3%20paper.pdf>).

⁷ See *An Act Respecting Community Interest Companies*, S.N.S. 2012, c. 38 (that came into force on 15 June 2016). See also the *Community Interest Companies Regulations*, N.S. Reg. 121/2016. For a discussion of the Nova Scotia community interest company see *ibid.*, O’Connor, at 31-32.

[5] An oral progress report was delivered at the 2024 ULCC Ottawa meeting in August 2024. A resolution⁸ was passed that said, “the report of the working group on Charitable Organizations be accepted” and added, in relation to hybrid organizations,

“THAT the subgroup of the working group on hybrid organizations continue its work in accordance with the directions of the ULCC.”

1.3 Work of the Current Working Group Since its Creation

[6] The discussion of the work of the current Working Group since its creation in the fall of 2024 is set out below in the chronological order of its meetings. This seemed the simplest way to communicate the thoughts of Working Group members as they grappled with how to approach this subject.

(a) Meeting of 29 January 2025

[7] The Working Group’s discussion at its meeting of 29 January 2025 focused initially on the demand for existing forms of what the August 2023 report called a “Robust CSM” that are available in British Columbia (the Community Contribution Companies referred to above) and in Nova Scotia (the Community Interest Companies referred to above). Data on the number of such incorporations in either of these jurisdictions appears to be difficult to obtain, but those members of the Working Group who have endeavored to assess demand for these forms in British Columbia put the number of companies operating in that form at somewhere between 15 and 20.⁹ There does not seem to be much awareness of the British Columbia Community Contribution Company form. A similar sense of the number of incorporations of Community Interest Companies under the Nova Scotia legislation was given at the 25 February 2025 Working Group meeting. There have been apparently very few such incorporations and there does not seem to be much awareness of this form of organization.

[8] The Working Group expressed some doubt as to whether the Community Interest Company or Community Contribution Company forms would ever be successful in terms of wide use as a form of organization for the pursuit of “social missions”. It was suggested that perhaps the approach should be to make changes to legislation or regulation that would facilitate the use of existing forms of organization, such as not-for-profit forms, to pursue social missions.

[9] It was suggested that perhaps a literature review should be done. It was, however, noted that such a review has been done relatively recently (in 2019)¹⁰ and perhaps, therefore, it might

⁸ The resolutions are available, in English and French, at: <https://www.ulcc-chlc.ca/ULCC/media/EN-Annual-Meeting-2024/Civil-Section-Resolutions-2024.pdf>.

⁹ It was suggested that the number of Community Contribution Companies incorporated under Part 2.2 of the British Columbia *Business Corporations Act* might be as many as 200, but by far the majority of these were thought to be “shelf corporations” incorporated as numbered community contribution companies by law firms in anticipation of potential client demand for readily available community contribution companies.

not make sense for the Working Group to spend much time on creating its own literature review. Perhaps an updated survey would be helpful.

[10] At the 29 January 2025 meeting the Working Group thought it might focus on two directions. A first one would be to focus on facilitating forms of organization that are for profit to add a social mission. A second would be to facilitate the earning of revenue for not-for-profit forms of organization over a longer period of time that could be devoted to its not-for-profit goals or perhaps distributed in some limited way to investors who were willing to make equity investments with some prospect of return on investment. Being able to offer some return on investment for some investors might help not-for-profit organizations raise funds to better pursue their not-for-profit goals. This ability to raise equity funding for a return is similar to what the British Columbia community contribution companies or the Nova Scotia community interest companies provide for. However, it was noted that the current not-for-profit forms of organization have the advantage of an exemption from income taxation pursuant to s. 149(1)(l) of the *Income Tax Act*.¹¹ The question of taxation was raised noting that not-for-profit organizations and registered charities have certain tax advantages that the British Columbia community contribution companies and the Nova Scotia community interest companies do not have.

[11] The Working Group thus thought at its first meeting on 29 January 2025 that what it might try to do is to come up with reforms that would: (i) facilitate the pursuit of social missions by existing primarily for-profit forms of organization (perhaps, for instance, by making the ability of share capital corporations to pursue not-for-profit objectives clearer); (ii) modifying existing not-for-profit forms of organization to facilitate financing through equity investments and suggesting possible amendments to income tax legislation so that these types of equity investments could be used in a way that was not deterred by income tax legislation and that, at the same time, would not cause any significant decrease in government tax revenues.

(b) Meeting of 25 February 2025

[12] At the 25 February 2025 Working Group meeting the Working Group briefly addressed the first of the questions noted in paragraph [10] above. It was suggested that perhaps some amendment to such statutes as the *Canada Business Corporations Act* and its provincial and

¹⁰ Reference was made, for instance, to Carol Liao, Elsir U. Tawfik, & Pat Teichreb, “The Global Social Enterprise Lawmaking Phenomenon: State Initiatives on Purpose, Capital, and Taxation” (2019) 36(1) *Windsor Yearbook of Access to Justice* 84. Reference was also made to several studies by organizations in Canada on social enterprises in Canada and on Community Interest Companies or Community Contribution Companies—one such study, by way of example, being J.J. McMurtry & Francois Brouard, “Social Enterprises in Canada: An Introduction” (2015) 6(1) *Canadian Journal of Nonprofit and Social Economy Research* 6-17.

¹¹ R.S.C. 1985, c. 1 (5th Supp.). Section 149(1) opens with the words “No tax is payable under this Part [Part I] on the taxable income of a person for a period when that person was ...” and paragraph 149(1)(l) provides that “*a club, society or association that, in the opinion of the Minister, was not a charity within the meaning assigned by subsection 149.1(1) and that was organized and operated exclusively for social welfare, civic improvement, pleasure or recreation or for any other purpose except profit, no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof unless the proprietor, member or shareholder was a club, society or association the primary purpose and function of which was the promotion of amateur athletics in Canada*”. (emphasis added)

territorial equivalents could clarify the potential adoption of not-for-profit, social purpose, goals for such corporations.

[13] At that same 25 February 2025 meeting there was also some thought along the lines of the second question noted in paragraph [10] above. One such thought was to reconsider the scope of reporting, for transparency reasons, that must be done by not-for-profit forms of organization, both charities and not-for-profits. The concern was that these reporting obligations can be costly. They can sometimes, it was said, be overwhelming for smaller size charities and not-for-profits. Concern was expressed that there may be a move towards expanding reporting obligations to smaller not-for-profit organizations that had typically had somewhat reduced reporting obligations, and that this might cause some of the small not-for-profit organizations to cease their operations.

[14] Some initial thought was also given to allowing not-for-profit organizations to raise funds through equity investment interests, such as shares, that could pay dividends to the investors yet allow the not-for-profit organization to continue to be exempt from income tax under the *Income Tax Act*.¹² The Working Group contemplated whether the *Income Tax Act* might be amended to allow such an organization, if it was in corporate form,¹³ to be exempt from income tax under the *Income Tax Act*.¹⁴ This might provide a further incentive to use these forms of organizations.

¹² This concept considered by the Working Group is similar to what is currently provided by British Columbia Community Contribution Companies (see *supra* note 6) and Nova Scotia Community Interest Companies (see *supra* note 7). This concept, like the community contribution companies and community interest companies, would not qualify for an exemption for not-for-profit organizations under s. 149(1)(l) of the *Income Tax Act* (*ibid.*) since that provision has the words “no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder”.

¹³ A corporation is treated as a taxpayer pursuant to the definition of “taxpayer” in s. 248(1) of the *Income Tax Act* that says a “taxpayer” “includes any person whether or not liable to pay tax” and s. 248(1) defines “person” saying that “person” “includes any corporation”. Consequently, the corporation would pay taxes on its income from business or property under s. 3(a) of the *Income Tax Act* and on its taxable capital gains net of allowable capital losses under s. 3(b) of the *Income Tax Act*. The corporation’s income from business or property would, under s. 9(1) of the *Income Tax Act*, be its profit from business or property.

If an organization was not a corporation it might also be considered a “person” under the *Income Tax Act* since s. 248(1) defines “person” to also include “any entity exempt because of subsection 149(1), from tax under Part I on all or part of the entity’s taxable income ...” Since a “taxpayer” “includes any person” such an unincorporated form of organization would be a “taxpayer” but would be exempt from tax under Part I of the *Income Tax Act* pursuant to s. 149(1)(l). However, if it were to make a profit out of which it could pay a return to its equity investors, it would no longer be exempt under the current wording of s. 149(1)(l) that says, “no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder”. Such an unincorporated organization, unless it came under another exemption in s. 149(1), would not be a “person” and, therefore, not a “taxpayer” and it would, therefore, not pay tax at the level of the organization. If there were investors in such an unincorporated organization that had a right to a share of the profits of the organization, it would likely be taxed as a partnership with tax paid directly by the investors having a right to a share of the profits. If it was organized as a trust, there could be taxation at the level of the trust with the tax treatment of the trust depending on whether the trust was subject to Specified Income Flow Through Taxation.

¹⁴ The word “organization” was used here to include non-corporate forms of organization presumably consistent with the words “a club, society or association” in s. 149(1)(l) of the *Income Tax Act*. There could be non-corporate organizations with social purposes that raise capital using equity investments that provided a return on investment

[15] It was noted that normally such dividends would be subject to tax as income in the hands of the investors receiving the dividends.¹⁵ If, however, the organization pursuing social purposes was incorporated, and if there was no tax at the level of the corporation pursuant to an exemption from income tax for such corporations, this might, it was thought, lead to an incentive to use such corporations to defer tax paid by the equity investors for long periods of time. One suggestion to address this problem was to require such corporations to pay tax on “unused funds” over a given percentage of the total assets of such a corporation to discourage it from accumulating funds by choosing not to declare dividends as a means of deferring tax for its equity shareholder investors.¹⁶ This “unused funds” tax might discourage such corporations from accumulating funds needed for legitimate reasons to improve services offered by the not-for-profit corporation. This, it was suggested, might be dealt with by allowing such a corporation to apply for permission for longer-term accumulations for *specified* future expenditures without being subject to the “unused funds” tax.

[16] Another suggestion at the 25 February 2025 Working Group meeting was that the Working Group consider not just share capital corporations, societies acts, not-for-profit corporation acts, co-operative association forms, Community Interest Companies or Community Contribution Companies. It should also consider the non-share capital corporation forms of organization in, for example, Alberta under Part 9 of the Alberta *Companies Act*,¹⁷ in Nova Scotia, where there

paid out of profits. These might, for instance, be organized as partnerships or trusts. An amendment to the *Income Tax Act* could take this into account as well, exempting from taxation non-corporate organizations with social purposes that raise capital using equity investments that provide a return on investment paid out of profits.

¹⁵ See section 82(1) of the *Income Tax Act*. If the corporation was a resident Canadian corporation that was not a taxable Canadian corporation the relevant paragraph would presumably be s. 82(1)(d). If an exemption from taxation was extended to resident corporations having social purposes but that raised some funds using equity investments that provided a return on investment paid out of profits, these would presumably be resident Canadian corporations.

¹⁶ Investors could create “homemade dividends” by selling the shares to the extent permitted. The disposition of the shares could result in a capital gain against which capital losses could be deducted with only one-half of the net amount being included in income for the purposes of the *Income Tax Act*. For provisions relating to this very rough summary of the tax implications, see the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.) s. 3(b) that says the income of a taxpayer for a taxation year is determined by, among the other things listed in s. 3, the amount by which the total of all the taxpayer’s “taxable capital gains” for the year from dispositions of property exceeds the amount of the taxpayer’s “allowable capital losses” for the year from dispositions of property. Section 38(a) provides that a taxpayer’s “taxable capital gain” is one-half of the taxpayer’s “capital gains” from dispositions of property in the taxation year and s. 38(b) says that a taxpayer’s “allowable capital losses” is one-half of the taxpayer’s “capital losses” from dispositions of property in the taxation year. Section 39(1)(a), in general terms, says that a “capital gain” for taxation year is the taxpayer’s gain for the year from the dispositions of property as determined under subdivision C and s. 39(1)(b), in general terms, says that a “capital loss” for a taxation year is the taxpayer’s loss for the year from dispositions of property as determined under subdivision C. The general approach to determining a gain or loss on the disposition of shares would be to take the proceeds from the disposition of the shares and subtract the cost, or price paid for, the shares when they were purchased and if the proceeds of disposition are greater than the cost, it is a gain, but if the proceeds of disposition are less than the cost, it is a loss (see s. 40(1)(a) and (b)).

¹⁷ RSA 2000, c C-21.

are companies limited by guarantee under the Nova Scotia *Companies Act*,¹⁸ or in Manitoba under Part XXII of *The Corporations Act*¹⁹ dealing with corporations without share capital.

(c) Meeting of 7 March 2025

[17] At the 7 March 2025 Working Group meeting it was noted that many forms of “social enterprise”, including those that might be described as “hybrid” forms, have been tried in countries around the world, including not just in the United Kingdom and Canada, but in Europe in Belgium, Greece, the Netherlands, and Finland.²⁰ It was, therefore, suggested that it may be helpful to examine many of these different forms to get a sense of what may have worked and what may not have worked.

[18] That 7 March 2025 meeting also noted that the community interest company idea appears to have responded to the “supply side” of capital by allowing capital to be raised by selling shares with some potential for return on investment in the form of dividends. From the not-for-profit organization “demand side”, this would provide an alternative to having to rely heavily on borrowing. As to the “demand side”, an empirical question was raised as to whether there is actually a demand for other means of accessing capital such as the sale of equity investments that offer a return on investment to the investors.

[19] There was some discussion at the 7 March 2025 meeting of the apparent relative success of the United Kingdom community interest company form that has seen far more incorporations²¹ in that form than under the British Columbia Community Contribution Company provisions or the Nova Scotia Community Interest Company provisions. It was suggested that a possible

¹⁸ RSNS 1989, c. 81 (see, e.g., s. 9 (b) and s. 11).

¹⁹ CCSM c C225.

²⁰ See, e.g., the discussion in Carol Liao, “Early Lessons in Social Enterprise Law” in B. Means & J. Yockey, eds., *The Cambridge Handbook for Social Enterprise Law* (Cambridge University Press, 2018) Chapter 6, pages 101-122.

²¹ The number of community interest company registrations in the United Kingdom was over 32,500 with 7,230 registrations of community interest companies in the 2023 to 2024 year. See “Regulator of Community Interest Companies Annual Report 2023 to 2024” at page 5 (available at: <https://assets.publishing.service.gov.uk/media/6763fc0e4e2d5e9c0bde9b9e/cic-24-02-community-interest-companies-annual-report-2023-2024.pdf>). In the United Kingdom Part 2 of the *Companies (Audit, Investigations and Community Enterprise) Act 2004* provided for the formation of (or conversion of an existing company into) a “community interest company” (or “CIC” usually pronounced “kick”). See U.K. Public General Acts, 2004, c. 27. A community interest company is one that satisfies a community interest test (see sections 36, 36A, 36B, 37, 37A, 37B and 37C for new companies and sections 38 and 39 for existing companies) and the community interest test is met if a reasonable person might consider that its activities are being carried on for the benefit of the community (section 35). To be registered as a community interest company the directors must certify that the company will carry on its activities for the benefit of the community (see Form CIC 36 to be filed for the formation of a community interest company (available at <https://www.gov.uk/government/publications/form-cic36-application-to-form-a-community-interest-company>). The community interest company provisions in the Act provide for what has been called an “asset lock” under which limits are set on the distribution of assets and profits so assets remain devoted to community benefits or are transferred to another organization that has an asset lock (such as another community interest company or charity) (See sections 30 and 31). For a discussion of the community interest company concept and the background to the Act see Stuart R. Cross, “The Community Interest Company: More Confusion in the Quest for Limited Liability” (2004) 55 Northern Ireland Legal Quarterly 302, at 305-16.

reason for this was that there were, and are, sources of funds available to community interest companies in the United Kingdom that may provide a greater an incentive in the United Kingdom to incorporate in that form.²² It was also noted that when the United Kingdom legislation providing for community interest companies came into force in July of 2005, there was a significant effort to make its availability widely known, especially to funders.²³ It appeared, therefore, to the Working Group that the government in the United Kingdom may have been committed to the early success of the form in a way that appears not to have been the case for the Canadian versions of that form in British Columbia and Nova Scotia.

[20] It was also noted that the Government of Canada has a “social innovation strategy” where it refers to a report by the “Social Innovation and Social Finance Strategy Co-Creation Steering Group” that noted the need to “address the legal and regulatory issues impeding charities and not-for-profits from engaging in social innovation, social finance and social enterprise.”²⁴

(d) Summary

[21] The Working Group members, so far, have been sharing their respective knowledge and identifying gaps in their knowledge that should be addressed. With their initial sense of some of

²² There are apparently several sources of funds available for community interest companies in the United Kingdom, although these come from various funding organizations rather than from national government direct funding. See, e.g., <https://www.christinapoultoncreative.co.uk/post/how-to-get-funding-as-a-cic-community-interest-company> and see <https://www.kgaccountants.co.uk/cic/community-interest-funding>.

²³ The Department of Trade and Industry (DTI) in the United Kingdom ran information sessions, workshops, and stakeholder meetings with social enterprise networks. There were also apparently pilot programs and consultations involving existing social entrepreneurs to spread awareness. Apparently also, the Social Enterprise Coalition (now Social Enterprise UK), Co-operatives UK, and Business Link helped to raise awareness of CICs through their own networks and they provided toolkits, guidance, and case studies to explain CICs. There was apparently media coverage together with Government press releases. The United Kingdom CIC Regulator’s Office also provided guidance documents, an online Frequently Asked Questions site, and online forms. See, e.g., <https://www.gov.uk/government/publications/community-interest-companies-introduction>. There are current sources that provide information on CICs in the UK such as the UK regulator site noted above and this UK government site provides a summary on CICs: <https://www.gov.uk/government/publications/community-interest-companies-how-to-form-a-cic/community-interest-companies-guidance-chapters>. Some evidence of a plan to promote social enterprise is apparent in the Department of Trade and Industry: Departmental Report 2005, at page 84, that says under the heading of “Social Enterprise” with the subheading “Implement the Government’s Social Enterprise Strategy, including implementation and subsequent full use of the Community Interest Company legislation, by July 2005” and, at paragraph 5.29 on that page it says “The Department gave almost £1 million support towards activity to promote the growth and development of the social enterprise sector in 2004/05”. The report is available at: <https://assets.publishing.service.gov.uk/media/5a7c143bed915d1c30daa6fa/6536.pdf>. See also the discussion of the success of the UK CICs in Carol Liao, “The Next Stage of CSR for Canada: Transformational Corporate Governance, Hybrid Legal Structures, and the Growth of Social Enterprise” (2013) 9:1 McGill Journal of Sustainable Development Law 53-85, at 80-82 (available at https://commons.allard.ubc.ca/cgi/viewcontent.cgi?article=1413&context=fac_pubs).

²⁴ That report is available at https://www.canada.ca/content/dam/esdc-edsc/documents/programs/social-innovation-social-finance/reports/1549-SISF_Strategy-Report-EN.pdf.

the problems faced by organizations that have social purpose missions,²⁵ the Working Group has begun to contemplate possible approaches to addressing some of these problems, such as addressing potential tax disincentives to more what the former Working Group referred to as “Robust CSM” forms such as community interest companies. With a more nuanced understanding of approaches in other jurisdictions and of difficulties for enterprises with social purposes highlighted in the report of the Social Innovation and Social Finance Strategy Co-Creation Steering Group, the Working Group hopes to come up with ideas for tweaking existing forms, such as, perhaps, existing not-for-profit or community interest companies forms of organization, to address constraints (whether tax, funding, or otherwise) that impede the pursuit of social purposes.

2. Application to Québec?

[22] The Working Group hopes to propose ways to increase the use of organizations that pursue social purposes. This may involve developing new forms of organization or modifying existing forms of organization that are likely to be in corporate form. Since there is both federal and provincial power to incorporate corporations, the hope would be that any new corporate organizational form, if successful, would be adopted at the federal level and in all the provinces and territories.

3. Next Steps

[23] The Working Group would appreciate the opportunity to build on its early discussions to expand its knowledge of the constraints faced by organizations that pursue social missions and to endeavor to craft pragmatic solutions that would encourage an increase in forms of organization that pursue social purposes. For the Working Group that would, at this stage, involve:

- (i) looking at some of the innovations elsewhere, such as Belgium, Greece, the Netherlands, and Finland, for ideas as to what might work to promote forms of organization that pursue social purposes; and
- (ii) drawing on such guidance as might be found elsewhere, developing and proposing one or more possible forms of organization (that may be variations on existing forms of organization) that could increase the use of organizations that pursue social purposes, possibly with supporting tax amendments that, if possible, would have minimal tax revenue consequences.

²⁵ For a sense of some of the problems faced by organizations with social purpose missions see, for example, “Between a Rock and Hard Place: Charities’ Biggest Concerns and Priorities in 2025” on the Charities Insights Canada Project site under Articles and Blogs at <https://carleton.ca/cicp-pcpob/2025/between-a-rock-and-a-hard-place/>.

4. Draft Resolution

“THAT the Report of the Hybrid Organizations Working Group be accepted;

THAT, in accordance with the directions of the ULCC, the Working Group continue its work, including identifying possible solutions to address the issues raised in the report; and

THAT the working group present a policy report to the ULCC at its 2026 annual meeting.”