

Hiring in Canada? Start Here.

Accessing Canadian talent comes with several advantages — including high-quality, diverse talent at competitive costs. Here are two pathways to hire in Canada:

1. Partnering with an Employer of Record (EOR)

2. Incorporating a Canadian entity

This guide breaks down the pros, cons, and costs of each approach to help you choose the setup that best aligns with your business goals, team size, and timeline.

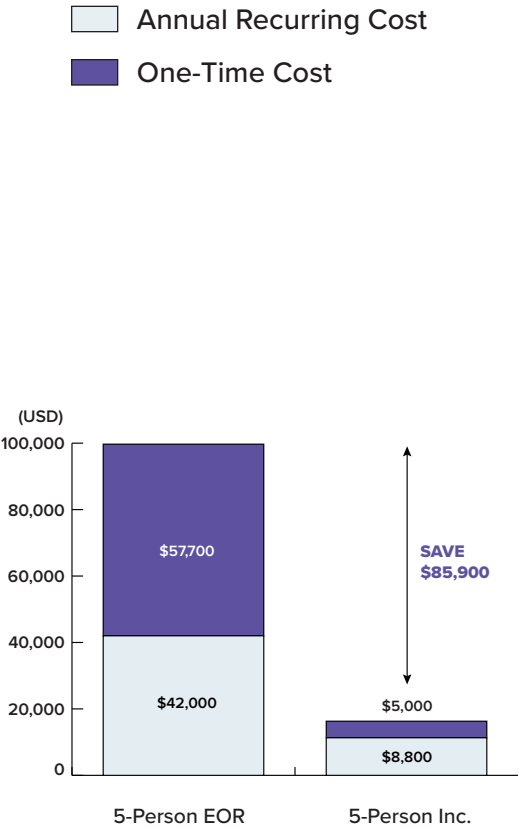
	EMPLOYER OF RECORD (EOR)	INCORPORATION
	A third-party company legally employs staff on your behalf	Register a Canadian subsidiary under your parent company (24 hours)
PROS	<ul style="list-style-type: none">+ Fast to launch: no need to set up a legal entity+ Handles HR compliance and payroll+ Ideal for pilot projects, short term hires or small team (1-5 employees)+ Option to convert to full entity later	<ul style="list-style-type: none">+ Cost-effective for 5+ employees+ Full legal and brand control+ Access to government grants and tax credits+ Tax planning and profit repatriation flexibility+ Builds long-term market credibility and commitment+ Access to immigration programs+ Retain talent longer - employees prefer direct employment over EOR contracts
CONS	<ul style="list-style-type: none">+ Higher monthly cost per employee makes it unsustainable at scale+ Less control over HR and branding+ Ineligible for grants, tax credits, and immigration pathways+ Deposit/reserve payment required: 4–8 weeks’ salary per employee	<ul style="list-style-type: none">+ Some setup required+ Initial costs include incorporation and legal fees+ Ongoing compliance (payroll, tax, HR)

C O S T S	<ul style="list-style-type: none"> + 600 - 900 USD/month per employee + Reserve payment required: 4-8 weeks of salary per employee 	<ul style="list-style-type: none"> + One-time incorporation: 2500 USD + Payroll, bookkeeping and HR compliance: 400 - 800 USD/month for entire team (ex. team of 5 - 15 people) + Tax filings: 4000 - 5000 USD/year + Moving from EOR to incorporation? Your deposit/reserve payment is returned, unlocking cash flow

WHEN TO USE EACH

SITUATION	BEST OPTION
Testing the market or hiring 1 - 5 people	EOR
Hiring 5+ employees over 3 years	Incorporation
Hiring quickly with minimal infrastructure	EOR
Accessing government funding/incentives/tax credits	Incorporation
Showing commitment to the market & employees	Incorporation
Seeking full control over HR, brand & legal matters	Incorporation
Accessing immigration pathways for current & future employees into Canada	Incorporation
Building a long-term presence or opening an office	Incorporation

	5 PERSON TEAM	
CATEGORY (USD)	EOR MODEL	INCORPORATION
Base EOR cost (\$700/month/employee)	\$42,000 (annually)	—
Reserve Payment (ex. deposit of 6 weeks of \$100,000/salary/employee - one-time cost per employee)	\$57,700 (one-time)	—
Legal (incorporation, trademarks, employee contracts, etc)	—	\$5,000 (one-time)
Payroll/bookkeeping/HR compliance (\$400/month for team of 5, \$600/month for team of 10)	—	\$4,800 (annually)
Annual Tax Filing	—	\$4,000 (annually)
TOTAL COST	\$42,000 + \$57,700 (one-time Reserve Payment)	\$13,800



	10 PERSON TEAM	
CATEGORY (USD)	EOR MODEL	INCORPORATION
Base EOR cost (\$700/month/employee)	\$84,000 (annually)	—
Reserve Payment (ex. deposit of 6 weeks of \$100,000/salary/employee - one-time cost per employee)	\$115,400 (one-time)	—
Legal (incorporation, trademarks, employee contracts, etc)	—	\$5,000 (one-time)
Payroll/bookkeeping/HR compliance (\$400/month for team of 5, \$600/month for team of 10)	—	\$7,200 (annually)
Annual Tax Filing	—	\$5,000 (annually)
TOTAL COST	\$84,000 + \$115,400 one-time Reserve Payment	\$17,200

