

[A Guide On Selling Your Business To A Foreigner](#)



Finding a buyer for your small business can be a challenge, but a commonly untapped market is newcomers to Canada. Canada offers several [business immigration pathways](#) for newcomers to Canada to purchase a business as part of their immigration journey. Take a look at current [business investment opportunities](#) for foreigners.

Steps to Sell Your Business to a Foreigner

The selling process can be summarized in the following steps:

1. **Understand Immigration Pathways:** Familiarize yourself with the immigration programs that facilitate business purchases. Programs such as the [C11 Entrepreneur Program](#) or the [Provincial Nominee Program \(PNP\)](#) are designed to attract foreign entrepreneurs.
2. **Prepare Your Business:** Ensure your business is ready for sale by organizing financial documents, ensuring regulatory compliance, and enhancing its marketability.
3. **Market Your Business:** Use online platforms and networks that cater to international buyers. Highlight the benefits of owning a business in Canada.
4. **Screen Potential Buyers:** Verify the financial capability and serious intent of prospective buyers. Ensure they understand the immigration process.
5. **Negotiate Terms:** Clearly outline the terms of sale, including price, transition period, and any post-sale support.
6. **Complete Legal Documentation:** Work with legal professionals to draft a purchase agreement that protects both parties.

Why Consider Selling to a Foreigner?

Selling to these individuals also has advantages such as:

- **Higher sale prices:** From our experience, foreigners are generally willing to pay a premium compared with domestic buyers, as they can use the purchase to strengthen their immigration application. However, we suggest being reasonable when pricing your business, as foreign buyers are sophisticated entrepreneurs. Although foreign buyers are interested in the immigration aspect of buying a business in Canada, they would not appreciate when the price is unreasonably high just because the buyer is not a Canadian.
- **Financing not required:** We have heard several stories about deals with local

buyers falling through because they were unable to secure financing. Since financing is especially difficult for foreigners, we advise our clients to have the funds available from the start, by-passing any potential financing-related issues in the future.

- **Interest in rural businesses:** It can be challenging to find a Canadian buyer for rural businesses in Canada. And while you may expect foreigners to flock to Canada's major cities, there are significant immigration benefits for them purchasing businesses in smaller communities.
- **Hands-on after the sale:** A common misconception among brokers and sellers is that foreigners are only interested in passive investments. For our clients, we support them in obtaining a work permit to actively work in the business they plan to purchase.
- **No Fees:** Business brokers and realtors charge a percentage of the sale price for their services. For sellers who come to us, if we have an interested foreign buyer, we will make the connection for no cost!

Tips on How to Sell Your Business

While selling your business to a foreigner has many benefits, there are also some important things to consider before, during, and after the sale.

Allow yourself time for the deal to close or manage after closing

Due to the uncertainty with immigration application processing times, it is impossible to guarantee that a buyer's immigration application will be approved by a certain date, if at all. Therefore, if you are looking to sell your business ASAP, then selling to a foreigner may not be your best choice. Our clients typically ask to hold off on closing the deal until their immigration applications are approved or finalize the deal and request that the owner stays on to manage the business in the interim (for a fee) until the buyer arrives in Canada.

Get your financial documents ready

It is strongly recommended that you work with an accountant and/or bookkeeper to prepare financial statements for your business before you to prepare to sell it.

While foreigners can leverage the business purchase to receive immigration benefits, it is still an investment, so they will want to see the financial performance of your business. Some sellers I have spoken to have said they will only share the business's financial information later in the sale process. Unfortunately, well-organized documents are essential for evaluating the business. They are also crucial for the buyer's immigration application as they must make the business case to the Canadian government.

Be prepared to communicate with third parties and online

Travelling to Canada can be expensive. Moreover, for foreigners who do not currently hold valid travel visas, the process can take time to apply for and receive approval. While some sellers like the old-fashioned face-to-face sales process, this can be challenging for most foreigners. We do not recommend that our clients visit the business in person until a Letter of Intent has been signed. Until then, it is important to be prepared to communicate via email and video calls, along with local third-party representatives who can support foreigners in overcoming cultural and time zone communication differences.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

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