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Dissolved without notice: The creditor gap in administrative strike-offs

By **Lionel J. Perez**


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Law360 Canada (October 2, 2026, 2:18 PM EDT) -- Canadian corporate law devotes 22 sections of the *Canada Business Corporations Act* (Part XVIII) to winding up a corporation in detail: liquidation, creditor claims, distribution of property and, where necessary, court supervision.

Most federal corporations leave the register through a different provision entirely: a certificate issued because a required filing was not made. In fact, four in five federal corporations now leave the register through a certificate no creditor is told about — and the two-year clock on their remedies starts anyway.

Historically, of the 723,987 federal dissolutions ever recorded to Aug. 6, 2026, 493,923 — or 68.2 per cent — were for non-compliance rather than by a decision of the corporation. The current flow is more pronounced: on Corporations Canada's own monthly count for January to July 2026, administrative involuntary dissolutions (s. 212) accounted for 79.1 per cent of certificate-flow removals — nearly four for every voluntary dissolution.

Administrative involuntary dissolution carries none of the creditor safeguards of a voluntary one. A corporation winding itself up must notify its known creditors (ss. 210-211). A corporation dissolved for non-compliance is notified, as are its directors; its creditors are not (s. 212). The notice that reaches a creditor belongs to the pathway most corporations no longer take.

The pathway with the fewest safeguards

Section 212 permits the director to dissolve a corporation on any of five grounds, among them default for at least one year in sending a required fee, notice, document or other information — the ground an unfiled annual return falls under.

For a filing-default dissolution, before issuing a certificate, the director must give 120 days' notice to the corporation and each of its directors, and publish notice of the decision. Corporations Canada goes further: although the Act permits dissolution after one year of non-filing, its policy is to dissolve only after two, and it sends a reminder and a default notice first.

No corresponding notice must be delivered to creditors.

That is materially different from the processes normally associated with the end of a business. An insolvency may involve a trustee, a stay of proceedings, a statutory distribution scheme and review of preferences or transfers at undervalue. A voluntary liquidation requires the corporation to provide for its liabilities before distributing what remains. Court supervision is available where necessary.

Administrative dissolution attaches none of these safeguards to the event itself — creditors keep whatever civil and insolvency remedies they otherwise hold, but no process, and no notice, comes with the dissolution. No one determines whether the corporation has an operating business, contracts, employees, creditors or property. The certificate simply takes effect.

That may be proportionate for an abandoned shell. The federal register, however, cannot distinguish

an unused corporation from a working business whose owner stopped filing, and the tenure data suggests the population is not all shells: among administratively dissolved corporations with usable dates, 14.4 per cent had existed for 10 to 19 years at their last filing, and 4.2 per cent for 20 years or more.

The two-year problem

Section 226 preserves limited remedies after dissolution. A civil, criminal or administrative proceeding may be brought against a dissolved corporation as though it had not been dissolved.

A new proceeding must be brought within two years of dissolution; a proceeding already commenced continues, and the property that would have satisfied a judgment remains available.

That limitation is easier to justify when dissolution is deliberate and visible. In a voluntary wind-up or formal insolvency, creditors are identified, notified or invited to prove their claims.

Administrative dissolution reverses that premise. The corporation and its directors receive notice, but the creditor does not. The two-year period nevertheless begins when the certificate issues, whether the creditor knows about it or not.

A lender may discover the dissolution when reviewing security; a supplier, after invoices go unpaid; a plaintiff, only when commencing proceedings. By then, part or all of the statutory period may have expired.

The dissolution is public, but publication is not communication. Expecting every creditor and contractual counterparty to search the federal register — or monitor monthly lists of proposed dissolutions — would turn constructive notice into a legal fiction.

A clock, not a judgment

Timing underscores the asymmetry. Corporations Canada issued 40,875 certificates of administrative dissolution in the first seven months of 2026. Of the 31,930 corporations struck off in the first half of the year, roughly half had filed at least one annual return; none was dissolved less than 31 months after its last filing's anniversary. The other half had never filed; measured from incorporation, and with a handful of recent exceptions, none was dissolved before 31 months either. After two missed returns, a notice of intent issues about two months later; the certificate follows a median 150 days after notice — 30 days beyond the Act's 120-day notice period.

Administrative dissolution is therefore not an unpredictable response to the worst cases. It operates like a clock: given the anniversary month and the last filing year, the month of dissolution is predictable to within about a month.

Corporations Canada can identify which corporations are approaching dissolution, and tells them. The register carries a warning of a kind — the status "Active – Dissolution Pending (non-compliance)" — but nothing is delivered: a counterparty has to go looking, and even then only about a quarter of corporations in filing default carry the flag, and among those three to 20 years past their last filing, roughly one in 20. No date certain appears.

Revival is a remedy, but not a complete answer

Directors typically seek revival to restore an operating corporation. Section 209 also permits any interested person, including a creditor or contractual counterparty, to apply. A creditor applying on its own must discover the dissolution and bear revival costs before pursuing its claim. The director decides the application and may impose conditions; rights acquired during dissolution remain protected. Section 228 provides for return or compensation of property vested in the Crown at dissolution.

The 2026 data also suggests dissolution is not always the end of the business: where both a 2026 dissolution and a revival were observed, the median interval was 74 days, and more than half were revived within 90 days.

Legally dead and restored inside a single quarter — a counterparty relying on an annual registry review could miss the entire event.

Updating the safeguards

The answer is not necessarily to eliminate administrative dissolution; a public register needs a way to remove corporations that no longer file. The question is whether the consequences should still depend on a notice structure designed when administrative dissolution was the exception, not the rule.

Governments could make dissolution status travel. Federal certificates could be transmitted automatically to the Canada Revenue Agency and provincial corporate registers. A registry alert service could let lenders, landlords and others monitor corporations. A visible countdown could identify when a corporation has entered the final stage before dissolution.

Also, Parliament should reconsider whether the s. 226 limitation should run against a creditor who received no notice and could not reasonably have known of the dissolution. The period could instead run from actual notice, prescribed constructive notice or reasonable discoverability, subject to an ultimate limitation protecting finality.

These measures would not excuse non-compliance. They would recognize that when an administrative shortcut becomes the principal route out of corporate existence, the law must account for those who never receive notice that their counterparty has ceased to exist.

Administrative dissolution may begin with a missed form. Its consequences do not end at the registry.

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Banking While Dissolved

When a corporate customer stops existing — and nobody tells the bank

A corporation dissolved for non-compliance ceases to exist. Nothing tells its bank.

CorpCentre matched Canada's two corporate registers, record by record, to measure how often the system fails to notice.

- **1 in 9 federal corporations are struck-off the register every year for failing to file.**
- **6,822 corporations dissolved federally remain registered in Quebec — and nearly half are still actively filing there.**

Dissolution is silent

An administrative dissolution under the CBCA is a certificate, not a proceeding: no stay, no creditor notice, no trustee. Nothing notifies the corporation's bank. And nothing closes its tax accounts automatically: the CRA's closure route is keyed to articles of dissolution, which administrative dissolution does not produce — so, on the CRA's published guidance, the business number can remain live.

> ***"A corporation can stop existing without its bank ever being told."***

The legal event that ends a corporation generates no signal to anyone relying on it.

The registers disagree about who exists

Matching name, Quebec's own federal-regime code, and constitution date identical to the day: 6,822 corporations dissolved federally for non-compliance remain registered in Quebec — and 47.9% of them filed a Quebec declaration within the last two years. In reverse, 5,897 federally Active corporations have been struck off ex officio in Quebec.

Each figure is a floor, from the most conservative matching construction.

Alive in one register, dead in the other — and no mechanism reconciles them.

Four exposures for the account holder's bank

A dissolved corporation raises questions across four dimensions at once: existence (the customer is not a legal person), capacity (who can instruct on the account), property (its assets may have escheated to the Crown), and standing (who may apply to revive it). A bank can itself qualify to revive its own customer under the Act's revival provisions — as a creditor, or as a party to a contract with it — without the customer's cooperation.

A bank can be entitled to revive its own customer, without the customer's cooperation.

Why this matters now

Since 26 March 2026, the PCMLTFA requires every compliance programme to be reasonably designed, risk-based and effective — with a maximum penalty of $20 million per violation for an entity and, across all violations on one notice, the greater of $20 million and 3% of gross global revenue. Canada's enforcement record already includes a $9.185-million penalty against TD and a Federal Court-varied penalty of $1,027,975 against Exchange Bank; none of those concerned corporate existence — the exposure this research measures is the one not yet tested.

The penalty framework now measures effectiveness. Registry reliance sits inside it.

What actually prevents this

Screen the corporate book against both registers, not one. Know which clients' records are stale, which are contradicted, and which corporations have quietly ceased to exist. Then put a control upstream of the record: keep the client's corporate obligations current so the divergence never opens.

Downstream checks read the record. Upstream governance keeps it true.

If you want to know where your corporate portfolio sits against these measurements, we can tell you. CorpCentre works with financial institutions, corporations and their professional advisors on the upstream side of this problem.

BY THE NUMBERS

1 in 9 federal corporations are struck-off for failing to file every year

6,822 dissolved federally, still registered in Quebec

47.9% of those filed a Quebec declaration within two years

5,897 federally Active corporations struck off in Quebec

$9.185M — the largest FINTRAC penalty imposed on a Canadian bank (TD, 2024)

IN THIS SERIES

Report 1 — Active Does Not Mean Compliant. The federal register, measured. Published.

Report 2 — Immatriculée Does Not Mean Compliant. The Quebec register, measured the same way. Published.

Report 3 — Countdown to Dissolution. How corporate existence actually ends: strike-off, the clock, revival. Published.

Bulletin — The Validation Paradox. Active. Validated. Non-Compliant.

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Research note. Cross-register figures are computed from Corporations Canada open data (active extract of 4 August 2026; inactive extract of 6 August 2026) matched to the Registre des entreprises open dataset via Données Québec (extract of 1 August 2026); every counted pair passes a triple identity test and the figures are floors. Full methodology, confidence grading and limitations are in Report 10. Contains information licensed under the Open Government Licence — Canada; Quebec-derived material used for research under CC BY-NC-SA 4.0, with attribution; only aggregate results are published. Penalty figures are FINTRAC public records.

Disclosure. Prepared by Lionel J. Perez, CEO of CorpCentre, which provides the corporate compliance services described above; readers should weigh that interest. No allegation is made against any institution or corporation: non-compliance with a corporate filing obligation is an administrative condition, not evidence of wrongdoing.