

▲ Law 25 is in full force – penalties apply now

## LAW 25 COMPLIANCE ASSESSMENT

# General Small Business *Compliance Report*

Transfer Impact Assessments, jurisdiction analysis, and compliance documentation for the SaaS tools Canadian small businesses commonly use – retail, professional services, consulting, e-commerce, hospitality, and general operations. Every small business uses these tools. Almost none have documented TIAs.

### INDUSTRY

General Small Business

### TOOLS ASSESSED

24 tools

### DATABASE

725 tools indexed

## \$25M

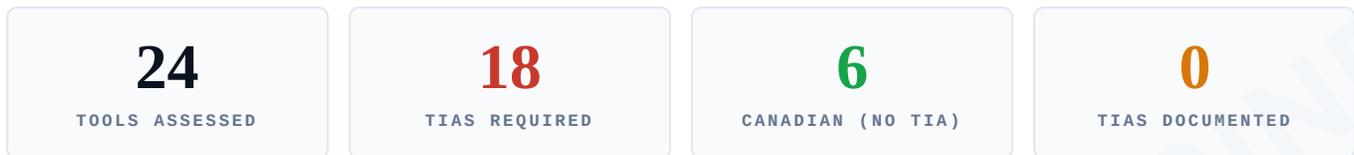
Maximum penal fine or 4% of worldwide turnover – whichever is greater.

## \$10M

Maximum administrative monetary penalty or 2% of worldwide turnover.

# Executive *Summary*

This report assesses the 24 most commonly used SaaS tools across Canadian small businesses – retail, professional services, consulting, e-commerce, trades, hospitality, and general operations – against Law 25 (Quebec) compliance requirements. These are the tools every business uses: email, payments, file storage, video meetings, scheduling, marketing, and accounting. Almost every one of them is American.



**Key finding:** 18 of 24 tools (75%) are under foreign jurisdiction. The modern small business SaaS stack is overwhelmingly US-owned: Microsoft 365, Google Workspace, Zoom, Slack, Stripe, Square, Shopify, Mailchimp, QuickBooks, Dropbox, HubSpot, Calendly, Canva, and ChatGPT. The good news: Canadian alternatives exist for several core categories – FreshBooks for accounting, Sync.com for file storage, Moneris and Helcim for payments, and Shopify is genuinely Canadian for e-commerce.

### The small business misconception: "We're too small to matter"

The most common reaction from small business owners: "Law 25 is for big companies." It is not. A solo consultant with one Quebec client. A two-person e-commerce shop shipping to Quebec. A five-person trades company with a Quebec employee. All subject to the same obligations – and the same \$25M penalty ceiling – as a Fortune 500 company. The penalties scale to the violation, not the business size, but the legal obligation is identical.

### The one genuine Canadian success story: Shopify

**Shopify Inc.** (NYSE/TSX: SHOP) is headquartered in Ottawa, Ontario. Founded by Tobias Lütke in 2006. It is one of the few global-scale technology companies that remains Canadian-headquartered and Canadian-listed. For e-commerce businesses, Shopify eliminates the TIA requirement for your core platform. This is the exception – nearly every other tool in the small business stack is US-owned.

**Critical gap:** Most small businesses have zero TIAs documented. This report provides pre-assessed TIAs for every foreign-jurisdictioned tool, covering all five factors required under sections 17(2) and 17(3) of the ARPIPS.

## How to use this report

For each foreign-jurisdictioned tool, you'll find a complete Transfer Impact Assessment card evaluating:

- **Factor 1 – Sensitivity of Personal Information:** Classification of data being transferred
- **Factor 2 – Purpose of Transfer:** Why the transfer occurs and what data categories are involved
- **Factor 3 – Protective measures:** DPA status, encryption, Canadian data residency availability
- **Factor 4 – Legal framework:** Privacy protections in the receiving jurisdiction
- **Factor 5 – Compelled disclosure risk:** Whether foreign law enables government access to your data

Complete the action items, and retain this document as evidence of your TIA process.

## Applicability

Law 25 applies to your business if **any** of the following are true:

- Your business is located in Quebec
- You have customers or clients who are Quebec residents
- You sell products or services to Quebec residents (including online/e-commerce)
- You have employees or contractors who are Quebec residents

Law 25 applies regardless of business size, revenue, or number of employees. A sole proprietor with one Quebec customer is subject to the same obligations as a national chain. Penalties are enforced by the Commission d'accès à l'information du Québec (CAI).

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# SaaS Jurisdiction *Map*

All 24 tools mapped by parent entity, jurisdiction, CLOUD Act exposure, and TIA requirement.

TOOL	CATEGORY	PARENT ENTITY	HQ	CLOUD ACT	STATUS	TIA
Shopify	E-Commerce	Shopify Inc. (NYSE/TSX: SHOP)	🇨🇦 Canada	No	CANADIAN	No
FreshBooks	Accounting	2ndSite Inc.	🇨🇦 Canada	No	CANADIAN	No
Sync.com	File Storage	Sync.com Inc.	🇨🇦 Canada	No	CANADIAN	No
Moneris	Payments	Moneris Solutions Corp.	🇨🇦 Canada	No	CANADIAN	No
Helcim	Payments	Helcim Inc.	🇨🇦 Canada	No	CANADIAN	No
Wealthsimple	Business Banking	Wealthsimple Inc.	🇨🇦 Canada	No	CANADIAN	No
Microsoft 365	Email / Productivity	Microsoft Corporation	🇺🇸 United States	Yes	REVIEW	Yes
Google Workspace	Email / Productivity	Alphabet Inc.	🇺🇸 United States	Yes	REVIEW	Yes
Zoom	Video Meetings	Zoom Video Communications	🇺🇸 United States	Yes	EXPOSED	Yes
Slack	Team Communication	Salesforce Inc.	🇺🇸 United States	Yes	EXPOSED	Yes
QuickBooks Online	Accounting	Intuit Inc.	🇺🇸 United States	Yes	REVIEW	Yes
Stripe	Payments (Online)	Stripe Inc.	🇺🇸 United States	Yes	EXPOSED	Yes
Square	Payments / POS	Block Inc.	🇺🇸 United States	Yes	EXPOSED	Yes
Dropbox	File Storage	Dropbox Inc.	🇺🇸 United States	Yes	EXPOSED	Yes
Mailchimp	Email Marketing	Intuit Inc.	🇺🇸 United States	Yes	EXPOSED	Yes
HubSpot CRM	CRM / Marketing	HubSpot Inc. (NYSE: HUBS)	🇺🇸 United States	Yes	EXPOSED	Yes
Calendly	Scheduling	Calendly LLC	🇺🇸 United States	Yes	EXPOSED	Yes

TOOL	CATEGORY	PARENT ENTITY	HQ	CLOUD ACT	STATUS	TIA
<b>DocuSign</b>	E-Signatures	DocuSign Inc.	 United States	Yes	<b>EXPOSED</b>	Yes
<b>Salesforce</b>	CRM (Enterprise)	Salesforce Inc. (NYSE: CRM)	 United States	Yes	<b>REVIEW</b>	Yes
<b>Google Drive</b>	File Storage	Alphabet Inc.	 United States	Yes	<b>REVIEW</b>	Yes
<b>Canva</b>	Design / Marketing	Canva Pty Ltd	 Australia	No	<b>REVIEW</b>	Yes
<b>ChatGPT / OpenAI</b>	AI Assistant	OpenAI Inc.	 United States	Yes	<b>EXPOSED</b>	Yes
<b>Instagram / Meta</b>	Marketing / Social	Meta Platforms Inc.	 United States	Yes	<b>EXPOSED</b>	Yes
<b>WordPress / Automattic</b>	Website	Automattic Inc.	 United States	Yes	<b>REVIEW</b>	Yes

Source: Canadian Technology Sovereignty Index — 725 SaaS and infrastructure tools classified by corporate parent jurisdiction, ownership structure, and foreign legal exposure. Classifications current as of March 2026. [upperharbour.ca/methodology](https://upperharbour.ca/methodology)

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## Transfer Impact *Assessments*

Five-factor TIA for each foreign-jurisdictioned tool, per sections 17(2)–17(3) of the ARPIPS. This report covers the universal small business SaaS stack — the tools nearly every Canadian small business uses regardless of industry.

Unlike the industry-specific reports in this series (which assess healthcare, legal, accounting, insurance, or other specialized tools), this report focuses entirely on the shared business tools. If your business also uses industry-specific platforms, pair this report with the relevant industry report for complete coverage.

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## DESCRIPTION OF PROCESSING

**Data Flow:** Business staff / customers → Outlook email / Word / Excel / OneDrive → Microsoft cloud (Canadian data centers if configured) → Microsoft Corporation (US parent entity)

**Processing Activity:** Business email communication, document creation and storage, calendar management, internal collaboration. May process customer information in email body, attachments, and calendar entries.

## PERSONAL DATA CATEGORIES TRANSFERRED

• Client names, financial references in correspondence	HIGH	• Client financial correspondence, engagement letters	HIGH
• Internal staff communications referencing client financials	MODERATE	• Documents: business records, tax working papers, audit files	MODERATE
• Calendar entries with client names, filing deadlines, meeting notes	HIGH	• Email attachments: business records, T-slips, bank records, SIN documents	VERY HIGH
• OneDrive/SharePoint files: audit workpapers, client financial records, business documents	HIGH	• Employee records, payroll correspondence	HIGH

## FACTOR 1 – SENSITIVITY OF PERSONAL INFORMATION

**High.** Email is a primary channel for client financial communications. Emails contain tax filing instructions, business records, bank records, and SIN documents. Attachments include T-slips, business records, and audit working papers. In accounting, clients routinely email highly sensitive financial documents — bank statements, income records, SIN-containing tax forms — that should ideally be transmitted via secure portal instead.

## FACTOR 4 – LEGAL FRAMEWORK OF RECEIVING JURISDICTION

**United States.** No comprehensive federal privacy law equivalent to Law 25. Microsoft Corporation is US-incorporated and subject to US legal process. However, Microsoft has a documented track record of challenging government data requests, publishes semi-annual transparency reports, and has committed to notifying customers of government requests where legally permitted.

## FACTOR 3 – PROTECTIVE MEASURES

 <p>DPA</p> <p><b>Auto-included</b></p>	 <p>ENCRYPTION</p> <p><b>AES-256 + TLS 1.2</b></p>	 <p>CA DATA RESIDENCY</p> <p><b>Yes — Toronto + QC</b></p>	 <p>CLIENT ENCRYPTION</p> <p><b>Available (Purview)</b></p>
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## FACTOR 2 – PURPOSE OF TRANSFER

Core business productivity: email communication (Outlook), document creation and storage (Word, Excel, OneDrive), calendar management, internal collaboration (Teams/SharePoint). Microsoft 365 is typically the primary email and document platform for the business. Transfer is necessary for standard business operations.

## FACTOR 5 – RISK OF COMPELLED DISCLOSURE

**Moderate-High.** CLOUD Act applies to Microsoft Corporation. However, Canadian data residency (Toronto and Quebec City data centers) creates a practical barrier — US authorities would need to specifically compel cross-border production. Microsoft has publicly contested overbroad data requests. Residual risk remains but is mitigated by strong vendor posture.

Contractual protections: Microsoft Products and Services Data Protection Addendum (DPA) is automatically included with subscription. Encryption at rest (AES-256) and in transit (TLS 1.2+). Canadian data residency auto-provisioned for Canadian billing addresses (Toronto and Quebec City data centers). Client-side encryption available via Microsoft Purview (additional license). SOC 2 Type II, ISO 27001, ISO 27018 certified.

**CONDITIONAL**

**Residual risk evaluation:** With Canadian data residency enabled and DPA in place, Microsoft 365 provides reasonable protective measures for the data categories processed. The combination of contractual protections (auto-included DPA), technical measures (AES-256, TLS 1.2), and Canadian data residency (Toronto/Quebec City) satisfies the requirement for adequate protection, subject to acceptance of residual CLOUD Act risk. **Conclusion: Transfer is acceptable with conditions.**

**RESIDUAL RISK IF TRANSFER PROCEEDS**

Microsoft Corporation remains subject to CLOUD Act. US authorities could theoretically compel production of data stored in Canadian data centers. Microsoft has publicly challenged such requests and committed to customer notification. Practical risk is lower than vendors without Canadian data residency or transparency commitments, but is not zero. Risk is accepted and documented.

**REQUIRED ACTIONS TO MAINTAIN COMPLIANCE**

- Confirm your tenant is provisioned in Canadian data centers (Admin Centre → Settings → Organization profile → Data location)
- DPA is auto-included — no additional action needed
- Do not send customer records (diagnoses, business notes, lab results) via unencrypted email — use secure messaging through your business management system
- Consider enabling Microsoft Purview for client-side encryption on sensitive documents
- Document acceptance of residual CLOUD Act risk in this assessment
- Re-evaluate annually or upon any change to Microsoft's corporate structure or data residency commitments

# This is a *sample*.

You've just seen the executive summary, full jurisdiction map, and one complete Transfer Impact Assessment card (Microsoft 365). The full report includes:

- 18 complete five-factor TIA cards
- 6 Canadian alternatives with compliance details
- 24 tools mapped by jurisdiction and CLOUD Act exposure
- ✓ Remediation priorities with timelines
- ✓ Transfer Risk Summary (regulator-ready language)
- ✓ Watermarked to your company name

\$99

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