

BUSINESS
PATHWAYS

WATSON
GOEPEL
LAWYERS • AVOCATS

A LEGAL LOOK INTO INCORPORATIONS AND AGREEMENTS.

PRESENTED BY CAMERON FUNNELL,
Partner, Business Law Group.

DISCLAIMER

This presentation is for informational purposes only and does not constitute legal advice. The content provided is general in nature and may not be applicable to your specific circumstances. It is not intended to create, and receipt of it does not constitute, an attorney-client relationship. Before making any decisions or taking any actions based upon the information contained in this presentation, we strongly encourage you to seek the advice of a qualified lawyer.

1. ABOUT CAMERON FUNNELL

- I am a lawyer
- I practice in the areas of:
 - corporate
 - commercial (transactional)
 - real estate
 - leasing
 - etc.



BUSINESS
PATHWAYS

WATSON
GOEPEL
LAWYERS · AVOCATS

2. WHAT IS A CORPORATION?

- A legal person
- Distinct from its shareholders
- Separate taxable entity
- Can own property, enter contracts sue and be sued, etc.

3. WHY INCORPORATE?

- limited liability (but personal liability for professional negligence remains)
- default governance structure
- tax planning
- estate planning

4. TAX PLANNING

- small business tax rate
- tax deferral
- “active” vs “passive” income
- income smoothing
- income splitting (limited by “TOSI” rules)
- capital gains exemption

5. ESTATE PLANNING

- corporation continues to exist after shareholders dies
- primary and secondary wills
- holding shares through a trust

6. INCORPORATION PROCESS

- get accounting/tax advice
- select jurisdiction
- reserve name
- select registered and records office
- appoint directors
- create share structure
- issue shares

7. HEALTH PROFESSION CORPORATIONS

- “health profession corporation” permit required to provide healthcare services
- apply to the College for a permit prior to incorporating
- name must meet College requirements (surname, professional designation, etc.)
- all directors and voting shareholders must be College registrants
- all non-voting shareholders must be College Registrants or family members of College registrants

8. OPERATING A HEALTH PROFESSION CORPORATION

- file annual report with BC corporate registry
- file annual tax return with CRA
- pay annual College permit fee
- pay salaries (and set up CRA payroll account)
- declare dividends?
- register for GST?

9. GROUP PRACTICE - CORPORATION

- multiple doctors may hold voting shares of a health profession corporation
- good way to share costs and revenue
- can be beneficial to hold shares through a holding company
- shareholders' agreement is vital
- corporation is a taxable entity

10. GROUP PRACTICE - PARTNERSHIP

- doctors share liability
- partnership agreement sets out roles, responsibilities, decision making, etc.
- not a taxable entity; doctors are taxed separately

11. GROUP PRACTICE - COST SHARING AGREEMENT

- each doctor operates independently
- no revenue sharing
- common expenses are shared (premises, staff, equipment, consumables, etc.)
- not a taxable entity; doctors are taxed separately

12. GROUP PRACTICE - GENERAL CONSIDERATIONS

- cost and revenue sharing
- Scheduling
- retirement and leaves of absence
- loans and interest
- guarantees/indemnities
- dispute resolution (mediation and arbitration)
- sales to third parties (“drag along” and “tag along” rights)
- termination and wind up

Q&A

CONTACTS:

- Business Pathways
businesspathways@doctorsofbc.ca
- Watson Goepel LLP
cameronfunnell@gmail.com