

Building resilient medical corporations

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of bc**

Territory acknowledgement

Doctors of BC humbly acknowledges the traditional territories of First Nations within British Columbia and that our offices are situated on the unceded territories of the x̱wməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliłwətał (Tsleil-Waututh) Nations. For Doctors of BC, acknowledging the traditional territories is an expression of cultural humility that involves recognizing our commitment to support the provision of culturally safe care to First Nations, Inuit, and Métis people in BC.

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Speakers



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Legal and regulations – things to consider when incorporating

Incorporating a Medical Corporations

- 1. Consult Professionals:** Speak with an accountant and a lawyer specializing in medical corporations.
- 2. Get CPSBC Approval:** Apply for and receive written consent from the College of Physicians and Surgeons of BC.
- 3. Register with the Government:** File your incorporation application and necessary documents with the BC Corporate Registry.
- 4. Set Up Corporate Records/ Bank Account:** Establish a corporate minute book, including opening a bank account to manage the corporation's finances.
- 5. Receive your Permit to Practice:** Submit all relevant post-incorporation documents and supporting information to the CPSBC to receive your permit to practice.

Tax pros and cons of incorporation

CORPORATION - ADVANTAGES

- Tax deferral/savings
- Income splitting (TOSI since 2018)
- Easier to budget yourself

CORPORATION - DISADVANTAGES

- Increased legal and accounting fees
- Increased paperwork and administrative hassle
- If no deferral and no income splitting, just costs without the benefit

Incorporation considerations – legal and tax

1. What corporate structure is allowed?
2. What can you hold in a professional corporation?
3. What CRA accounts do you need?
4. When are tax filings due, and what are your filing obligations?
5. What can you write off now that you're incorporated?

Reorgs and restructuring – what to consider

1. Define clear goals and reasons for making a change
2. Analyze your current corporate structure to identify strengths and weaknesses
3. Design a new corporate structure that aligns with your current and/or future goals and objectives

Common restructures and reorganizations

1. Holding company – When is a holding company needed?
2. Family trust – How does a family trust help, and when should one be set up?
3. Estate freeze – When does an estate freeze make sense?
4. Purification – Is your business able to be sold?
5. Change in shareholders – Have there been changes in your life that warrant a change in shareholders? Why have more shareholders?
6. Capital dividends – what is a capital dividend account?

Succession planning

1. Items to Consider when selling a Business

1. Capital Gains Tax: The sale of a business typically results in capital gains tax. However, tax deferral strategies such as the Lifetime Capital Gains Exemption (LCGE) are available.
2. Estate Tax: The business transfer upon an owner's death may trigger estate taxes. Strategies like spousal rollovers and charitable donations can help reduce these taxes.

Succession planning –continued

Estate Planning Tools

1. **Wills** – Have you thought about how you want to leave your estate after death?
2. **Trusts** – Trusts can be a valuable tool for estate planning, such as family trusts, joint partner trusts, alter ego trusts, etc.
3. **Powers of Attorney** – Are you leaving the right people in control of your assets?
4. **Life Insurance** – Life insurance can provide financial security to your family and business upon your death

By implementing effective estate planning strategies, you can ensure that your business and/or personal affairs are well-managed and that your family is financially secure.

Succession planning – Tax optimization

1. Estate freeze – Do you have more wealth than you need?
2. Life insurance – Understand what this is used for and how it can help
3. Income splitting in retirement – what is allowed and what isn't? Are there changes needed now?
4. Drawing down the tax-deferred asset values
5. Balancing retirement funds – CPP, OAS, corporation, RRSP/RRIF, etc.
6. Probate planning

Frequently asked questions

1. What happens to the corporation in retirement? How do we draw down value? What if there is a holding company?
2. How do we transition the practice to other physicians?
3. What are the implications of having a joint corp with a physician spouse?
4. When do you incorporate and how do you leverage the corporation for tax efficiency?
5. What happens to the corporation when I pass away?
6. Cost sharing structures. What are they and how do they work?

Questions & Contacts



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