

Professional Corporations

Why incorporate your dental practice?

Presenters

LEGAL EXCELLENCE // LOCAL KNOWLEDGE



Sukhminder S. Virk*

Sukhminder Virk is a lawyer at Lindsay Kenney LLP. His practice focuses on private company transactions, estate planning and wealth preservation, business succession and M&A with a focus on professional corporations.

* Personal Law Corporation



Tony Anderson

Tony Anderson is a lawyer at Lindsay Kenney LLP. His practice focuses on corporate commercial transactions, secured lending and real estate. Tony has extensive experience acting for shareholders engaged in corporate disputes and advising clients on the formation and structuring of corporations and partnerships.

About LK Law

LEGAL EXCELLENCE // LOCAL KNOWLEDGE

Lindsay Kenney LLP is a leading business law firm providing legal services for everyone.

Our lawyers represent individuals, small business owners, emerging enterprises, and established businesses of every size including financial institutions, major insurance companies, both national and international corporations, and various government agencies.

We believe what sets LK Law apart is our high-profile drive for excellence, and our practical and creative approaches to solving our clients' concerns.



Disclaimer

Material discussed does not constitute legal or tax advice.

Information purposes only.

Must seek legal and accounting advice.

Corporations 101

- A Corporation (Company) is a separate legal entity with same rights as a natural person
- Ownership is vested in shareholders
- Directors elected by shareholders to manage or supervise the management of the business and affairs of the company
- Limited liability for shareholders
- Fiduciary duty for directors

Professional Corporations

- S. 248(1) defines to mean “a corporation that carries on the professional practice of an accountant, dentist, lawyer, medical doctor, veterinarian, or chiropractor”
- Regulatory approval required
- Dental corporations are regulated under the *Health Professions Act* and *CDSBC Bylaws*.
- Must remain personally liable to clients in respect of services rendered
- As a professional, must remain personally responsible to the regulatory authority (i.e. the College).
- Only members of the College can hold voting shares or as director of the corporation. Ownership of non-participating shares is restricted to direct or indirect ownership by the member and by the member’s family.

Benefits of Incorporating

- Tax Deferral
- Income Splitting
- Investment
- Tax efficiency on retirement
- \$813,600.00 Lifetime Capital Gains Exemption
- Death Benefits
- Psychological
- Creditor Protection

Tax Deferment

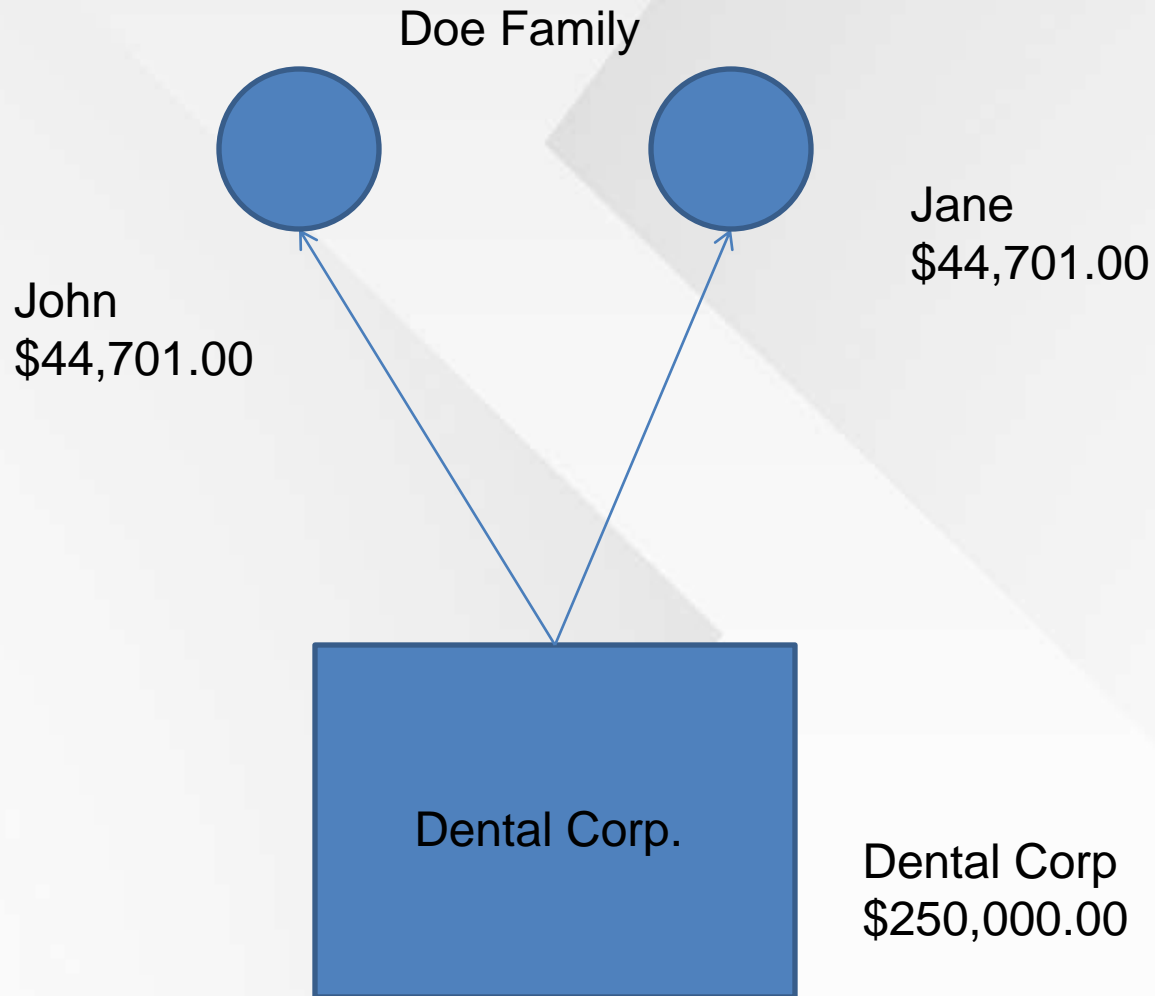
- Postpone tax
- 13.5% v. 45.8% (32.3% difference)*
- Self-funded “pension plan”
- Set aside money until needed

*subject to change

Income Splitting

- Salary or dividend
- Flexible share ownership
- Option to use Family Trust
- From high income to low income
- Splitting among family members

Example 1

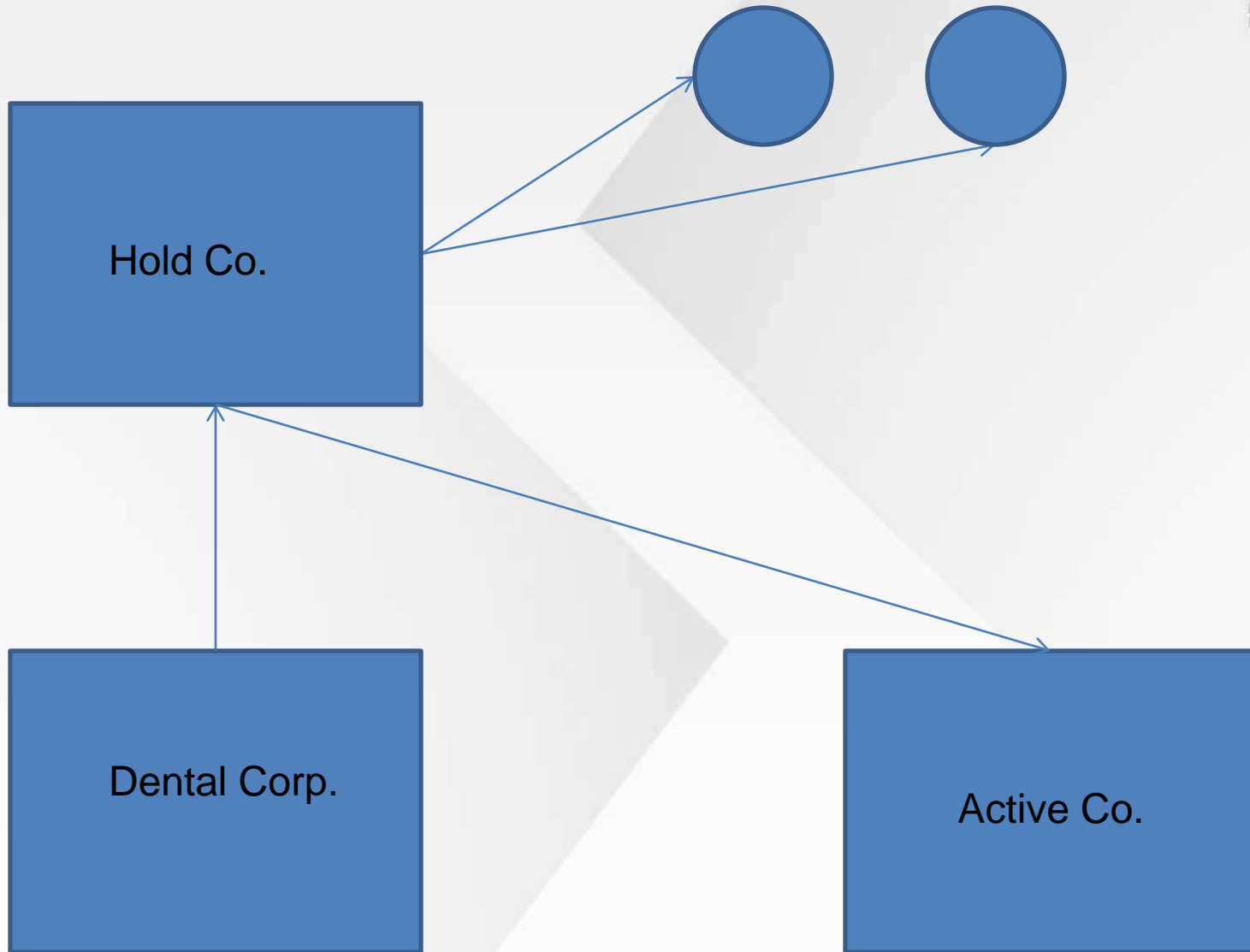


Reinvestment

- Reinvest with pre-tax dollars
- 86.5¢ v. 54.2¢*
- 13.5% Combined BC rate*
- Mitigating risk
- Option to use Holding Company

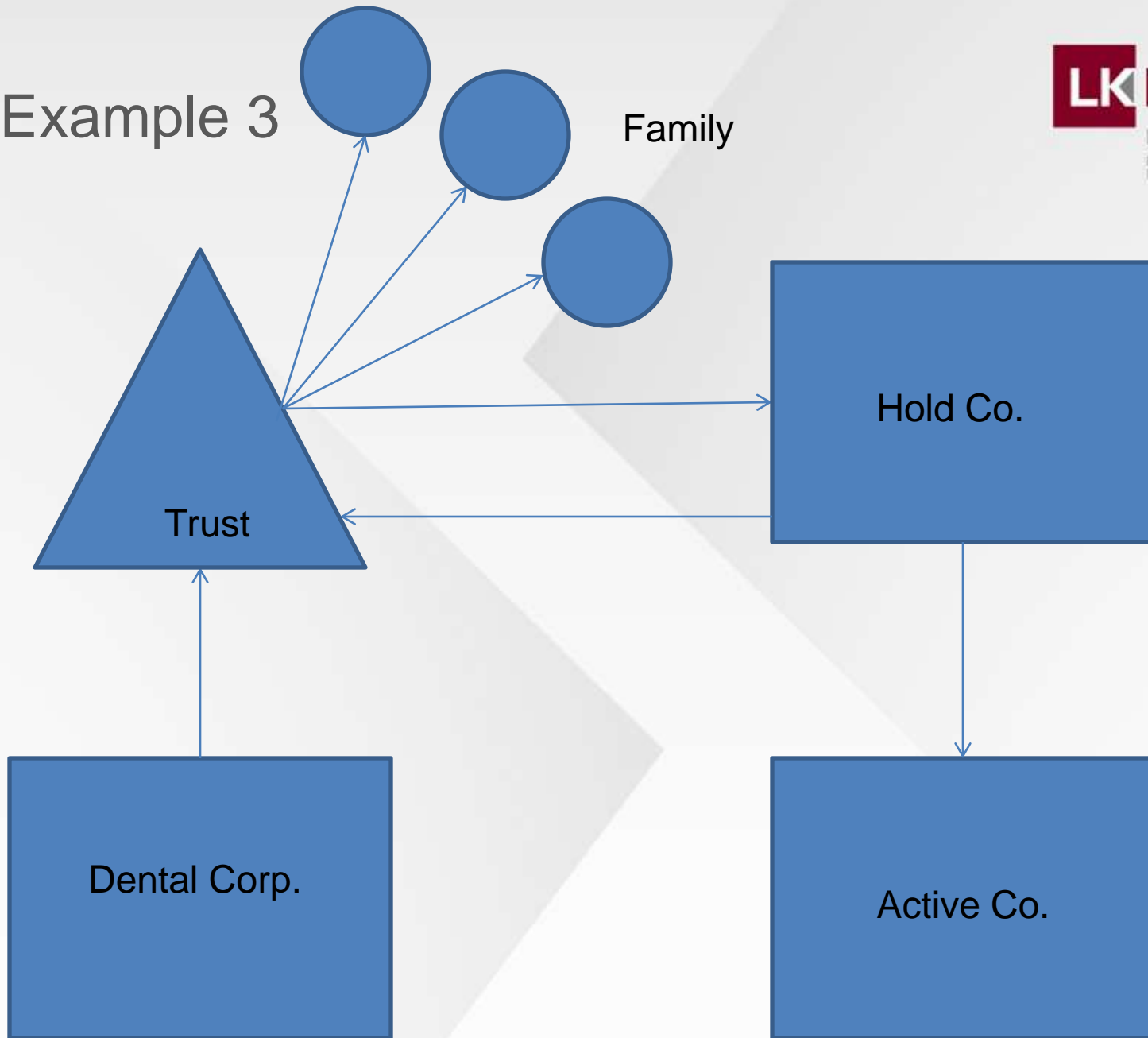
*subject to change

Example 2



Example 3

Family



Disadvantages

- Startup Cost
- Compliance Costs
- Complexity
- Risk of Change in Law
- Attribution Rules
- Risk of Review by CRA
- Sales Tax
- GST
- WCB

Questions?

Thank you!

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Sukhminder S. Virk

D: 778.289.9533

C: 604.354.4217

E: svirk@lklaw.ca



Tony Anderson

D: 778.289.9509

C: 604-360-1929

E: tanderson@lklaw.ca