

OMA Physician Incorporation Service:

frequently asked questions

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On January 1, 2006, the OMA launched an online medical professional incorporation service to members. Since then, the Association has incorporated 3,600 physicians — representing one in five of all physicians incorporated in Ontario. The OMA has incorporated more physicians than any other incorporation service provider in the province. Below are answers to common question received from physicians regarding the incorporation of a medical practice through the OMA.

Q: How do I incorporate my practice through the OMA?

A: The OMA provides an online service through the OMA website for members (www.oma.org). In order to access the service, you will be required to input your OMA number and password. Once you are on the home page, click on the “Managing Your Practice” heading at the top of the page, select the appropriate career path, and then follow the links for “Incorporating Your Medical Practice.”

An outline of the service is provided at www.oma.org/incorporation. Once you have read the description, we suggest that you print the share provisions and take them to your tax advisor. Once your advisor confirms that he or she is satisfied with them, then proceed to complete the application form.

To use the service, the online Professional Incorporation Request Form must be completed (the form can be accessed at <https://secure.oma.org/Member/Documents/incorporationform.html>). You will be required

to log in a second time to access the form. Once the Terms of Service are agreed to, and the form is completed, click “Submit,” and your credit card will be debited for \$523.83. This includes the cost of the OMA’s disbursements, the OMA fee of \$100, and HST.

Once the OMA reviews and processes your application, you will receive an email from us that contains time-sensitive documents that you must file with the College of Physicians and Surgeons of Ontario (CPSO) within 30 days of the date of the email.

The email will contain 11 documents, including a Reporting Letter, which outlines the step-by-step process of what you will need to do with all of the documents.

If there are time periods when you will not be able to access email in order to prepare your application to the CPSO, please notify Lin Gitterman, OMA Legal Services, at omaincorp@oma.org (see contact information at the end of this article), so that a convenient time can be arranged to email your corporate documents.

Q: What does it cost?

A: The cost is \$523.83. This includes all disbursements paid by the OMA (e.g., NUANS search fee, incorporation fee), a \$100 fee paid to the OMA, and HST.

Q: There are two physicians in our family. Can you still help me to incorporate?

A: Yes. You will still complete the same form and add the second physician’s CPSO number. When we see that, it will prompt us to contact you as to how you would like your voting shares to be set up. If you require two sets of voting shares, there is an extra charge for this service of \$150 plus HST, as we are required to duplicate and amend all of your documents.

Q: If I get into trouble with this, will you help me, or am I on my own?

A: Lin Gitterman, OMA Legal Services, can assist you with any questions

you may have regarding the form, the process, and the documents. Please email omaincorp@oma.org.

Q: Are special computer requirements needed to view/download documents?

A: There are no special computer requirements. You will need an up-to-date version of Word, an Internet connection and browser, and a printer. (Please note: you may experience difficulties printing some of the documents if you are using a Mac computer.)

Q: What else do I have to pay?

A: The package you receive will contain your application to the CPSO for a Certificate of Authorization for a Corporation to Practise Medicine. You must submit this application to the CPSO, along with a credit card number, certified cheque, or money order in the amount of \$400. Without this Certificate, the corporation is not permitted to practise medicine.

Q: If I don't use email, can you fax or mail the documents to me?

A: No. The forms need to be filed with the CPSO within 30 days. They will be rejected if they show any fax marks on them (this is an email service only). We can, however, email the documents to your accountant or financial advisor, or to any email address, as directed by you.

Q: How long does the process take?

A: It usually takes two weeks from the date you complete the online Professional Incorporation Request Form until we email your completed documents to you. If we need to ask you any questions regarding your application, it may take a little longer depending on the complexity of the situation, or how quickly we can contact you. There are some times during the year, due to vacation, that the service may take a little longer. When this

occurs, a statement is posted on the website to advise of those dates.

Q: Is the OMA Corporate Model good for me?

A: We believe the OMA Corporate Model is flexible and will meet the needs of the vast majority of Ontario physicians. However, we do not know your individual circumstances and we do not provide income tax advice to you. Therefore, you need to have your tax advisor or accountant review the online model Articles.

Q: I don't have an accountant — will you help me make the decision to incorporate?

A: We cannot provide accounting or income tax advice to OMA members, or recommend accountants. We do have a list (upon request) of accountants who have used our service. We do suggest that you speak with peers to find a good financial advisor or accountant.

Q: If my home address is the registered office address of the corporation, is that posted on the CPSO website?

A: Your application to the CPSO must disclose both your business (practice) address and your registered office address. Only the business (practice) address is disclosed on the CPSO website. Your registered office address is not included in the CPSO register.

Q: How do I choose my shareholders?

A: Your choice of shareholders and the number of shares you wish to issue determines ownership of the corporation and your ability to income-split with family members. This is a personal financial decision that we cannot help you with as we do not know your personal circumstances. You must make these decisions with professional advice from your accountant and/or tax advisor. The OMA cannot advise

you with respect to these matters.

When you complete the OMA Professional Incorporation Request Form you do have the choice to input your shareholders and number of shares allocated at that time, or you can assign them when you receive your documents. We do advise that you put as much information into the application form as possible, since it does simplify things for you.

Q: Once I receive the documents, what is the best way to save them all on my computer?

A: The best thing to do is to create a file folder on your computer for your corporation. Then, once you open each attachment, you can save it in the file folder for easy access.

Q: Do I have to change my letterhead and business cards?

A: Yes. You need to change your stationery, invoices, receipts, business cards, professional signs, telephone listing, etc., to your corporate name, and transfer your business licence, employer number, bank accounts, financial records, notifications to your employees, group benefit plans, etc., to your corporate name. This is explained in the reporting letter we send you, and you should also discuss this with your accountant.

Q: Why don't you send in the CPSO documents for me?

A: Given the 30-day period for you to deliver the documents to the CPSO, we find this is too short of a time period for you to mail the documents to us and for us to then forward them to the CPSO. It is quicker for you to mail the signed documents to the CPSO directly.

Q: How long will the CPSO take to issue the Certificate of Authorization?

A: At present, the CPSO website states that applications take four weeks

for the issuance of the Certificate of Authorization.

The Certificate will be dated and will take effect from the date the CPSO's Corporations Unit receives your completed application. If there are any errors on the Certificate, the CPSO will send a deficiency notice to you within 24 hours. You are then required to correct the deficiency and return the documents. If necessary, please contact OMA Legal Services for assistance. Once the Certificate of Authorization has been issued, authorization is posted on the CPSO website. You can generate income under the Corporation *if* notification has been posted.

Q: Do I need to notify OHIP and the Canadian Medical Protective Association (CMPA) once the corporation is registered with the CPSO?

A: You will have to make banking arrangements for your corporation with your bank, and arrange for your Board of Directors to pass the bank's form of banking resolution.

If you wish to have your OHIP remittance deposited to your new bank account, you will need to contact your local OHIP office. You will also need to update your records with the Canadian Medical Protective Association (CMPA).

Q: Would my OHIP remittances continue to be in my name, or would that need to be changed to the corporate name?

A: The Health Insurance Act does not allow corporations to have billing numbers. Hence, after incorporation, you will continue to bill OHIP personally. However, you can direct OHIP to deposit your OHIP income billed under your billing number to the corporation's bank account. You will need to enter into an agreement with your corporation to assign this income to your corporation. If you will be an employee of your corporation, you may make this assignment in your employment

contract. The OMA includes a sample employment agreement in the documents it sends you.

Q: When can I start to earn income within my corporation?

A: Your corporation may start to earn income as of the date the Certificate of Authorization is issued by the CPSO.

Q: What is a "Minute Book," and why do I need one?

A: The Business Corporations Act requires you to keep an up-to-date Minute Book, and to store it at your corporation's registered office. You must prepare written minutes of all meetings of your directors or shareholders, or written resolutions in lieu thereof, and file these minutes and resolutions in your Minute Book. Your Minute Book can be a three-ring binder that you can purchase at any stationery supply store, or you can purchase a Corporate Minute Book for \$71.08 through the OMA website.

Q: Is there an annual fee, or something I have to do every year with the CPSO?

A: Yes. You must renew your corporation's Certificate of Authorization annually with the CPSO. The CPSO will send a reminder to the corporation approximately six weeks in advance of the renewal deadline, and you are required to submit the completed form to the College, with a cheque or completed VISA form for \$175, by the due date. The OMA does provide an Annual Corporate Maintenance and Renewal Service that can be accessed online to assist you with this process. The form to request this service is posted on the OMA website at <https://www.oma.org/Member/Resources/Documents/annualrenewal.html>.

The process for renewal through the OMA is similar to the process for incorporation in that you will be required to complete and submit an online form, and you will receive five documents

in return from the OMA by email. The cost for this service is \$130.54. It is worth keeping in mind that if you save the documents on your computer, you can access them annually and amend the date as needed. However, you should check the CPSO site to ensure that the form has remained the same. If you wish to submit your own renewal every year, without the assistance of the OMA, the CPSO's form can be accessed at http://www.cpso.on.ca/CPSO/media/documents/Members/Professional%20Incorporation/Corp_Renewal_application.pdf.

You also need a Corporation Profile Report to renew your Certificate of Authorization. You can order this directly from Cyberbahn at www.cyberbahn.ca, and from www.oncorp.ca.

Q: What do I do if my shareholders change after I've applied for my Certificate of Authorization?

A: Your corporation is required to notify the CPSO of any change in shareholders who are members of the CPSO within 15 days of the change. The Notice of Shareholder Change form for this is posted on the CPSO website. The corporation is not required to provide details to the College of shareholders who are family members who are not members of the CPSO.

Q: Can a professional corporation own my life insurance policy?

A: A professional corporation may be able to apply for insurance coverage on your life or your spouse's life. For an existing life insurance policy, it may be possible to transfer the ownership to your professional corporation. It is best to check with your tax and insurance advisors to determine if this is the best option for your individual circumstances.

Q: How does incorporating affect my disability insurance?

A: Incorporation does not in itself affect your disability insurance. While your

professional corporation could pay the premium, unless you can show that the full premium was added to your income as a taxable benefit, any benefits paid in the event of a disability would be fully taxable as income. To ensure disability income benefits, when received, are tax free, all premiums should be paid by you personally. As well, any premium refund will be paid only to you, the member.

Disability coverage may not be assigned; only you, the member, may apply for the coverage, and you cannot transfer ownership.

Q: Can a professional corporation be named as a beneficiary?

A: If your professional corporation is the owner of the policy, then typically your corporation is also the beneficiary. The beneficiary you designate on your original application form may be changed whenever necessary by contacting the insurer. However, if you continue to own your policy and are considering making your professional corporation the beneficiary, you should confer with your accountant to determine if there are any advantages to naming your corporation as the beneficiary of your insurance.

Q: Can a professional corporation pay for my life insurance premiums?

A: Your professional corporation can pay your life insurance premiums, however, those premiums should not be claimed as a tax deductible business expense. In addition, if your professional corporation pays the premium, then these premiums should be included in your income as a taxable benefit.

Q: Who can hold shares?

A: Under the amendments to the governing legislation that took effect on January 1, 2006, non-voting shares of the corporation may be owned by family members of the voting physician shareholders.

These non-voting shares in phy-

sician professional corporations are to be owned in one of the following ways:

1. It is legally and beneficially owned, directly or indirectly, by a member of the College of Physicians and Surgeons of Ontario.
2. It is legally and beneficially owned, directly or indirectly, by a family member of a voting physician shareholder.
3. It is owned legally by one or more individuals, as trustees, in trust for one or more children of a voting physician shareholder who are minors, as beneficiaries. "Family member" is defined to mean "in relation to a shareholder, the shareholder's spouse, child (including step-child) or parent (including step-parent);" and "spouse" is defined to mean "in relation to a shareholder, a person to whom the shareholder is married, or with whom the shareholder is living in a conjugal relationship outside marriage."

Q: Does the CPSO accept step-children, step-parents and common-law spouses as family member shareholders?

A: Yes.

Q: Can my in-laws hold shares?

A: No. In-laws are not included in the definition at this point.

Q: I have already set up a professional corporation, but would like to amend my articles to allow for income-splitting with my spouse. Can you assist in this regard, or should I seek outside help?

A: Unfortunately, at this time, the OMA is not providing assistance for physicians who want to amend their articles of incorporation.

We suggest that you seek the assistance of the lawyer who initially incorporated your practice to make the amendments, as he or she would have a working knowledge of your corpo-

rate structure, which would be helpful in ensuring that your corporation is organized appropriately.

Q: I still haven't received my Certificate of Authorization from the CPSO, but I see on their website that my corporation is registered with them. It's been four weeks since I submitted my application. If the CPSO shows on their website that I have been approved, can I use my corporation even though I have not received the actual Certificate?

A: Yes, if the CPSO has processed the Certificate of Authorization, it will be posted on their website and you are permitted to begin to generate income under that corporation.

Q: I am planning on retiring. What changes do I have to make?

A: You must amend the name of your corporation to remove the words "Medicine Professional Corporation," and you will need to remove the restriction on the activities your corporation can undertake. The OMA provides online assistance for this process.

Q: Can the OMA help me with this?

A: Yes, the OMA has an online service to assist physicians transitioning their corporation upon retirement. This can be accessed via the OMA website (www.oma.org).

Q: Who should I contact at the OMA if I have questions about incorporation, renewal of my Certificate of Authorization, or amending my Articles of Incorporation upon retirement?

A: All questions regarding incorporating your medical practice through the OMA's Incorporation Service can be directed to Lin Gitterman, OMA Legal Services, at 647.988.0800, or 416.599.2580/1.800.268.7215, ext. 3810, or email omaincorp@oma.org. ■