Is incorporation right for your medical practice?

Other financial benefits
- Repay debt faster within the corporation.
- Take advantage of tax credits for scientific research and experimental development.
- Pay insurance premium deposits using more cost-effective after-tax dollars.
- Physician business accounts and other corporate banking products may help reduce your operating costs.

Other financial consequences
- Investment income doesn’t qualify for the small business tax rate.
- As the physician, you remain liable for malpractice.
- U.S. persons living in Canada must meet controlled foreign corporation and passive foreign investment company reporting requirements and could be subject to U.S. tax reporting.

Additional structure
Group practice arrangements (e.g. partnerships) may impact corporate taxes on active business income.

Employee
Salary, bonuses, RRSP room and Canada Pension Plan are factors.

Shareholders
Shareholders with lower income may be able to receive dividends resulting in less tax paid.

Medical professional corporation
Compared with paying personal income tax, paying tax through a corporation can offer tax deferral benefits.

Active business

Ready to incorporate?

For more information about incorporation, contact an MD Advisor*. An MD Advisor can guide you through the planning stage, and then make your corporate account an integral part of your comprehensive financial plan.

* MD Advisor refers to an MD Management Limited Financial Consultant or Investment Advisor (in Quebec), or an MD Private Investment Counsel Portfolio Manager.

The information contained in this document is not intended to offer foreign or domestic taxation, legal, accounting or similar professional advice, nor is it intended to replace the advice of independent tax, accounting or legal professionals. Incorporation guidance is limited to asset allocation and integrating corporate entities into financial plans and wealth strategies. Any law-related information is applicable to Canadian residents only and is in accordance with current Canadian law, including judicial and administrative interpretation. The information and strategies presented here may not be suitable for U.S. persons (citizens, residents or green card holders) or non-residents of Canada, or for situations involving such individuals. Employees of the MD Group of Companies are not authorized to make any determination of a client’s U.S. status on tax (i.e. obligations, whether foreign or domestic). The MD ExO® service provides financial products and guidance to clients, delivered through the MD Group of Companies (MD Financial Management Inc., MD Management Limited, MD Private Trust Company, MD Life Insurance Company and MD Insurance Agency Limited). For a detailed list of these companies, visit md.ca. MD Financial Management provides financial products and services, the MD Family of Funds and investment counselling services through the MD Group of Companies.