
The President's Letter

Dr. Christopher J.(Chip) Doig



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Dear Member:

Professional corporations

A makeover of professional corporations for the 21st century moved another step closer yesterday when the Alberta Legislature gave second reading to Bill 53, the *Professional Corporations Statutes Amendment Act, 2009*.

The Legislature is expected to give the bill third and final reading before it adjourns, projected to be December 3. A date, however, has not been set for proclamation, which is required for the bill to become law.

When enacted, the amendments will increase Alberta's attractiveness as a province of choice for physicians and many other professionals. This will be even more important as Alberta recovers from the recession and requires educated leaders in a variety of disciplines.

- For physicians, family members – spouses, including common law, and children – will be able to own non-voting shares of a professional corporation. Voting shareholders will have to be physicians.
- Trusts for minor children are permitted, but the shares must be transferred to the child within 90 days after the child turns 18.
- There are no other provisions for trusts or for holding companies.

Because of the complexities in changing or setting up a professional corporation, each physician should seek counsel from her or his accountant, lawyer and financial advisor, e.g., MD Management.

About 60% of physicians practising in Alberta currently have professional corporations. For those who do not have a professional corporation, this may be the time to assess whether the amendments make it worthwhile to establish one. The changes also impact dentists, chiropractors, optometrists, lawyers, chartered accountants, certified management accountants and certified general accountants.

Lethbridge-West MLA Greg Weadick, Chair of the Cabinet Policy Committee on the Economy, who introduced the bill, told the Legislature that the changes are expected to cost the government about \$1 million in annual revenue.

However, the revisions “are about being fair. They’re about leveling the playing field among other corporations within Alberta, and they’re about leveling the playing field between Alberta professional corporations and their counterparts throughout Western Canada.”

Liberal MLA Bridget Pastoor (Lethbridge-East) agreed the bill “should go forward if for no other reason than it keeps us competitive with the other provinces in this country.” Alberta is clearly “at a disadvantage in this province when we don’t have the number of health professionals that we actually need.”

Depending on how successful the government is in dealing with its \$6.9 billion deficit, additional amendments may be forthcoming. One may allow for family trusts. Another may allow professional corporations to create holding companies.

The Alberta Medical Association (AMA), along with a number of other professional organizations, had long advocated for changes to Alberta’s legislation governing professional corporations. The Institute of Chartered Accountants of Alberta deserves recognition for its leadership.

Four hours a year

The AMA *Doctor's Black Bag* government affairs program continues to seek physicians to be a contact with their local MLA. The commitment is minimal – three or four meetings a year – but the return on this advocacy can be huge for our patients and for the medical profession.

If you have a relationship with your MLA, or if you’re willing to develop one, please email Dr. John Huang, Chair, Government Affairs Committee, at md.mlacontacts@albertadoctors.org. It’s another way that the AMA puts Patients First®.

Yours truly,

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President