

**INCORPORATION OF A PROFESSIONAL CORPORATION
CHECKLIST**

PART 1 – INCORPORATION AND ORGANIZATION OF PROFESSIONAL CORPORATION		
PART 1 - INFORMATION REQUIRED:	STATUS	RESPONSIBLE PARTY
<ul style="list-style-type: none"> ▪ <i>*proposed name for corporation – must include "Professional Corporation" [for certain professions include the type of profession (for physicians include "medicine" and for dentists include "dentistry")] and include the surname of one or more of the professional shareholders – may also include shareholder's given name, initials or combination of both [normally there would be only one professional shareholder although there may be more than one professional who choose to practice together in a single professional corporation¹]</i> 		Professional
<ul style="list-style-type: none"> ▪ <i>*full name and residence address of each director</i> 		Professional
<ul style="list-style-type: none"> ▪ <i>*address for registered office of company (usually same as address for practice)</i> 		Professional
<ul style="list-style-type: none"> ▪ <i>*name of accountants</i> 		Professional
<ul style="list-style-type: none"> ▪ <i>input from accountants with respect to authorized share capital for professional corporation</i> 		Accountant, Law Firm
<ul style="list-style-type: none"> ▪ <i>*full name, address and Governing Body registration number for each holder of voting shares– N.B. holders of voting shares must be registered with their respective Governing Body). For physicians and dentists only, may have non-voting shareholders who must be a family member of the holder(s) of the voting shares (ie. spouse, child or parent)(effective January 1, 2006)²</i> 		Professional
<ul style="list-style-type: none"> ▪ <i>input from accountants as to number and class of shares to be issued</i> 		Accountant, Law Firm

1 If more than one shareholder, must consider joint and several liability of shareholders

2 Note Well: careful planning is required with accountants around introduction of family members as shareholders

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▪ <i>*name of banking institution to be used by professional corporation</i>		Professional
▪ <i>*names of proposed officers for professional corporation, i.e. President, Secretary/Treasurer, etc. (normally the professional would be both President and Secretary/Treasurer)</i>		Professional
▪ <i>proposed year end for professional corporation (requires consultation with accountants for appropriate timing)</i>		Accountant
PART 1 - STEPS TO BE TAKEN:	STATUS	RESPONSIBLE PARTY
1. Consultation with Professional and Accountant to address planning issues around the incorporation of the professional practice and introduction of family members by physicians or dentists (if appropriate)		All Parties
2. Order preliminary name search		Law Firm
3. Order NUANS name search report (this step is completed by the law firm to make sure the proposed corporate name will be suitable)		Law Firm
4. In consultation with accounting firm, to create appropriate classes of shares to accommodate professional(s) and family members		Law Firm
5. Prepare and file Articles of Incorporation for professional corporation ("PC") to include provision that the corporation may not carry on a business other than the practice of the professional and activities related to or ancillary to the practice of the professional and restriction on holding of shares by professional and permitted "family members" (law firm)		Law Firm
6. (a) Prepare by-laws and organizational resolutions of the director(s) and shareholder(s) to include subscriptions for and issuance of shares, appointment of officers,		Law Firm

³ This is not included in pricing

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etc. (law firm); and		
(b) Shareholder Agreement: consider whether it is needed ³		
7. Open bank account for professional corporation		Professional
8. Shareholder(s) to issue cheques for share subscriptions which will be deposited to PC bank account		Professional
9. Form 1 Initial Notice with respect to directors and officers to be filed with Ministry (law firm)		Law Firm
PART 2 – APPLICATION TO GOVERNING BODY FOR CERTIFICATE OF AUTHORIZATION FOR THE PROFESSIONAL CORPORATION		
PART 2 - STEPS TO BE TAKEN:	STATUS	RESPONSIBLE PARTY
1. Complete Application Form		Law Firm
2. Complete Statutory Declaration		Law Firm
3. Prepare notarial copy of Articles of Incorporation for professional corporation		Law Firm
4. Obtain Certificate of Status for PC from Ministry		Law Firm
5. Meet with Professional to complete application and undertakings, <i>*obtain Application Fee (certified cheque, money order or bank draft only, payable to Governing Body) and submit Application</i>		Law Firm, Professional
6. Liaison with the Governing Body as necessary		Law Firm
PART 3 – ROLLOVER OF ASSETS OF PROFESSIONAL PRACTICE FROM PROFESSIONAL TO THE CORPORATION		
PART 3 – INFORMATION REQUIRED:		
▪ <i>input from accountants as to value of assets to be transferred and structure of consideration, i.e. promissory note, assumption of liabilities, issuance of shares, etc.</i>		Accountant
▪ <i>*detailed listing of assets to be transferred and</i>		Accountant,

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	<i>liabilities to be assumed (if applicable)</i>		Professional
▪	<i>*copy or details of lease for premises from which practice is operated (if applicable) (consent to the assignment of the lease will usually be required from the Landlord)</i>		Professional
▪	<i>*copy or details of leases for equipment utilized in the practice (if applicable) (consent to the assignment of leases will usually be required)</i>		Professional
▪	<i>*details of any x-ray equipment utilized in the practice and being transferred to PC (form to be completed and filed with Ministry of Health and Long-Term Care)</i>		Professional
▪	<i>*details of employment arrangements between doctor(s) and PC – input from accountants required for employment agreement between doctor and PC</i>		Professional
PART 3 - STEPS TO BE TAKEN:			
7.	Liaison with Accountants to determine requirements for the Rollover of the Professional Practice		Law Firm
8.	Asset Rollover Agreement between professional, as vendor, and PC, as Purchaser		Law Firm
9.	Resolution of PC authorizing purchase of practice and issuance of consideration (issuance of promissory note, issuance of shares and/or assumption of liabilities, as applicable)		Law Firm
10.	Promissory Note issued by PC to vendor(s) as partial consideration for tax paid value of assets transferred (net of assumed liabilities)		Law Firm
11.	Share certificate issued by PC to vendor(s) as consideration		Law Firm
12.	Bill of Sale and General Conveyance to transfer assets to PC		Law Firm
13.	Assignment and Assumption Agreement for equipment leases and assumed liabilities (if applicable)		Law Firm

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14.	*Consents from premises landlord and leasing companies to assignments of lease (if applicable)		Law Firm
15.	*Assignment of premises lease (if applicable) – Note – if professional owns premises, a lease will be required between professional and PC		Law Firm
16.	Employment Agreement(s) between doctor(s) and PC (to include provision that all OHIP revenue received by doctor in trust) for PC		Law Firm
17.	Section 167 GST election form (law firm)		Law Firm
18.	Election under s.22 of Income Tax Act re receivables (if applicable – to be prepared by accountants)		Accountants
19.	Election under s.85 of Income Tax Act (to be prepared and filed by accountants)		Accountants
20.	Form 1 – X-Ray Equipment Registration Form (HARP) (if applicable) (law firm to file)		Law Firm
21.	Housekeeping Issues to be completed by the Professional		
	(a) transfer employment of staff members to PC – compliance with Employment Standards Act		Professional
	(b) notify professional liability carrier and carrier of extended coverage		Professional
	(c) notify and consult with disability insurance agent to advise of change in status from independent professional to employee of professional corporation		Professional
	(d) change letterhead, invoicing, signage		Professional
	(e) notify suppliers		Professional
	(f) change accounting procedures in consultation with accountants		Professional / Accountant
	(g) such other matters as accountants may advise		

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"Governing Body" means:

1. in the case of the physician, the College of Physicians and Surgeons of Ontario
2. in the case of a dentist, the Royal College of Dental Surgeons of Ontario
3. in the case of an accountant, both of the Institution of Chartered Accountants of Ontario and the Public Accountants of Ontario
4. in the case of a lawyer, the Law Society of Upper Canada