

Professional Medical Corporation (PMC) Investment and Business Guidelines

Issue

The *Medical Act, 2005* restricts PMCs to the provision of the services of medical practitioners and related matters. It is the position of the College of Physicians and Surgeons of Newfoundland and Labrador (the “College”) that investment activities by PMCs which would constitute “carrying on business” other than in respect of the provision of the services of medical practitioners and related matters would be contrary to the *Act*.

The College, after consultation with interested parties including the Newfoundland and Labrador Medical Association, is issuing these guidelines with respect to investment and business activities by PMCs.

Investment and Business Guidelines for PMCs

It is the position of the College that as a general rule PMCs ought not to be engaging in investment and business activities which are not related to the provision of the services of a medical practitioner and which for the purposes of the *Income Tax Act (Canada)* would give rise to income from a business. The College, however, would accept the following as investment or business activities by PMCs related to the provision of the services of a medical practitioner:

(A) the purchase or acquisition by the PMC of real and personal property necessary for the provisions of medical services by the PMC;

(B) investment by the PMC in publicly-traded stocks (provided it is less than 5% of total publicly-traded shares in any one corporation), mutual funds, insurance, term deposits and similar investments which are generally available to members of the public.

The College would also affirm that PMCs should not engage in any investment/business activities that are contrary to the ethical practice of medicine or which could give rise to a conflict of interest between the provision of medical services and the business interests of the medical practitioner or of the PMC through which the medical practitioner is practicing.

IMPORTANT: The College cannot give any legal or accounting advice in relation to professional medical incorporation, and recommends that medical practitioners consult with their own legal or accounting professional advisers.

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