

Health Profession Corporations Update

Family Members as Non-Voting Shareholders a Reality for Dentistry Professional Corporations

Effective January 1, 2006, new legislation came into force, which allows family members to hold non-voting shares of a dentistry professional corporation.

Is the College charging for the changes?

We are pleased to announce that there will be no fees charged by the College in relation to an existing corporation for share changes including, filing a Notice of Change of Shareholders, submitting a new Statutory Declaration, or updating the College's register to reflect the change of shareholders.

Who, of my family, is eligible to be a shareholder?

A family member includes your spouse, child or parent. Please be advised that a family member may be non-voting shareholders of your health profession corporation.

Can the name of my spouse, child or parent (if not a member of the College) be included in the name of the corporation?

No. The regulations are very specific in that the name of the corporation must include the surname of one or more shareholders of the corporation who are members of the College.

If I am not married but am living in a conjugal relationship with my partner and/or companion, how many years must I be in this relationship before my partner and/or companion can be added as a shareholder of my corporation?

The legislation is not clear. Please seek independent legal advice.

If a member of my family is a non-voting shareholder of my corporation, will this information be available to the public?

Yes. The regulations require that the names of the shareholders of each health profession corporation be maintained on the College's register. This information is

available to the public upon inquiry. The College has addressed this issue with government and anticipates this requirement to change but it is not likely to change in the near future.

Do I need a lawyer?

Every situation is different so we encourage you to seek independent legal and accounting advice.

Is my corporation still covered under my Professional Liability Insurance?

Yes. The College's Professional Liability Program insurance covers the provision of professional services by those health profession corporations that hold current Certificates of Authorization. The addition of non-voting shareholders (who are not members of the College) does not alter this coverage.

Can I change the share structure of my existing health profession corporation?

Yes. You will need to review Sections 6 and 7 of your Articles of Incorporation with your lawyer to see if they contain a class of non-voting shares. In addition, you will also need to review Section 9 (Other Provisions) of your Articles of Incorporation to see if they contain the conditions for professional corporations as set out in Subsection 3.2(2) of the *Business Corporations Act* and whether any amendments are required.

In other words, before adding family members as non-voting shareholders of your existing corporation, you may be required to amend your Articles of Incorporation. You should ask your lawyer about any associated fees and disbursements that may be incurred.

If I already have an existing health profession corporation, what documentation needs to be submitted to the College?

If you choose to change the share structure of your existing health profession corporation, you will need to submit the following documentation to the College:

1. A Notice of Change of Shareholders Form

A Notice of Change of Shareholders form must be submitted to the Registrar within ten days of each and every change of shareholder of the corporation. A Notice of Change of Shareholders form can be downloaded from the College's

Web site. Go to www.rcdso.org and click on the Health Profession Corporations box on the right-hand side of the screen.

2. A New Statutory Declaration – Form E

You are required to submit to the Registrar a new Statutory Declaration of a director (dentist and member of the College) of the corporation which must accompany the Notice of Change of Shareholders form. Form E - Statutory Declaration can be downloaded from the College's Web site. Go to www.rcdso.org and click on the Health Profession Corporations box on the right-hand side of the screen.

3. Amended Articles of Incorporation (if applicable)

A notarized copy of your Amended Articles of Incorporation (if applicable) must accompany your Notice of Change of Shareholder form and new Statutory Declaration.

Typically, if you wish to change the name of the corporation, create a new class of shares, or change the objects of the corporation, amendments to the articles may be required. Please note that amending the articles usually has significant legal fees and disbursements. You should consult with your lawyer to confirm whether or not you need to amend your articles of incorporation.

New Health Profession Corporations

Please note that we are in the process of updating our Application Form for a Certificate of Authorization for a Health Profession Corporation to include the new legislative changes. The new forms will be available in January 2006.