

HERTZBERGER & ASSOCIATES

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Dear Colleague:

Re: Incorporation of Medical Practices

Due to recent amendments to the *Ontario Business Corporations Act*, physicians are now able to incorporate their practices.

Although professional liability to patients is unchanged, there are tax advantages which are now available.

Income previously taxed at the highest rate and in the year received can now be deferred to other tax years. The effect of the deferral is to allow the physician to "hold" this income in the corporation until such time as it is needed personally.

In the interim, the Company is free to invest the money just as the physician would. The income earned in the Company is also taxed at the lower rate so the tax savings are actually compounded. The additional accounting and legal expenses involved are not significant and are more than compensated for from out of the Company's earnings.

There are a number of income tax reducing programs available depending on your individual tax, income and family circumstances. Income splitting and Professional Service Companies can be combined with this vehicle to further enhance your tax savings. This program will be of interest to those at the top income earning level and who either have or want to have a significant saving program.

Should you require more information concerning the foregoing or assistance in organizing or incorporating your medical practice do not hesitate to contact Hertzberger & Associates.

Our clients deserve the best and we deliver.

Yours very truly,
HERTZBERGER & ASSOCIATES

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