KEY MESSAGES
PROPOSED FEDERAL TAXATION REFORMS

- The proposed tax changes are the most significant changes to the small business tax structure in 45 years.

- A 75-day consultation is inadequate to assess the scope of these changes and the ramifications for the over one million small business operators in Canada, including incorporated physicians.

- The proposed changes will have significant unintended consequences, such as destabilizing medical practices and health care.

- With so many underserviced regions across Canada and with 5.4 million patients without a doctor, it’s critical that the federal government establish conditions that contribute to a stable and attractive medical practice environment.

PHYSICIANS AND INCORPORATION

- The majority of physicians (66% or 54,000) own and operate a private corporation, which provides the structure to support the viability of their medical practice.

- Access to working capital is an essential element of a viable medical practice. Physicians rely on working capital to purchase equipment, refit exam rooms, and create electronic medical records, for example.

- Working capital is also essential when physicians seek to expand services to meet the growing health care needs of their communities. The structure also permits funds to be available to offset sick leave, parental leave and staff turn-over.

- As a legitimate business vehicle for physicians — one sanctioned and encouraged by successive governments for decades — the risks and benefits of incorporation are well established.

- Physician fees are set by provincial and territorial governments. Many physicians have been encouraged to incorporate so they can:
  - set up and deliver quality health care services in urban and rural communities, usually with the help of other employees (e.g., nurses, health administrators);
  - manage the risk that comes with self-employment; and
  - prepare for their retirements, unpaid maternity leaves, and family needs such as education, personal illness etc., given that they do not have access to employer-funded benefits and pensions.
ECONOMIC IMPACT

- As independent business owners, physicians support local and national economies and create direct and indirect jobs by hiring staff, purchasing equipment, renting office space and supporting other local businesses.

- The direct GDP contribution produced by physicians’ offices in Canada in 2016 was $22.3 billion. They:
  - paid $6.2 billion in wages and salaries;
  - employed 137,000 people; and
  - contributed $643 million in tax revenues to governments.

- The total GDP supported by the economic footprint of physicians’ offices is $33.4 billion when you include the supply chain and induced effects of this economic activity. The total number of jobs supported is 250,000.

- Physicians are essential to thriving communities, providing care to Canadians 24/7 in clinics, hospitals and long-term care facilities, as well as in their homes, cities and rural communities.

- Maintaining the conditions necessary to support the continued success of medical practices becomes very compelling when considering economic growth and critical service delivery.

GETTING IT RIGHT

- Thriving medical practices are essential. They provide Canadians with access to medical care throughout our vast country.

- A fair tax system accommodates taxpayers who assume different levels of risk and is flexible enough to allow small business owners — including physicians who operate a medical practice — to manage various circumstances.

- A fair tax system also dictates that if self-funded safety net provisions are eliminated or significantly adjusted in the new tax regime, other vehicles must cover planned and unplanned events.

- We ask the government to suspend the proposal, and to conduct a comprehensive review to ensure that legislation can meet policy objectives without significant unintended consequences.