



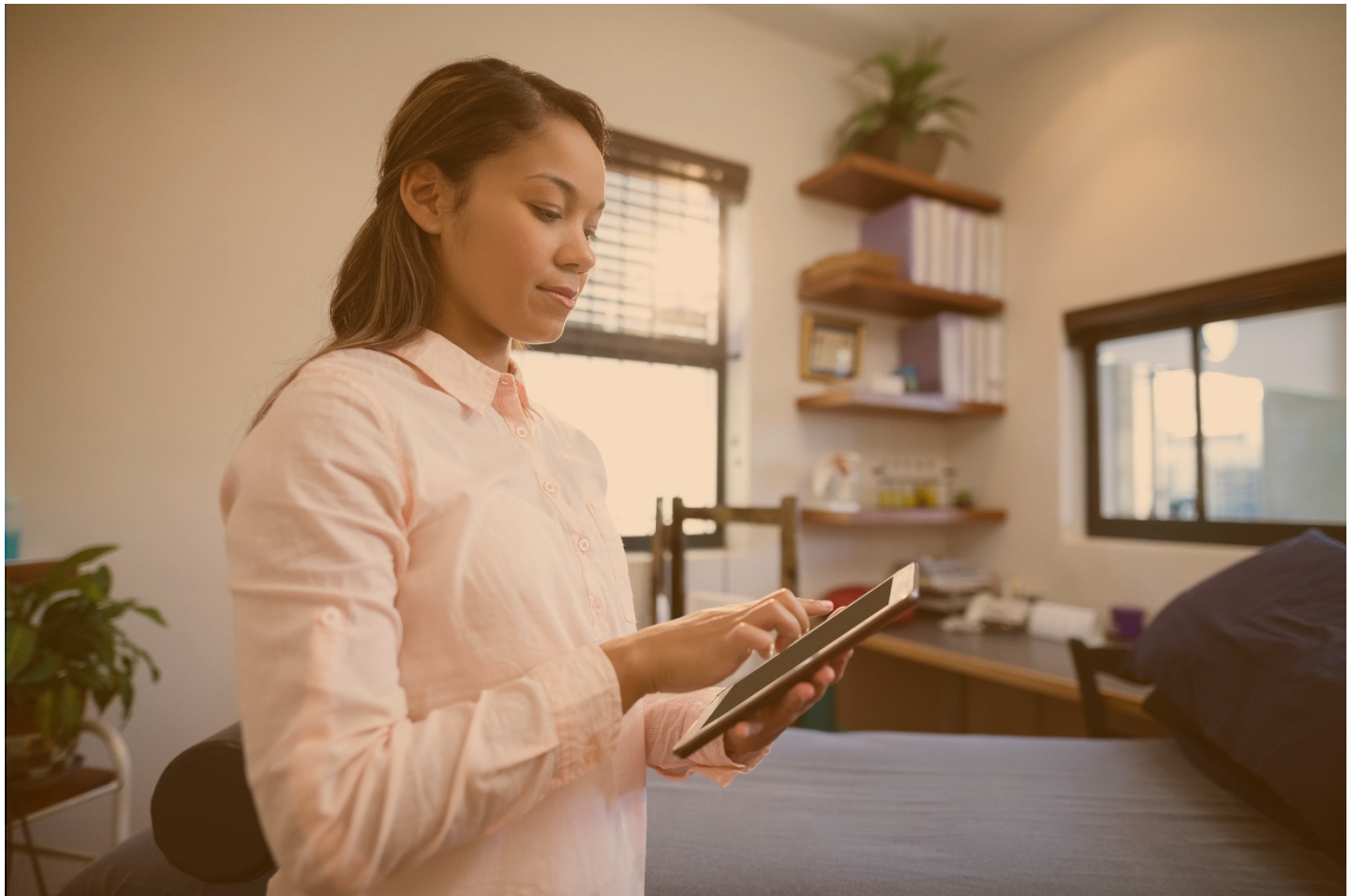
**CPTBC**

College of Physical Therapists  
of British Columbia

# Health Profession Corporation Guide:

## A Resource for Physical Therapists

*updated April 2024*



## Acknowledgements & Disclaimers

This CPTBC Health Profession Corporation Guide is a resource to assist physical therapists in meeting their obligations under the [Health Professions Act](#) (HPA) and College Bylaws. The College thanks Lovett Westmacott for their support in preparing this guide.

This guide will help physical therapists comply with the law and meet the expectations of the College as it relates to setting up and operating a health profession corporation. It reflects interpretations and practices regarded as valid based on available information at the time of publication.

This guide does not fetter or bind or constitute a decision by the College. It is not intended, and should not be construed, as legal or professional advice or opinion. Physical therapists concerned about their business and legal affairs should seek legal or professional advice based on their particular circumstances.

The commentary provided in this guide is for general information purposes only and must be adapted to each registrant's individual circumstances.



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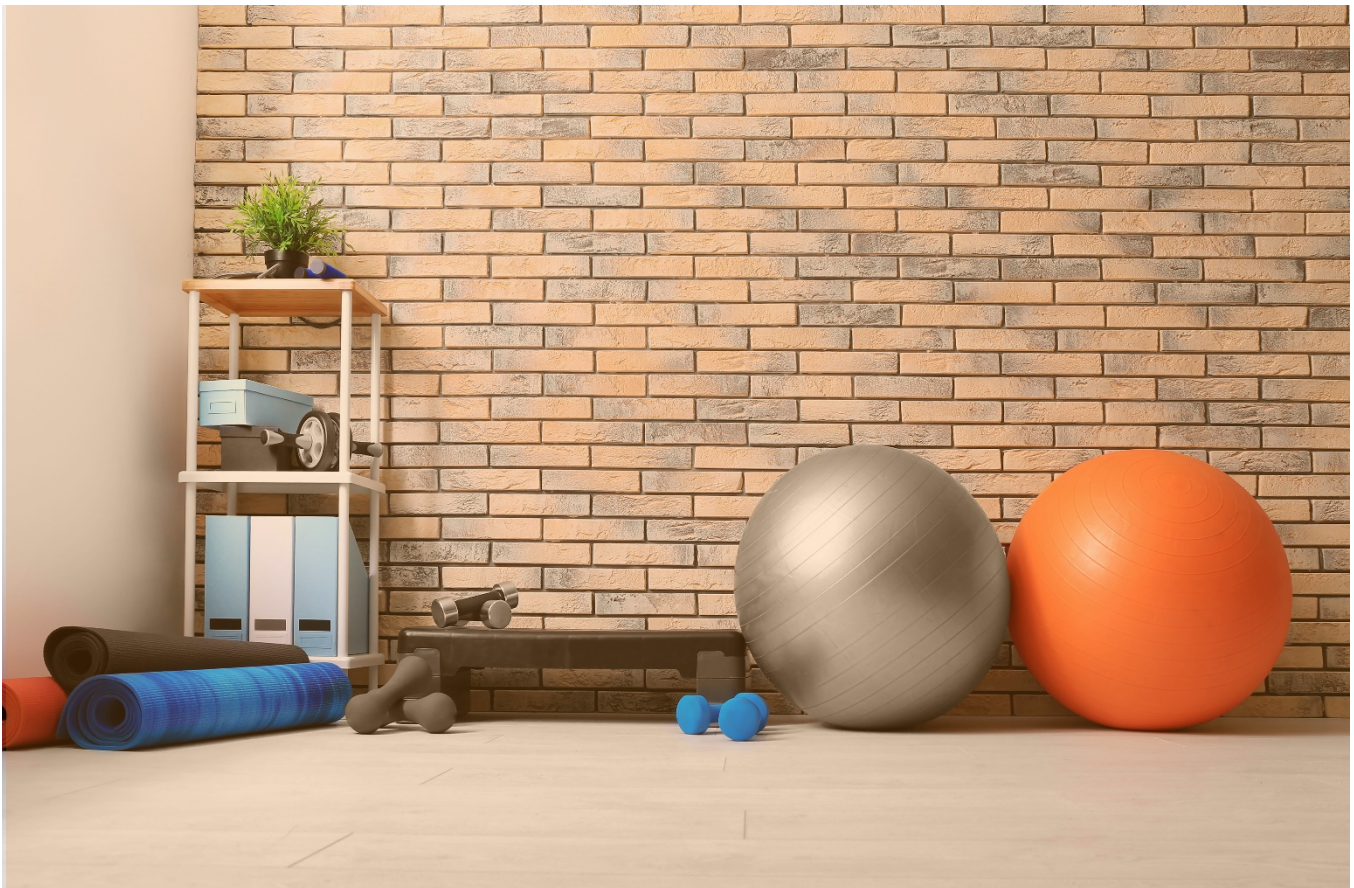
## HOW TO USE THE GUIDE

*This guide is interactive and allows you to toggle between sections.*

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# Types of Business Organizations



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# Types of Business Organizations

There are many ways to structure a business. A physical therapist may organize their practice as a sole proprietorship, a partnership, or as a health profession corporation. The College regulates individual registrants regardless of what business model they use to provide physical therapy services to the public.

At times it may be difficult for registrants to determine the differences between a sole proprietorship, a partnership, and a health profession corporation. While this resource provides some general guidance, it is important for physical therapists to be aware of the specific requirements and responsibilities that arise when they choose to operate their practice through a specific business model. It is prudent to seek the advice of a legal, tax and/or accounting professional to ensure a proper understanding of the risks and benefits of various types of business relationships and organizations.

**Some common types of business models in British Columbia include:**

- **SOLE PROPRIETORSHIP:** This is the simplest form of business organization. A sole proprietorship will exist where a person operates a business without incorporating and without establishing a partnership and operates with no associates sharing in any profits and losses. Under the HPA and the College Bylaws, there are restrictions that apply to marketing and advertising by all registrants, including those operating as sole proprietorships.
- **PARTNERSHIP:** A partnership arises where two or more people operate a business together. There are different forms of partnerships that are governed by the BC *Partnership Act*. Physical therapists may organize their practice as a partnership and may wish to consult with a lawyer to explore their options. Again, registrants should be aware of all HPA and College Bylaw restrictions that apply to their practise regardless of form.
- **CORPORATION:** Many businesses are carried on as corporations. To incorporate a company, certain requirements must be met under the relevant federal or provincial legislation. For example, in BC, corporations are governed by the BC *Business Corporations Act*. A corporation is a separate legal entity from its shareholders. It is an entity which can sue or be sued, enter into contracts, and hold property in its own name. As will be discussed below, a personal corporation is not the same thing as a “health profession corporation.” The HPA specifies that only health profession corporations may carry on the business of providing health services. Physical therapists may **not** organize their practice as a corporation unless it is a health profession corporation holding a valid permit under the HPA.
- **HEALTH PROFESSION CORPORATION:** This form of business model is unique to the HPA. Further details are provided in the next section of this guide on Health Profession Corporations. Physical therapists may organize their practice as a health profession corporation.

## Some other terms you may come across in operating your professional business include:

- **CONTRACTOR:** A person who is retained by another person or corporation under a contract for service, rather than as an employee, and remains self-employed. Whether an individual is an employee or a contractor is fact-specific and depends on a number of factors relating to the nature of the particular business arrangement.
- **SELF EMPLOYED:** A person who is employed on their own behalf, rather than by another person or corporation under a contract of service.
- **DOING BUSINESS AS OR "DBA":** A business may want to keep its existing name but can operate under another name if it registers a "doing business as" (or DBA) name. This option is available to all organizations except sole proprietorships with the caveat that registrants must continue to comply with the requirements of Part 8: section 83 of the [College Bylaws](#). In the context of physical therapy practice, this could be the clinic or practice name if it is different from the partnership or health profession corporation name.

# Health Profession Corporations



# Health Profession Corporations

Physical therapy is designated as a “health profession” under the [Health Professions Act \(HPA\)](#). The HPA and the *Physical Therapists Regulation*, [B.C. Reg. 288/2008](#), allow for registrants to carry on the business of providing physical therapy services through a health profession corporation. Like other corporations, a health profession corporation is created by statute which in this case is the HPA. However, no corporation, other than a health profession corporation with a valid permit under the HPA, may provide health profession services to the public.

The HPA sets out the legislative requirements for obtaining and maintaining a health profession corporation permit. Those requirements are supplemented by the College’s bylaws. The requirements for health profession corporation permits are set out in Part 7, sections 71-80 of the College Bylaws. Part 7 of the College Bylaws can be accessed [on the website](#).

The health profession services provided by a health profession corporation can only be provided by registrants of the College or personnel who are supervised by a registrant in accordance with [Standard of Practice: Supervision](#).

It is important to note that the responsibilities of registrants under the HPA, the *Physical Therapists Regulation*, and the College Bylaws are not affected by the incorporation of a health profession corporation. That means that all the statutory requirements, bylaw requirements, and the College’s practice standards and Code of Ethics continue to apply to the registrant as an individual even if the physical therapy services are provided through a health profession corporation.

It is also important to note that registrants will remain liable for professional negligence despite the fact that the registrant practises the designated health profession as an employee of a health profession corporation. This differs from normal corporate law principles because a corporation is a distinct legal entity at law. This generally means that where a corporation is sued, its shareholders, officers and directors, and employees are generally protected from personal liability. However, this is not the case for a health profession corporation where the registrant will continue to be personally liable notwithstanding that he or she is delivering professional services through a corporation. Registrants continue to have the same fiduciary, confidential, and ethical duties to their clients.

Registrants should be aware that the HPA contains certain prohibitions on the business operations of a health profession corporation. For example, a shareholder of a health profession corporation must not enter into a voting trust agreement, proxy or any other type of agreement that provides voting rights to an individual who is not a registrant of the College. A health profession corporation is not permitted to provide any services other than health profession services reflected in its permit and those services which are directly related to the services authorized by the permit. For example, a health profession corporation cannot offer both physical therapy services and spa services, such as facials or the sale of unrelated products.

There are also requirements imposed relating to the health profession corporation’s records. Under the HPA, a shareholder, director, officer or employee of a health profession corporation may be required to give evidence and to produce all files and records in his or her possession or power that are relevant to a proceeding under the HPA.



# Role of the College in Regulating Health Corporations



# Role of the College in Regulating Health Corporations

The HPA requires the College to regulate health profession corporations. As a consequence, the College has created bylaws that set out the requirements for the issuance, renewal, and revocation of health profession corporation permits. College staff are required to exercise their responsibilities at all times in the public interest; they cannot provide legal or business advice to registrants. Registrants who have questions regarding the legal and/or accounting implications of operating a health profession corporation must seek advice from a properly qualified professional.

## *Health Profession Corporation Requirements*

Registrants who decide to pursue a health profession corporation will likely require legal assistance with setting up the corporation to ensure compliance with [Part 4 of the HPA](#) and Part 7 of the [College's Bylaws](#).

Under the College Bylaws, the College board may issue or renew a permit allowing a corporation to operate as a health profession corporation if certain requirements are met.

Recall that only corporate entities that are health profession corporations with a valid permit may provide health services to the public. Once permitted as a health profession corporation, the corporation is not permitted to provide any services other than health profession services reflected in its permit and those services which are directly related to the services authorized by the permit. For example, a health profession corporation cannot offer both physical therapy services and spa services, such as facials or the sale of unrelated products.

**To be eligible to obtain a permit to operate as a health profession corporation, the College board must be satisfied of the following conditions:**

- a. the corporation is a company within the meaning of the [Business Corporations Act](#) and is in good standing under that Act;
- b. if a term is prescribed under section 50(2)(b) for the designated health profession, the name of the corporation includes the term [currently there is no term in the *Physical Therapists Regulation*];
- c. all voting shares of the corporation are legally and beneficially owned by
  - i. registrants of the college, or
  - ii. companies as defined in the [Business Corporations Act](#), all the voting shares of which are legally and beneficially owned by registrants of the college and all the non-voting shares of which are legally and beneficially owned by persons
    - A. who are registrants of the college,
    - B. who are the spouse, children, parents, siblings or other relatives of a shareholding registrant of the college, or
    - C. who reside with a shareholding registrant of the college;
- d. all non-voting shares of the corporation are
  - i. legally and beneficially owned by persons who are
    - A. described in paragraph (c) (ii) (A) to (C), or
    - B. companies as defined in the [Business Corporations Act](#), all the shares of which are legally and beneficially owned by persons described in paragraph (c) (ii) (A) to (C), or

- ii. held in trust by a trustee who is a person resident in Canada and approved by the board, on behalf of a trust
  - A. that is governed by the laws of British Columbia or another jurisdiction in Canada, and
  - B. all the beneficiaries of which are persons described in paragraph (c) (ii) (A) to (C);
- e. all the directors of the corporation are registrants of the college;
- f. all the persons who will be providing the services on behalf of the corporation are registrants of the college or are under the supervision of a registrant of the college;
- g. all requirements and conditions established by the College Bylaws have been met;
- h. all requirements and conditions established by regulation under section 50 have been met.

There are exceptions to the above requirements where voting or non-voting shares of a health profession corporation may be vested in another individual for deceased registrants and bankrupt registrants. Legal advice should be sought in these exceptional circumstances.

### *Designated Person*

A health profession corporation must, by resolution, designate a person as the person responsible for ensuring the corporation complies with the College's permit application requirements, renewal requirements, the HPA and the College's bylaws. The designated person must be a registrant of the College and a voting shareholder of the corporation.

### *Permit Length and Renewal*

A permit issued to a health profession corporation under the HPA and College Bylaws is valid for one year ending March 31. However, the permit will expire if the College registrar receives a written request from the corporation's designated person that the permit be cancelled, or if the health profession corporation is dissolved or otherwise ceases to be a company in good standing under the B.C. *Business Corporations Act*. As noted above, being a company in good standing under the *Business Corporations Act* is a requirement of receiving a permit to operate as a health profession corporation.

On or before March 31 each year, a health profession corporation which intends to continue providing physical therapy services to the public must apply to the College registrar for renewal of the health profession corporation permit. A permit may be renewed by the College registrar if the health profession corporation has complied with the College Bylaws and is otherwise entitled to a permit under the HPA. If a health profession corporation fails to renew its permit, the permit will be cancelled.

### *Reprimands and Penalties*

The College board oversees and regulate health profession corporations by issuing fines, revoking permits and reprimanding the corporation's shareholders under the HPA. The Board is entitled to issue a fine of up to \$10,000 to a health profession corporation, reprimand its shareholders who are registrants, or revoke its permit after conducting a hearing if it determines that: (a) the corporation, its officers, employees, or agents failed to comply with the HPA, the *Physical Therapists Regulation* or the College Bylaws; or (b) the corporation or those individuals otherwise did anything that, if done by a registrant, would constitute professional misconduct. Health profession corporations are not entitled to breach any of the HPA, the *Physical Therapists Regulation* or the College Bylaws because of its corporate structure.

When a permit is revoked, the corporation no longer has the ability to act as a health profession corporation or to provide health services to the public through that corporation.

The board may also refuse to issue or renew a health profession corporation permit where: (a) the health profession corporation has previously had its permit revoked; or (b) a shareholder, director, or officer of the health profession corporation was a shareholder, director or officer of a health profession corporation that previously had its permit revoked.

Where the College board issues a fine, reprimands a shareholder, or revokes a health profession corporation permit, there is a right of appeal by the health profession corporation or the registrant to the Supreme Court of British Columbia.

# Disclosure of and Changes to Health Profession Corporation Information



# Disclosure of and Changes to Health Profession Corporation Information

A health profession corporation designated person must promptly contact the College to advise of any change to the health profession corporation. This includes matters such as:

- selling, assigning or transferring shares to another person or entity; and
- other changes to the information contained in the permit's original application.

A health profession corporation which carries on the business of providing physical therapy services to the public must disclose on all letterhead and business cards and in all marketing and advertisements, that the physical therapy services are being provided by a health profession corporation.

# Frequently Asked Questions



# Frequently Asked Questions

It is up to a registrant to determine whether it would be beneficial to operate a professional practice through a health profession corporation. Below are short answers to some frequently asked questions:

**1. IS A HEALTH PROFESSION CORPORATION THE SAME AS A CORPORATION?**

No. A health profession corporation is a form of statutory corporation unique to the HPA which is regulated by colleges under the HPA and College Bylaws.

**2. HOW IS A HEALTH PROFESSION CORPORATION DIFFERENT FROM A CORPORATION?**

Only a regulated health professional may operate a health profession corporation under the HPA where it has received a permit from the College.

**3. CAN A CORPORATION OTHER THAN A HEALTH PROFESSION CORPORATION OPERATE A PHYSICAL THERAPY CLINIC/BUSINESS?**

No. Only health profession corporations with a valid permit, a sole proprietorship or partnership may provide health care services to the public under the HPA.

**4. CAN A HEALTH PROFESSION CORPORATION OWN OR OPERATE OTHER TYPES OF BUSINESSES TO EARN INCOME?**

No. A health profession corporation must not carry on any activities, other than the provision of health services and services that are directly associated with the provision of those services, that would give rise to income.

**5. WHAT DO I DO IF I WANT TO:**

- hire other health professionals regulated under the HPA?
- own a business with other regulated professional(s)?
- buy/sell my business from/to another regulated professional(s)?
- merge my business with someone else?

You should seek the advice of a lawyer and/or an accountant regarding your business plans.



# Applying for a Health Profession Corporation Permit



# Applying for a Health Profession Corporation Permit

Only full registrants are eligible for a health profession corporation permit. Permits are valid for a one year period, from April 1 – March 31 and must be [renewed annually](#). [Please refer to the website for](#) the College's application process for a health profession corporation permit.