



For your
information

Final update on Professional Corporation Legislation

March 24, 2010

One of our objectives is to keep our clients informed. Following the Professional Corporation update we sent out in October and December 2009, below is our final update regarding the new legislation affecting professional corporations.

As of March 1, 2010, the Alberta Legislature passed the Professional Corporations Statutes Amendment Act, 2009 [formerly known as Bill 53). This legislation has officially been proclaimed law and provides a broader definition of who may hold non-voting shares in professional corporations in Alberta.

Specifically, non-voting shares of a professional corporation can now be held by any one of the following persons:

1. One or more members of the profession,
2. A spouse, common-law partner or child of the member who holds the voting shares of the professional corporation, and
3. A trust, all of the beneficiaries of which are minor children of the member who holds the voting shares of the professional corporation.

Where non-voting shares of the professional corporation are held in trust for minor children, the trust shall, within 90 days from the date the child attains the age of 18 years, transfer the shares to the child.

It should be noted that only the voting shareholder is exposed to the professional liability of the profession; non-voting shareholders are afforded liability protection similar to other shareholders in non-professional corporations.

Professionals looking to add immediate family members as non-voting shareholders should seek professional assistance. Guidance will be required as to how family members will be inserted into the existing professional corporation as non-voting shareholders. Options may include issuing the non-voting shares at fair market value, or performing a freeze of the professional's existing shareholdings to permit the subscription for new non-voting shares by the professional/family members for a nominal amount.

To view the legislation, here is a web link to the document on the Government of Alberta's website:

http://www.qp.alberta.ca/546.cfm?page=ch51_09.cfm&leg_type=fallhttp://www.qp.alberta.ca/546.cfm?page=ch51_09.cfm&leg_type=fall

Catalyst can now help you take advantage of this opportunity. If you would like to find out more about how this new legislation may benefit you, please contact any one of our professionals for more information.

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