



For your  
information

## Important update on Professional Corporation Legislation

December 3, 2009

One of our objectives is to keep our clients informed. Following the Professional Corporation update we sent out in October, below is an important update regarding professional legislation around professional corporations.

### What's happening now?

On November 24, 2009, the Alberta Legislature passed Bill 53, the Professional Corporations Statutes Amendment Act, 2009. This legislation provides a broader definition of who may hold non-voting shares in professional corporations in Alberta. This legislation will become law when proclaimed as such by the Alberta government.

The legislation does not change who may own voting shares of a professional corporation. As in the present legislation, voting shares of the professional corporation must be held directly by one or more professionals. However, the new legislation now permits family members to own non-voting shares of the professional corporation.

Specifically, non-voting shares of a professional corporation can 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  
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.

If you have questions, we can help. Please follow this link to contact any one of our professionals for more information:  
[www.catalystsolutions.ca/professionals.html](http://www.catalystsolutions.ca/professionals.html)

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