

RESTRUCTURING TO AVOID GST

Where a physician or a medical corporation enters into a partnership arrangement with a corporation in order to exempt the physician from the payment of GST to that corporation:

- a. the partnership agreement must have provisions which restrict management authority over the activities associated with the practice of medicine to only the individual physicians and/or medical corporations who are members of the partnership.
- b. the corporation must have no voting rights with respect to partnership decisions.

Physicians and medical corporations entering such partnership arrangements are encouraged to consider:

- Statement No. 124, "Conflict of Interest: General Ethical Statement", particularly with respect to any services currently operated by the facility for direct sale to the patient.
- Any transfer from "facility" to partnership may involve a change of ownership which will require Manitoba Health approval (laboratory or X-ray facility).

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A guideline is practice generally recommended.