



Guidelines for Deductible Expenses for Professional Medical Practitioners:

The following general criteria should be used to determine if an expenditure is deductible for business purposes,

1. The expenditure was incurred to earn income from the business, and
2. The expenditure is reasonable in amount.

Automobile Expenses

Automobile expenses relating to the business use of your personal vehicle may be reimbursed by the corporation based on the Canada Revenue Agency's stated rate per kilometre. Travel from home to the location of the business is not considered business use. An automobile log should be maintained to track the business use of the personal vehicle and to support the reimbursement. These expenses are fully deductible in the year.

Capital asset Purchases

These expenses include purchases of computer hardware, computer software, furniture and equipment for the office and/or leasehold improvements that are specifically purchased for the business. These items are written off over a number of years depending on the nature of the item. They are not fully deductible in the year of purchase.

Dues and memberships

Common expenses would include:

- Doctors Nova Scotia
- The College of Physicians and Surgeons of Nova Scotia
- The Royal College of Physicians and Surgeons of Canada
- Registry of Joint Stocks

Other specialty dues or membership fees paid which relate to a specialty area of practice are also deductible.

Insurance

The premiums paid to CMPA for malpractice insurance are fully deductible. If the physician receives a rebate from CMPA, it should be deposited to the corporation and applied against the expense.

Office overhead insurance is also a deductible expense for tax and accounting purposes.

Life insurance is deductible for accounting purposes if the company is the owner and the beneficiary of the policy. Life insurance is only deductible for tax purposes if it is required as collateral for corporate debt, otherwise life insurance premiums are not tax deductible by the corporation.

Disability insurance should be paid by the physician personally, **NOT** paid by the corporation.

Private medical health premiums may be paid by the corporation and deducted by the corporation.

Meals and Entertainment

Meals and entertainment expenses incurred for business purposes are deductible for accounting purposes. Only 50% of these expenses are deductible for tax purposes.

Office Rent

This account includes amounts paid to lease office space for the business.

If the physician does not have an office available for their exclusive use in the workplace, then they may claim for the use of an office in the home. The claim is based on the square footage of the home office space relative to the square footage of the home. The following expenses may be claimed based on the percentage of business use:

Area of home used for business	_____
Total area of home	_____
Heat	_____
Electricity	_____
Insurance	_____
Maintenance	_____
Mortgage Interest	_____
Property Taxes	_____

Office and Medical Supplies

Expenses incurred for office or medical supplies used in the business are deductible in the year.

Professional Fees

Accounting and legal fees incurred for business purposes are deductible. Any fees related to the family trust or holding company should be claimed by those entities. Legal fees relating to the incorporation of the company or in respect of a corporate restructure, are deductible over a number of years.

Salaries and wages

Salaries paid to the physician or to administrative staff are fully deductible.

Telecommunications

The cost of a separate office phone connection are fully deductible in the current year. The cost of a cell phone used for business and personal use, is fully deductible providing the monthly expense does not exceed the package agreement.

Travel Expenses (Conferences)

Conference registration fees and travel related to the conference such as airfare, hotel, taxi and other transportation expenses are fully deductible for up to two conferences per year. This limitation does not apply if the physician is presenting at the conference.

When any personally owned vehicle is used for business purposes, it is important to keep a log of the business use. The owner is then reimbursed on a per KM basis for the business use. Travel from home to the location of the business is not considered business use.

Other

If you have any other questions concerning the deductibility of expenditures that have not been listed here, please do not hesitate to contact us for guidance.