MedBalance

Your first year of practice: the money checklist

For new healthcare professionals across Canada. One page, ten minutes.

BEFORE YOUR FIRST PAYCHEQUE

- [ ] **Open a separate business bank account** (and a credit card used only for the practice). Your records, deductions and your accountant's bill all get simpler.
- [ ] **Know how each clinic pays you.** Percentage of billings, daily rate, rent plus fees: keep each contract, and track income clinic by clinic.

EVERY MONTH

- [ ] **Set money aside for taxes.** Nobody withholds tax on your billings. Move a fixed amount to a separate savings account each month. Find your number: medbalance.ca/tax-calculator
- [ ] **Keep every receipt and supporting document.** A legible photo or scan is generally accepted. Keep them for at least six years after the end of the tax year they relate to.
- [ ] **Track deductible expenses as they happen:** professional order dues, liability insurance, continuing education, equipment and instruments, phone and software, travel between work sites (not home to clinic), etc.

KEY DATES

- [ ] **In your first year of practice, you generally don't have to pay tax instalments.** However, since no tax is withheld at source, your whole tax balance will usually be due on April 30, with your first return. Quarterly instalments (March 15, June 15, September 15, December 15) generally start once the tax you owe is over $3,000 ($1,800 federal and $1,800 provincial for Québec residents).
- [ ] **April 30:** pay any tax owing. **June 15:** deadline to file as a self-employed professional.

DEBT, RRSP AND INCORPORATING

- [ ] **Thinking of incorporating?** An incorporation analysis is recommended before deciding; an accountant, a financial planner or a tax specialist can do it. Incorporating is generally more advantageous when part of your income can stay in the corporation rather than being taken out right away. It's often recommended to first maximize your TFSA, RRSP and FHSA contributions, pay off your debts and clarify your financial plans.
- [ ] **Which debt first?** Interest on government student loans can qualify for a tax credit; interest on a bank line of credit generally doesn't. A financial planner can help you build a repayment plan.
- [ ] **RRSP:** your contribution room comes from the previous year's earned income, so it's often small in year one and grows after.

TALK TO AN ACCOUNTANT

- [ ] **Before your first tax season.**
- [ ] **Before you incorporate (incorporation analysis).**

How much should you set aside?

Free calculator for every province, self-employed or incorporated:

medbalance.ca/tax-calculator