MedBalance

Your first year in medicine: the money checklist

For new physicians in Québec moving from residency to practice. One page, ten minutes.

FROM RESIDENCY TO PRACTICE

- [ ] **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.
- [ ] **Check your RAMQ statement with every payment.** Track what was paid, refused or needs correcting.
- [ ] **Know what each setting costs you:** office or FMG overhead, billing fees. Keep every agreement.

EVERY MONTH

- [ ] **Set money aside for taxes.** Nobody withholds tax on your billings. As a self-employed physician you also pay both shares of the QPP, the QPIP and the Health Services Fund contribution.
- [ ] **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:** Collège des médecins and FMOQ or FMSQ dues, the part of your CMPA fees not refunded by the RAMQ, overhead and billing fees, continuing education, equipment, phone and software (EMR), 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, no tax is withheld on your billings, which add to your resident salary that year: your 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 $1,800 federal and $1,800 provincial (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 (Aide financière aux études) 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 resident salary created contribution room. Check your notice of assessment: you probably already have some.
- [ ] **Moving to start practising?** Moving expenses can be deductible if your new home is at least 40 km closer to your new work location.

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