

## **Position Statement – NC Board of Physical Therapy Board of Examiners**

### **2. Business Entities / Corporate Information**

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This article addresses the types of business entities physical therapists can utilize in providing physical therapy services, and the initials that can be used to describe these entities.

The Board office frequently is asked whether a physical therapist or a group of physical therapists can form a professional corporation or a professional association. In North Carolina, these entities are designated by the initials "P.C." or "P.A." The use of these business forms is not available to physical therapists in North Carolina. Chapter 55B of the North Carolina General Statutes is the Professional Corporation Act. Pursuant to G.S. §55B-5, professional corporations may use the words "professional association," "P.A.," "professional corporation," or "P.C." However, the use of those names is limited to those professional services listed in G.S. §55B-2(6) which include architects, attorneys, accountants, physicians, dentistry, optometry, osteopathy, chiropractic, nursing, veterinarians, podiatrists, psychologists, occupational therapists, professional counselors, engineers and land surveyors, landscape architects, social workers, geologists and foresters. For those professions, corporate organizational documents must not only be filed with the Office of the North Carolina Secretary of State, but also with the appropriate licensing Board before the designations listed in G.S. §55B-5 can be utilized. However, if a profession is not listed in G.S. §55B-3(6), then the designations specified in G.S. §55B-5 cannot be used, and the corporation must be formed pursuant to Chapter 55 of the General Statutes, which contains the requirements for forming a general business corporation in North Carolina. For professions that are not listed in G.S. §55B-3(6), no filing with or approval by the appropriate licensing board is necessary prior to the formation of a corporation that offers professional services.

Another business entity, the limited liability company ("L.L.C.") can also be used for the delivery of professional services. G.S. §57C-2-01(c) makes the provisions of Chapter 55B controlling for professional limited liability companies. Thus, those professions that would be entitled to utilize the designation "P.C." or "P.A." are the only ones that would be eligible to use the designation "P.L.L.C." As is the case with forming corporations, physical therapists would be able to form general limited liability companies, but not professional limited liability companies, and no filing with the Board is required.

G.S. §59-45(b) deals with professionals who operate as limited liability partnerships ("P.L.L.P."). Although the language is not as extensive as the statutory provisions dealing with professional associations, professional corporations, and professional limited liability companies, the statute seems to imply that only those professions governed by Chapter 55B are eligible to offer their services as professional limited liability partnerships. Once again, physical therapists would be eligible to offer services in the limited liability partnership form, but not in the professional limited liability partnership form.

In conclusion, physical therapists can form an "Inc." or "Co.," but not a "P.A." or "P.C." A "L.L.C." or a "L.L.P." would be permitted, but a "P.L.L.C." or a "P.L.L.P." would not. As is the case for licensees who use professional designations in dealing with the public, the licensee must also know what initials can be used in connection with the business entity.

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