

Business Entities/Corporate Information

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The Board office is frequently asked for guidance on the type of business entity a physical therapist or a group of physical therapists may utilize. The Physical Therapy Practice Act does not address business entity requirements or authorize the Board to regulate or impose restrictions on the type of business entity licensees may use. As a result, the Board cannot advise or consult with licensees when setting up physical therapy practices.

Professional Corporations

On occasion, there is confusion regarding whether physical therapists may form a professional corporation under Chapter 55B of the North Carolina General Statutes. Chapter 55B, referred to as the *Professional Corporation Act*, applies to professional services as defined in the act and creates specific requirements for entities registered as a professional corporation. Those requirements include things like who may have an ownership interest in the business, registering the business with the licensing board, and restrictions on transfer of stock. The Secretary of State requires a certification from the licensing board before the entity may be formally registered. The act also allows a registered business to use the words "Professional Association," "P.A.," "Professional Corporation," or "P.C." in lieu of the corporate designations in Chapter 55D such as "Incorporated," "Inc.," "Limited Liability Company," "LLC," "Limited Liability Partnership," or "LLP."

§55B-2(6) defines professional services as those offered by Architects, Attorneys, Public Accountants, Physicians, Dentists, Optometrists, Osteopaths, Chiropractors, Nurses, Veterinarians, Podiatrists, Psychologists, Marriage and Family Therapists, Occupational Therapists, Speech and Language Pathologists and Audiologists, Clinical Mental Health Counselors, Engineers, Surveyors, Landscape Architects, Social Workers, Geologists, Foresters and Soil Scientists. **Physical Therapists are not included in the Act.** As a result, physical therapists are not required to file organizational documents with the licensing Board and are not authorized to use "Professional Association," "Professional Corporation," "Professional Limited Liability Company" and their associated initials in connection with business names.

Types of business entities physical therapists may use in North Carolina

The Board takes no position on the type of entity a physical therapist or group of physical therapists should utilize. There are many factors to consider when organizing a new business and licensees should seek independent legal advice to determine which type of entity would be best for them. Other than professional corporations, North Carolina recognizes the following entity types, all of which may be used by physical therapists (shown on www.sosnc.gov/guides/launching_a_business/comparison_chart):

TYPE	NORTH CAROLINA GOVERNING STATUTE
Sole Proprietorship	N/A
General Partnership	GS 59, Article 1, Article 2, Article 3, Article 3a, Article 4
Business Corporation "C-Corp"	GS 55, GS 55D

Business Corporation "S-Corp"	GS 55, GS 55D
Nonprofit Corporation	GS 55A, GS 55D
Limited Liability Company	GS 55D GS 57D
Limited Partnership	GS 59, GS 1101 - GS 1106
Limited Liability Limited Partnership	GS 59, GS 210
Limited Liability Partnership (RLLP)	GS 59, GS 45, GS 84.2 - GS 84.3

Some of the entity types listed in the chart above may be organized using the designation "Professional." Examples include "Professional Limited Liability Company," "PLLC," "Professional Limited Liability Partnership," or "PLLP." However, the governing statutes make those designations available only to those professions defined in §55B-2(6) of the Professional Corporations Act, and they are therefore not available for use by physical therapists.