

PITO Funding Tax Issues

One-Time Payments

- Where any of the PITO related hardware/software/services is written off by the physician/physician practice, only the amount paid for by the physician (30%) may be deducted
- Example: Physician buys a \$2000 PC for the PITO program. PITO will reimburse the physician \$1400 (70%). The Physician may then claim the PC as a tax deduction, but the amount claimed would be \$600 (30%).

HST

- Physician costs eligible for partial funding under the PITO program will include applicable HST.
- Example 1: One time EMR costs = \$8,000 + HST (12%) = \$8,960.
 - Total PITO Reimbursement = \$6,272 (70%).
- Example 2: One time EMR costs = \$9000 + HST (12%) = \$10,080.
 - Total PITO Reimbursement = \$7,000 (70% of \$10,000 Max. PITO Reimbursement amount)

Monthly Reimbursements

- Ongoing monthly reimbursements from PITO to Physicians/Physician are considered taxable revenue for the purposes of yearend tax reporting by the physician.
- Where the monthly cost of the EMR is written off by the physician/physician practice, the full amount (including the portion paid by PITO) may be deducted.

Example: Total yearly EMR license costs = \$3500 + HST (12%) = \$3920.

PITO reimbursement/total taxable revenue amount = \$2744 (70%).

Total tax deduction amount = \$3920.