It was our 5th year exhibiting at the BDTA Showcase and as always we had a very busy (and fun!) three days. It is a great opportunity for us to share our accountancy “know how” and also to learn more ourselves about what is happening within the dental industry. This year for the first time we took part in the mini-lecture programme, Rachel and I were delighted to be involved in this process and hope that you all took something useful away from our presentation. Some of the topics we covered are included in this newsletter as a re-cap and you can learn more about Rachel on our “meet the team” page.

Thank you to all the dentists who came to say “Hello” to us at our stand this year.

STOP PRESS:

Just as we were going to press NASDAL (National Association of Specialist Dental Accountants & Lawyers) announced that they would be welcoming our very own Heidi Marshall to their main committee which is fantastic news - well done to Heidi. Further confirmation that Dodd & Co are accountancy and business advisor specialists in the world of dentistry!

All in all a fantastic few days and we look forward to seeing you all again next year.

Heidi Marshall
Child Benefit

If you or your spouse/partner are claiming child benefit and one of you has a net income of £50,000 or more the higher earner will need to repay all or part of the benefit through the tax system.

Your net income is your taxable profit share (as shown on your tax return) plus other pre-tax income, less deductions such as superannuation and gift aid. If you and your partner have similar incomes, it could be quite hard to tell which one of you is the higher earner for child benefit purposes!

If you think this affects you, you should tell your accountant when completing your tax return for the year ended 5 April 2013. It will be useful if you give them your children’s names and dates of birth so that they can keep a record of when a claim is likely to end.

If your spouse/partner has a higher income than you and they don’t currently complete a tax return, they will need to register with HMRC to do a tax return each year. They can have the charge included in their tax code if they are employed, but they will need to do a tax return to prove what their income level is.

If you don’t want the hassle of extra tax returns, or additional tax to pay, the person receiving the benefit can elect not to receive it any more. You probably only want to do this if your income is over £60,000 though, as below that level you would still be entitled to some child benefit.

So, like the pension annual allowance charge, this is another over-complicated way of charging healthcare professionals more tax! If you or your family need help with child benefit charges or any other tax issues please get in touch with Linda Willis in our Penrith office.
Jeanette Brown, insolvency partner at Dodd & Co, explains how the team at Dodd Rescue helped one of Dodd & Co’s dental clients save a considerable amount of tax in a recent business sale.

“The thing about insolvency practitioners,” commented Jeanette, “is that we have a really bad press! Heidi has a dental corporate client who runs a hugely profitable and successful practice and who was nowhere near insolvency, but the dentist still needed an insolvency practitioner to help him to get the best deal at the end of the day. Dodd Rescue was an essential element in the team of people we needed to bring together in order to advise the dentist on how to maximise their returns when they went through the sale of their business and Heidi couldn’t have done this without the use of an insolvency practitioner.

Providing advice on the multi-million pound deal brought together all of Dodd & Co’s in-house experts to make sure all areas were adequately covered. It wasn’t just about working out what the profit was, it was about making sure the valuation of the business was at the right level, then it was about looking at the potential tax bill, and then it was about getting the dentist’s money out of the deal in the most tax efficient manner. I used the “solvent insolvency” process known as a Members Voluntary Liquidation (“MVL”) to enable the client to pay capital gains tax at 10% as opposed to substantially higher income tax rates.”

Jeanette concluded that “Any dental company looking for a tax efficient Exit Route needs to speak to Dodd Rescue.”

For more information about the solvent liquidation process call Jeanette on 01768 864466.
What’s Happening In Scotland?

GP17 Forms - Dentists who practice in Scotland are advised to pay close attention to the new GP17 forms being issued, or risk missing out on payments because of late submission of claims.

The new forms, which were distributed to all practices during July 2013, differ from their predecessors in a number of ways. The Practitioner Services Division has set up road shows, in addition to online guidance and a helpdesk, in a bid to help avoid any confusion.

Emphasis has been placed on the importance of ensuring that information regarding the patients’ dentition is correctly charted and corresponds with the entries in the clinical notes and appointment book. As certain tooth-specific items are now being recorded by Practitioner Services, errors may lead to rejected forms or, potentially, enhanced monitoring.

Practitioner Services are confident they will not need additional staff to process these forms. The introduction of the GP17 form coincides with the increased number of dental practices using Electronic Data Interchange (EDI). Now that 71% of all General Dental Services NHS claims are submitted electronically, the resource involved in processing paper claims will reduce and offset any increase in effort associated with tooth specific data capture.

Practice Rent Reimbursements

From 1 December 2012, a new form (Form GP234 - annual declaration of % of total earnings attributable to NHS) was required to apply for a reimbursement of practice rental costs. Form GP234 requires the authorisation from the practice’s accountant before being submitted to Practitioner Services - the deadline for submission being 28 February 2013. This new form and filing deadline have caught many practitioners by surprise, with many being submitted after the 28 February, resulting in the final quarter’s rent reimbursement for 2012/13 not being paid. With rent reimbursement for the quarter ending March 2014 to the quarter ending December 2014 being reliant on the submission of a new GP234 form, we suggest practitioners make meeting the 28 February 2014 deadline a priority. Failure to meet this deadline will result in the final quarter’s rent reimbursement for 2013/14 not being paid.

Practice Inspections

The revamped inspection process for all Scottish dental practices came into effect at the start of the year. The Combined Practice Inspection (CPI) includes additional checks, such as Protecting Vulnerable Groups (PVG) certification, Blood Borne Virus (BBV) status, data protection compliance and an increased emphasis has been placed on decontamination. Failure to comply with the standards in the practice inspection could affect the practitioner’s ability to access NHS grants and allowances. Therefore, additional administrative time and costs are expected to be incurred as practitioners try to meet all essential criteria.
The new online system is a great way for principals and associates to check their NHS earnings and confirm that they approve the level of pensionable pay being declared.

The reality has unfortunately been a long-winded and stressful task for many dentists – just logging on caused enough problems, before anyone had even attempted to calculate the figures!

Approximately 7,000 SD86cs were issued to dentists incorrectly. It is believed that they were sent out before the figures entered onto the portal had been processed. Further amendments have now been issued, however, we still have a handful of dentists who have received their 3rd SD86c and the figures are still not right.

The NHS dental portal is now frozen and any further amendments must be submitted manually.

Overall, there have been a lot of teething problems (excuse the pun!), but recommendations for improvements have been put forward to NHS Pensions and hopefully next year it will run more smoothly.

In the meantime if you are unsure if your pension record is correct please call Heidi on 01768 864466.
Rental Property Owners – Own Up Now!

The healthcare profession have been targeted by tax amnesties in the past, however, this is the first time that HMRC have targeted the general population as a whole.

This latest amnesty is asking for anyone that owns a rental property but has not declared their rental income to come forward and do so now.

Those people that come clean during the amnesty will be treated with leniency, but anyone who doesn’t volunteer the information and is subsequently caught, will be subject to severe penalties.

Many property owners are blissfully unaware that they are making a taxable profit, because their monthly rental income is lower than their monthly mortgage repayments. However it is only the interest element of the mortgage repayment that is a tax deductible expense.

If you receive any rental income you may need to complete a self assessment tax return each year, you need to advise HMRC so action can be taken to collect any tax due through your tax code.

For further advice please call Simon Kirkbride on 01768 864466.
Reduction In Lifetime Allowance

From 6 April 2014 the lifetime allowance will reduce from £1.5m to £1.25m. The total of an individual’s pension pot is compared to this limit on retirement and any excess will be subject to a tax charge.

The NHS pension is a defined benefit scheme, which means that the pension pot is calculated as a multiple of the pension. The value of any personal pensions will need to be added to the NHS pension pot to give a total pot which is then compared against the allowance.

There have been several reductions to this allowance in recent years, so HMRC have allowed individuals to “fix” the lifetime allowance at a higher rate. To achieve this, an election must have been made and there were two opportunities to do this:

- 2006 - elect for Enhanced Protection or Primary Protection
- 2012 - elect for Fixed Protection

HMRC have now announced two further elections which can be made and these are summarised as follows:

**Fixed Protection 2014**
- Fixes the lifetime allowance at £1.5m rather than the reduced £1.25m.
- Can’t be applied for if an election has been made in the past.
- No valuation of the pension pot is required at the date of the application.
- No further contributions can be made to a personal pension scheme. Particular care is needed as it is necessary to opt out of auto-enrolment at every point it is offered to you.
- Election to be made before 6 April 2014.

**Individual Protection 2014**
- Allows a maximum lifetime allowance of £1.5m.
- Can’t be applied for if an election has been made in 2006.
- Can apply for if the pension pot is valued at more than £1.25m in April 2014, so a valuation is required at that date.
- Contributions can continue to be made to pension schemes.
- Elections can be made from 6 April 2014 (deadline not yet announced).

We recommend you seek independent financial advice on whether you should apply for either or both of these protections. If your adviser needs any information on your NHS pension and its value you should contact Claire Hebdige or Linette Hall.
Meet The Team

Name: Rachel Coates

Known as/nick name: Maxi Lamb (to my brother’s humour, he still calls me this 30 years on…..!)

Place of birth: Penrith

Beer or wine? Definitely wine!

Life’s motto/favourite saying: Work hard play hard!

What did you do at the weekend? Went for a lovely afternoon tea at The Samling in Windermere for a friend’s (very civilised) hen party.

What are your hobbies? Photography and travelling.

If you’ve had a stressful day at work, what do you do to relax? Take my one year old son for a long walk and then have a glass of wine after he’s gone to bed!

If you weren’t a tax advisor what would you be? A professional photographer, travelling the world, taking pictures of wildlife.

What do you have to do in your job? Save people as much tax as possible!

Most recent holiday destination? A walking holiday in Austria in June.

Favourite holiday destination? So many, probably the Amalfi coast in Italy where I spent my honeymoon or a school trip on safari in Kenya when I was 17.

The most common question I get asked by clients is... How can I lower my tax bill!

The best thing about working in Dodd’s Healthcare Team is... Helping our friendly dentists with their tax issues.

This newsletter is designed as an informative guide for clients and their advisors. The articles cannot deal with any particular point in depth and they should not be used as a substitute for full professional advice. Accordingly, no responsibility for any loss or damage can be accepted by Dodd & Co as a result of any person or organisation acting upon material contained in this newsletter.