

Dental

Inside find out about...

Page 2-3

Private practice conversion



DENTAL SHOWCASE
Raising the standards of oral care

VISIT US ON STAND F29

25-26 March, 2022 • ExCeL London

Page 6

Changes to NHS Pensions

Welcome to our dental newsletter

It has been a tough couple of years in the world of dentistry but dentists are a resilient bunch and I am proud of how my clients have risen to the challenge and taken advantage of opportunities that can arise when challenges present themselves.

We've been busy helping our clients with everything from buying, selling, expansion plans, restructuring, refinancing, converting to private and retirement planning.

There is still a lot of change heading dentists way - NHS contract reform is in progress in England, Scotland and Wales (albeit happening at different paces in different countries), struggles with recruiting continues to cause headaches for practice owners and interest rates are starting to creep up. All that said, let's not lose sight of the fact that people are much more aware of the importance of oral health and the demand for dentistry is huge right now. For those of you with large loans the good news is the bank stress tested your loans on much higher interest rates so whilst you may be paying slightly more as interest rates increase, you should be able to afford it.

The team is really excited to be back at the dental showcase next week and looking forward to catching up with our clients. Please feel free to pop along and pick our brains about any of the above subject matters or just to say hello.

I will be speaking at the Business Theatre on Friday 25th March at 11.15am and Saturday 26th March at 4.15pm and it will be great to see some of you there too.



Heidi Marshall
Partner

heidi@doddaccountants.co.uk



Private practice conversion



The pandemic combined with struggles to hit NHS targets has seen dentists reconsider whether providing NHS care is worthwhile. BDA research indicates that over half of current NHS dentists are looking to reduce their NHS commitment. Whilst a recent Dentistry magazine census found 84% of dentists anticipate doing more private dentistry in the coming year. What are some of the things to consider when thinking of a potential switch from NHS to private dentistry?

The England and Wales NHS contract provides a practice with a guaranteed income on the basis that UDA targets are met. This is beneficial for cash flow purposes as you know a certain amount of money will be received each month. However, the contract between practices and the NHS dates from 2006 and has been long overdue reform. One of the main issues is there is no incentive for beyond targeted care provision, as no additional funds will be provided. Scotland retains a fee per item system that gives greater incentive to providing additional care.

Banks and other lenders look favourably on NHS practices. This is due to a preference for lending where income is guaranteed. This may make it easier to obtain finance to either buy a practice with an NHS contract or to take out lending within an NHS practice to purchase assets etc.

Patient considerations are not the concern that they once were. While many desire the lower cost of NHS dentistry they are often aware that there is limited service availability. There is an increasing understanding that private practices may offer care plan services or payment plan options limiting the impact of the cost difference. Other patients place a higher priority on their health in general now and are investing more in private care with access to hygienists, cosmetics and potentially some aesthetics. Overall, while patients may favour lower cost NHS care over private care, the higher cost of private care is not the deterrent it once was.

Continued on page 3...

Continued from page 2

The paperwork and administrative burden to private care is often less than in the NHS where regular reports are required to be submitted on the NHS Compass portal. Both NHS and Private practices must ensure that they are GDC compliant.

Retirement and pensions should be a major consideration when thinking of leaving or reducing NHS work. The NHS superannuation scheme offers income in retirement that outstrips private pension schemes. You will also be stepping away from other protections such as death in service, sick pay and maternity/paternity pay. Therefore, discussions with an IFA who specialises in the NHS pension scheme are a must before handing back an NHS contract.

The other consideration for retirement is selling on your practice and the value of goodwill. Historically NASDAL goodwill valuations and sale values have been higher for NHS and mixed practices. Whilst the gap is narrowing the most recent stats to October 2021 show goodwill values as a % of sales values for NHS 138%, Private 132% and mixed practices at 179%.

The treatment options and time available to provide care are greater in private dentistry where there are no targets or guidelines on what types of care can be offered. Private dentists are able to provide options for cosmetic treatments such as whitening, veneers and non-fixed braces.

Modernising the care that practices offer, in terms of the quality of materials, equipment and technology used, may be easier with the additional fee income private care provides. Annual NHS contract increases have struggled to maintain pace with rises in costs for these items. A particular concern for practices now with inflation so high and rising wage costs on the horizon.

Should you wish to discuss any of the matters raised in more depth please contact Rob Oliver who will be happy to assist you. Email rob.oliver@doddaccountants.co.uk.

What you need to know about the

Cycle To Work Scheme

The Cycle To Work scheme enables employers to purchase a cycle and loan it to an employee for a period of time (normally 12 months). This creates no tax charge on the employee.

After the loan period, the employee has the option of purchasing the cycle from the employer at its market value, which is substantially less than it was when purchased new!

The employer may loan the cycle to the employee completely rent free. Or, it may be that the employer wishes to recover the cost of providing the cycle and associated safety equipment by charging a rent. In this case, the employee would make a salary sacrifice, which reduces earnings as well as the associated National Insurance (NI) paid by the employer, but provides a valuable benefit.

For example, the employer could purchase a cycle for £450 and charge a monthly rent of £20. This would only cost a basic rate taxpayer £14 or a higher rate tax payer £11 because the money would be coming out of their gross earnings.

The employer would therefore collect £240 in rent over the 12 months and then the employee could purchase the cycle for a fraction of the original cost using HMRC's approved market value rates, which in this case would be £81.

In addition to paying less NI, the employer would get capital allowances on the cost of the cycle. The total net cost to the employer of providing the cycle would be £54 (or £53 if the business was not incorporated).

The total net cost to the employee would be £241 for a basic rate taxpayer or £217 for a higher rate tax payer.

As you can see, this is considerably less than the original cost of the cycle.

If no rent is charged at all, and therefore no salary is sacrificed by the employee, the total net cost to the employer would be £278 (or £210 if the business was not incorporated) and the employee would just pay £81 to purchase the cycle after 12 months. The savings in the scenario are not as significant because there is no tax or national insurance saving as no salary is sacrificed.

There are a number of conditions which must be met for the tax exemption to apply:-

- ◆ Ownership of the equipment must not be transferred to the employee during the loan period.

Continued....

Continued from page 4....

- ◆ Employees must use the equipment mainly for qualifying journeys. In this case 'mainly' means that more than 50% of time using the cycle and safety equipment must involve a qualifying journey.
- ◆ Qualifying journeys include journeys made between the employee's home and workplace and journeys between one workplace and the other.
- ◆ The Cycle To Work scheme must be made available generally to employees of the employer concerned and not confined to directors or offered to them on more favourable terms.

Mileage Allowance

Employers can pay up to 20p per mile tax free to employees who use their own cycles for business travel. Journeys between home and work are not business travel for this purpose.

Employees cannot claim the 20p per mile tax-free mileage allowance for business travel if they use a cycle loaned to them by their employer.

Any employee considering joining a Cycle To Work scheme will therefore need to consider whether they would prefer to use their own cycle and claim up to 20p per mile tax free for any business miles they travel, or have a cycle loaned to them by their employer.

'Pool' Cycles

Employers can also purchase a 'pool' cycle which must be kept at the business premises for all employees to use only for qualifying business journeys. No benefit in kind will arise in this situation.

Employees can make deliveries, collections etc without any tax or national insurance implications. The cycle must be made available to all employees. This can also be advantageous to the employer because tax relief will be obtained on the cost of the cycle.

Other Considerations

The calculations assume that the apprenticeship levy does not apply.

If you are providing equipment costing in excess of £1,000 and are charging a monthly rent then you will need to arrange a consumer credit licence with the Financial Conduct Authority.

For further help and advice contact **Simon Kirkbride** or **Linette Hall** on 01768 864466 or email hello@doddaccountants.co.uk.

All change again for the NHS Pension

Nearly 7 years since the introduction of the 2015 Scheme, it is all change again for the NHS Pension Scheme from 1 April 2022 as a result of the McCloud remedy.

What is the McCloud remedy?

When the 2015 Scheme was introduced, not everyone employed in the NHS went into the scheme on 1 April 2015. The date they moved into the scheme was based on their age. This happened across all the public sector schemes and the firefighters and judges took the government to court on grounds of age discrimination. They won the case and as a result, the government consulted on how the rectification should take place and this is known as the McCloud remedy.

From 1 April 2022 everyone will move into the 2015 Scheme regardless of their age.

All service between 1 April 2015 and 31 March 2022 will be returned to the 1995 or 2008 sections. This will result in annual allowance calculations being reworked. At retirement, two estimates will be provided showing the impact with and without McCloud.

When is this happening?

Unfortunately, the public sector bodies have been given until October 2023 to publish the legislation which will say how and when this will happen. There are a lot of unknowns to be resolved, particularly for those who have already come out of the scheme to reduce annual allowance charges or prevent Enhanced Protection (EP) being lost.

What do I need to do immediately?

The answer at the moment is nothing as NHS Pensions will contact you once the legislation is in place to make all the necessary changes.

However, there are a couple of exceptions to this:



If you are nearing retirement age, you may want to look at your options as the 2015 Scheme pension has a normal retirement age which is linked to state pension age. Those retiring before October 2023 will have to do so based on the current legislation and will be contacted after retirement by NHS Pensions setting out their options.



If you have EP you may wish to seek immediate advice on whether you join the 2015 Scheme on 1 April 2022 as this would cause your EP to be lost as it is a new scheme.

Contact Claire Hebdige with any queries via email claireh@doddaccountants.co.uk or call 01768 864466.

Making Tax Digital

By now we are sure that you've heard the term 'Making Tax Digital' – it's been the hot topic for many businesses over the past few years.

MTD is the idea that all business transactions will flow electronically to HMRC with the click of a button, enabling HMRC to estimate tax liabilities more quickly and more efficiently.

MTD for VAT was the first tax to introduce MTD. From 1 April 2019 all VAT registered businesses with a taxable turnover greater than £85,000 had to comply with MTD for VAT. As of 1 April 2022, MTD for VAT will become mandatory for all other VAT registered businesses.

As most dental practices are not VAT registered - what does that mean for you? Unless you are VAT registered then you do not need to take any immediate action. However, MTD will be rolling out further and in April 2024 is expected to be introduced for Income Tax.

2024 - MTD for Income Tax will require all sole traders (and landlords) with income above £10,000 per year to electronically submit quarterly updates to HMRC detailing their income and expenditure. At the end of the fourth quarter all businesses will be required to submit a final electronic declaration.

2025 - MTD for Income Tax will be brought in for partnerships.

2026 - MTD is expected to be brought in for companies.

What should I be doing now? In anticipation of the expected arrival of MTD for Income Tax you should ensure that your accounting software is MTD compliant. Some cloud-based accounting software such as Quickbooks and Xero are already MTD compliant for VAT and from April 2024 will be compliant for Income Tax. If you do not use accounting software or are not using MTD compliant software, then you may want to consider doing so – please get in touch with us now to discuss the options available to you.

Over the coming months we expect this to really take off and that we will be assisting hundreds of our clients with their MTD requirements, so if you think you may require some guidance or are interested in switching to MTD compliant software – please take action now by contacting Emma or Rob on 01768 864466 or email hello@doddaccountants.co.uk.

We're back!

After two (and a bit) years - we are back exhibiting at the BDIA Dental Showcase on Friday 25th and Saturday 26th March 2022!

We are all so ready to get back to seeing you all at the upcoming exhibition at London Excel.

Introducing our BDIA team who will be manning our stand over the two day show - Heidi, Simon, Emma, Rob and Fiona. If you have questions about your software, tax planning, pensions, buying or selling a practice are looking for general business advice or anything else - our team know their subject!

If you're attending, please pop along and say hello. If you'd like to arrange a specific meeting time, either if you are one of our valued existing clients, or interested in joining us as a client then email us at hello@doddaccountants.co.uk and we'll give you a ring to arrange a convenient time.



Heidi



Simon



Fiona



Rob



Emma

 **DENTAL SHOWCASE**
Raising the standards of oral care



VISIT US ON STAND **F29**

25-26 March, 2022 • ExCeL London

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 of full professional advice. Accordingly, no responsibility for any loss or damage can be accepted by Dodd & Co Limited as a result of any person or organisation acting upon material contained in this newsletter.

dodd&co
SPECIALIST DENTAL ACCOUNTANTS

Email us at hello@doddaccountants.co.uk

You are receiving this newsletter as you have previously agreed to receiving communications from us. Full details of our privacy policy can be found at www.doddaccountants.co.uk/privacy.

For queries please contact our Information Partner Martin Ward at Dodd & Co, FIFTEEN, Rosehill, Montgomery Way CA1 2RW or email martin@doddaccountants.co.uk

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE CA1 2RW

T: 01228 530913
F: 01228 515485

Clint Mill
Cornmarket
PENRITH
CA11 7HW

T: 01768 864466
F: 01768 865653

No 11 Willow Mill
Fell View
Caton
LANCASTER
LA2 9RA

T: 01524 849588