

Dentist News

Spring 2010

Not All Bad News

The 2010 budget introduced a couple of significant measures to help boost fledgling and existing businesses. The first of these was the cutting of any increase in business rates for one year from October. The second was the doubling of the Annual Investment Allowance (AIA) from £50,000 to £100,000. This increase is effective from 6 April 2010 (income tax) and 1 April 2010 (corporation tax).

The AIA is a capital allowance which allows businesses to claim 100% tax relief on plant and machinery (not cars) and 'integral features' used in their trade. This is good news for dentists as virtually all expenditure on refurbishing and re-equipping a surgery should qualify for such relief.

With many self-employed business owners facing an additional 50% income tax charge in 2010-11 on earnings in excess of £150,000, careful use of the AIA could have considerable benefits. The withdrawal of personal allowances for persons with a taxable income over £100k and the effective tax rate on their incomes in the band from £100,000 to £112,950 the saving would be 60% tax and 1% NI.

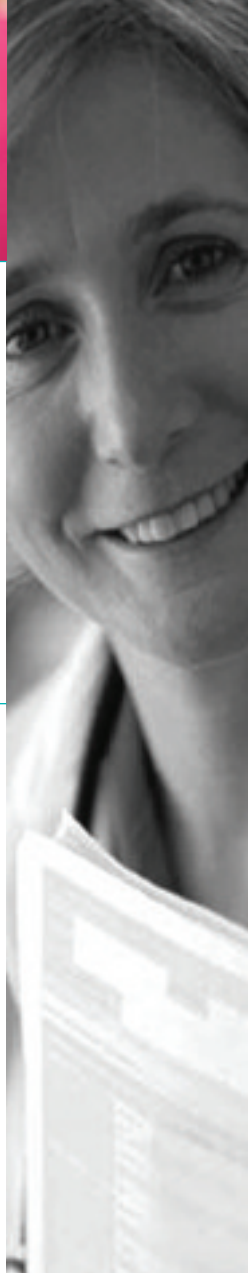
With the increased rates of personal income tax being significantly more than corporation tax rates, the ability to control your personal income by operating through a limited company now makes incorporation even more attractive.

We have been involved in the incorporation of a number of our dental practice clients over the last twelve months. Please note that incorporation is not for everyone so you need expert advice in balancing the advantages and disadvantages of this decision.

If you would like to discuss any of the above matters, please contact any of our dental team.

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Morris Crocker Help Students Make the Right Choice

The differences between PAYE and Self Employment was the subject of a presentation recently given by two of our specialist dental team to students at the University of Portsmouth's School of Professions Complementary to Dentistry (SPCD).

The third year dental hygiene and dental therapy students will graduate this summer. The talk was designed to give them a

comparison of the pros and cons involved of becoming self employed or going PAYE and covered the tax and NI implications, reporting requirements and other helpful advice.

We were pleased to be given this opportunity to visit the University and look forward to strengthening our links with the faculty in the future. We also wish them great success with the opening of their new dental academy this September which will offer student dentists from King's College London Dental Institute the chance to train in teams alongside the University's own students.

How to Apply for a Bank Loan

If you are thinking of applying for a business loan, despite all the doom and gloom of the recent credit crunch, our advice is don't be put off. Banks still want to lend money to viable businesses. If you can show that your business can generate enough profit to prosper and pay them back, then there should be no problem. Do bear in mind however, that banks are now asking for considerably more detail than was previously the case. Here is a rough guide of what you might be expected to provide:

- A request – exactly how much money you need and how you will spend it
- A business plan – including profit forecasts

- Monthly cash flow forecasts for the next four quarters – include a repayments figure in your calculations
- Independent valuations
- Security – of a family home/property
- A set of financial accounts – make sure these are up to date to ensure the loan is not delayed

Morris Crocker's dental team have a great deal of experience in obtaining finance for dentists and have links with major banks. If you are considering taking out a loan and would like us to assist with your proposal or review an existing offer, please contact us to ensure you are getting the best deal.



NASDA News

Profits Report 2009

The annual profits report carried out by the National Association of Specialist Dental Accountants (NASDA) is a summary of the results of a sample of their dental clients. NASDA, of which Morris Crocker is the member for Hampshire and the Isle of Wight, represents around 20 per cent of self employed dentists in the UK.

For those practices with year ends in 2009, the key results were:

- The average total fee income generated in a typical dental practice fell in 2009 to £379,054 from £384,546 in 2008 (a decrease of 1.4%)

- The average net profit per principal practitioner in a typical dental practice in 2009 was £141,835 compared with £141,288 in 2008.

NASDA has produced a powerpoint file of the full report with results from the last three years, ie 2007 – 2009. If you would like to receive this please contact Martin Southern on 023 9248 4356 or email him at mjs@morriscrocker.co.uk

Superannuation Update

NASDA members reported that there still seem to be problems with superannuation with many of their dental clients being credited with incorrect contribution figures. Principals and associates should therefore check that their forms SD86C reflect the correct contributions. Failure to do so could have a very significant effect on future pensions.

PAYE Penalties – Reminder

As we reported in our last Dentist News (Autumn 09) from April 2010 all employers face additional risks of penalties and interest if they make late monthly payments of PAYE and NICs.

However as these will not be raised by HMRC until April 2011, they could accrue monthly resulting in 12 month's worth of fines!

Don't be caught out, contact us today to learn more about our in house payroll bureau for dental practices and make sure you are never late with a payment.



DDRB recommendations for 2010/11

The Review Body of Doctors' and Dentists' Remuneration (DDRB) has published its recommendations for uplift to the General Medical Services and General Dental Services contracts in 2010/11. The DDRB has reported an overall gross uplift of 1.44% to deliver a 0% net uplift on GDP pay.

The Secretary of State has stated that the government does not consider this approach sustainable in current times and has decided to abate the DDRB's recommendations by applying a prospective efficiency assumption of 1% of contractors' operational costs. This will have the effect of reducing the proposed uplift to 0.9% for dental practices. In real terms, the impact will be a net decrease.

To view the whole report, visit www.ome.uk.com/DDRB_Main_Reports.aspx

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Morris Crocker is also on the British Dental Association's list of accountants, as recommended by its members.

New Fit Notes

As of April 2010 fit notes replaced sick notes. The information that doctors are now asked to provide means that instead of giving patients a sick note saying they are too ill to work, they will be able to advise whether a person may be fit for work with some help and support, and what employers can do to assist in this process.

Assistance could include a phased return to work, altered hours, amended duties or workplace adaptations.

The initiative is designed to encourage employers to be more responsible regarding employee rehabilitation and aims to help reduce the impact of long-term sick leave.

Fit note!

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