The additional costs for dentists associated with the pandemic and reduction in patient treatments has been so great that some dental practices have been forced to close for good. Let us hope that the BDA’s call for government support is successful and that the Covid-19 vaccine will mean a boost in public confidence and a return to routine visits to the dentist very soon.

Our dental team has been helping dentists keep track of their finances, both personal and business, for over 30 years. If you need our advice on claiming existing government funding or what tax allowances you may be entitled to, please speak to us. For practice owners, cash flow forecasting is particularly important at this time, as we mention in an article below.

On behalf of the directors and staff at Morris Crocker may I take this opportunity to wish you a merry Christmas and a happy new year.

Best regards

Kevin Gilbert
Head of Morris Crocker Dental Team
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For more details about our services for dentists, please visit our website.

Forward this enews to a friend or colleague.

Third SEISS Grant Now Open

The online claims portal for the third self employment income support scheme
grant opened on 30 November. If you qualify you should receive a lump sum payment covering the three months from 1 November 2020. You have until 29 January 2021 to submit your claim.

The grant is calculated as 80% of your average trading profits as reported on your tax returns for the years 2016-17 to 2018-2019, capped at £2,500 per month. The money is treated as taxable income of your business and must be reported on your 2020-2021 tax return.

When applying, you will be asked to confirm that your business is currently trading; or has been trading and is temporarily closed due to Covid-19, and that you intend to continue trading when the restrictions are lifted. You will also need to declare that your business has been impacted by reduced demand between 1 November 2020 and 31 January 2021 which will cause a significant reduction in trading profits for the accounting year 2020-2021.

**30 Days to Report and Pay Capital Gains Tax**

New rules introduced from 6 April 2020 require any CGT due on the sale or gift of UK residential property to be paid within 30 days of the completion date. The gain must also be reported in a new online UK property account with 30 days.

Late-filing penalties will apply if the deadline is missed. These penalties were suspended for sales completed before 1 July 2020 but now apply from £100 for the shortest delay to over £1,000 for a six month delay.

**Deferring Tax Due in 2021**

In response to the COVID-19 outbreak, HMRC announced that taxpayers could opt to defer their second self-assessment payment on account for the 2019-20 tax year. As a result, many people could face some very large tax bills in January 2021.

If you will struggle to pay your tax due in January, you can apply for a ‘time to pay’ arrangement to spread the balance over 12 monthly instalments. You can find out more here. Your request should be granted automatically if you do not have other debts and the amount you owe is no more than £30,000.

**Cash Flow Forecasting**

Cash flow is the lifeblood of every business. It is especially important at times like this. Keeping a check on your bank account with a good cash management system will help you foresee any potential problems and gaps in the availability of cash.
It is not easy to plan ahead but keeping your accounting records up to date is essential. Having timely and accurate financial data can help you keep a check on your cash flow and redirect money where it needs to go. You can then use ‘what if’ scenarios to forecast how resilient your practice will be post-pandemic.

If you use an accounting software package in your practice these often have built-in budgeting options which allow you to build and track you cash flow projections and see your financial information. Now might not be the best time to invest in new technology but it is still worth considering the forecasting benefits it could provide for the future.

Our December practice update – How to manage cashflow in your business has some useful advice

**NASDAL News**

**Goodwill Survey - Prices Hold Up**

Each quarter, the National Association of Specialist Dental Accountants & Lawyers (NASDAL) publishes its goodwill survey based on deals done (ie practices bought or sold by NASDAL members’ clients in the period). Due to the pandemic the timings of this year’s surveys have been delayed so the latest covers the period from 1 April to 30 September 2020.

The results showed that goodwill prices have held up very well. Goodwill as a percentage of fee income in the period across all types of practice averaged 141% of gross fees – only down from 159% from the quarter to January – the last pre-Covid quarter.

And the level of deal activity is very much higher than many expected.

NHS Goodwill values were higher when compared to the previous quarter with 191% of gross fees across the six months to 166% of gross fees last time. Private goodwill values fell back to 114% of gross fees from 143% of gross last time. The big fallers were mixed practices – falling from 188% of gross fees in the quarter ending January 2020 to just 110% of gross fees this time.

In NASDAL members’ experience, there have been only limited price reductions and the corporates haven’t used Covid as an opportunity to negotiate lower deal values. It certainly does show that the UK dental practice sales market is not the nightmare that some commentators have suggested.

*NASDAL reminds all that as with any averages, these statistics should be treated as a guideline only. Morris Crocker is a long-standing member of NASDAL.*