

Financial Top Tips

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Family Doctors Association

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Agenda

- Introduction
- GP sector changes
- Off Payroll working
- Tax planning
- Q&A

Introducing AMS Medical Accountants



- Established in 1982
- 5 Offices
- 100+ Staff Members

Our USP:

- Pro-active & personal service
- Providing a holistic service for medical professionals

Changes to GP Contracts

The Good...

- Unplanned Admission DES is to be scrapped, with all money going directly into global sum.
- Full reimbursement of CQC fees.
- £30m worth of funding is available to cover indemnity costs
- £2m investment for increases in workload caused by the new records collection service.
- Practices will be entitled to sickness payment to cover staff absences – no longer on discretionary basis.
- Maternity payments to practices will no longer be on a pro-rata basis. Full amount or maximum amount payable will be reimbursed.
- Per-patient funding for learning disabilities Health Check will be increased from £114 to £140.

The Bad...

- Up to 15% of practices who regularly close outside of core hours may be forced to open longer or risk of losing up to £8,000 in extended hours DES funding (October 2017).
- There will be added administrative burden on practices to prove foreign patients are eligible for free NHS care.
- Practices will be contractually required to allow prisoners to register before they leave prison (July 2017).

Off Payroll Working

Who is Likely to be Affected

- People working in Public Sector organisations through an intermediary, such as Personal Service Companies (PSC).
- Public organisations and agencies supplying staff working through PSC's to the public sector.
- Other intermediaries such as partnerships may be impacted where engagements fall within the off payroll rules.

Proposed Revisions

- **Legislation will be introduced in Finance Bill 2017.**
- The public sector engager or agency is treated as an employer for the purposes of taxes and Class 1 NIC.
- The public sector engager or the agency is liable for secondary Class 1 NIC and must deduct tax from the payments that they make to the intermediary in respect of the services of the worker.
- Public sector is defined using the definitions in the Freedom of Information Act 2000 and the Freedom of information (Scotland) Act.

What does this mean?

- IR35 tests of employment vs Self employment are still in law. The new change is mainly for those working at **one place of work, on a long term basis.**
- Agencies will ask you additional questions which you need to **redirect to your accountant.**
- The majority of locums working at multiple locations will **not** be affected.

Tax Planning for the Future Practice

What is a Limited Company?

- Separate legal entity
 - Enter into its own contracts and incurs its own debts.
- Limited liability.
- Only subject to 20% Tax.

How to use the Limited Company

1. Practice - Transfer the NHS contract to the company (Novation).
2. Practice - Transfer the non-NHS income / services only to the company.
3. Individual – Locum/Private work.
4. Individual – Hold shares in a pharmacy.

Novating Your NHS Contract

Advantages

- 20% Corporation Tax.
- Regulate superannuation contributions.
- Increase take-home pay.

Disadvantages

- Novating your contract involves NHS approval.
- This can prove costly, time-consuming and stressful.
- Potential changes can be made to your existing NHS contract.

Sole Trader vs Limited Company

<u>Soletrader</u>									
Income	130,000	140,000	150,000	160,000	170,000	180,000	190,000	200,000	210,000
Pension	32,756	35,276	37,795	40,315	42,835	45,354	47,874	50,394	52,913
Tax	32,982	37,119	41,807	48,958	54,150	59,343	65,141	70,957	76,773
Takehome	64,262	67,605	70,398	70,727	73,015	75,303	76,985	78,649	80,314
<u>Limited company</u>									
Income	130,000	140,000	150,000	160,000	170,000	180,000	190,000	200,000	210,000
Pension	27,395	29,462	31,530	33,597	35,665	37,732	39,800	41,867	43,935
Total Tax	35,951	39,950	43,512	47,301	52,047	56,833	61,620	66,034	69,823
Takehome	66,655	70,588	74,958	79,101	82,288	85,435	88,580	92,099	96,242
Difference	- 2,393	- 2,982	- 4,561	- 8,374	- 9,273	- 10,133	- 11,595	- 13,450	- 15,928

1. The table assumes all cash will be extracted
2. The individual has unused pension allowances

Summary

■
20% tax instead of
40/45%

■
No advance
payments on limited
companies

■
Regulate
superannuation
pensions

■
No NIC on
dividends

Tax Saving Tips

Limited
company

Capital
allowances on
integral
features

Education
Trusts

Private
pensions

Low
emission
vehicles

EIS
(next slide)

Enterprise Investment Schemes

- 30% income tax relief / 50% on Seed EIS.
- Capital Gains tax deferral.
- 100% inheritance tax relief.
- Up to 50% loss relief of any holding that falls in value.
- Tax free growth.

Enterprise Investment Schemes

The logo for Clinova, featuring the word "Clinova" in a white, pixelated font on a dark blue rectangular background.

Focused on developing, manufacturing and marketing healthcare products and medical devices.

The logo for BFRS, consisting of the letters "BFRS" in a bold, black, serif font, followed by a red circular icon with white curved lines.

International trading company of steel and high quality scrap metal.

The logo for QUBIC HOMES, with "QUBIC" and "HOMES" stacked vertically in a bold, dark blue, sans-serif font.

Modular housing construction with operations throughout the UK.

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AMS Foundation

- A clear focus on Corporate Social Responsibility (CSR).
- We work around the world to provide education to give the disadvantaged a start in life.
- Regular networking events with high profile speakers, such as Andy Burnham, Chuka Umunna and Nick Clegg.



AMS Foundation & CSR



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MEDICAL

Q&A

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ams ACCOUNTANTS
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Tailored accounting financial and tax solutions designed
for healthcare and dental professionals.

Good accountants help your business.
Great ones **transform** it.

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