

Talking Tax

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Agenda

- Introduction
- Off Payroll working
- Budget Changes
- Tax tips
- Tax tailored investments
- 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

Off Payroll Working

IR35

IR35 is a set of rules that affect your tax and national insurance contributions

The only change is on the procedure for administration.

IR35 tests of employment Vs Self employment are still in law.

The majority of locums working at multiple locations will **not** be affected

It's important to establish what the underlying relationship is between you and the employer for each contract or engagement.

There can be significant consequences if you, your intermediary, or employer ignore IR35 legislation.

Changes in the way that contractors will be paid

Responsibility for deducting PAYE will be passed onto the employing entity, this will include:

1.
Partnership
or single
handed GP's

2.
Agencies

3.
Public sector
organisations

There is no change in the private sector.

Public sector is defined using the definitions in the Freedom of Information Act 2000 and the Freedom of information (Scotland) Act.

IR35 HEALTH CHECK

Key Factors	Indicative of Self Employment (IR35 would not apply)	Indicative of Employment (IR35 would potentially apply)
Control	You have the right to decide how and when a job is done	Close directional supervision by your client (master – servant relationship). Client can dismiss you.
Substitution	You have the right to decide by whom a job is done.	Single named worker only.
Basis of remuneration	Remunerated on a project basis, or at a fixed price.	Remunerated on a time basis.
Provision of equipment	You supply large or expensive equipment, and may work from your own premises.	Provision of only small or no equipment. Work at client's premises
Trading structure	Trade with more than one client at a time, or work on short successive assignments with different clients.	Long term assignments with the same client.
Financial risk	A loss can be suffered. All rejected work to be corrected at your own cost. Penalty clauses. The opportunity exists to make a larger profit from sound management.	No financial exposure. All rejected work to be corrected at your client's cost.
Business Organisation	Own premises, letterheads, other employees, insurance etc. Quoting for jobs in advance. Advertising	None.
Terms of engagement	Contracts or understandings which record the above.	Contracts or understandings which do not record the above beneficial badges of trade, or no contracts at all.
Employee rights	None.	Typical employee benefits and statutory protection (e.g. paid holidays, sick pay, etc).
Part and parcel of the organisation	Appear and behave different to employees.	Appear and behave the same as employees.
Mutuality of obligations and intentions	No obligation to offer and accept work over a period of time.	Mutual commitment to offer and accept work over a period of time.

IR35 TOOLKIT

HMRC have issued a toolkit to assist all parties and provide assurance on the status of an individual.

<https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>

To use this service you'll need to know:

- the worker's responsibilities
- who decides what work needs doing
- who decides when, where and how the work's done
- how the worker will be paid
- if the engagement includes any benefits or reimbursement for expenses

IR35 - TIPS

- Complete your own IR35 tool kit and ask your locums to do the same.
- Learn the key factors/tests for employment vs self employment to ensure that you are not in breach
- Refrain from Long term contracts
- Change your working sessions frequently
- Speak with your accountant for advice on how the contract should be worded “shift patterns will apply”
- Obtain a tax advice note from a qualified accountant.
- Take Tax investigation insurance

Budget Changes

Budget changes that may affect you

1. Class 4 National Insurance contributions (NICs), paid by the self-employed, will increase from 9% to 10% in April 2018, and to 11% in April 2019. This is on top on NHS pensions which are currently 14.5% for those indivual earning in excess of £111,377.
2. Dividend tax-free allowance will reduce from £5,000 to £2,000. The change will take place from April 2018.
3. Corporation tax – The rate for the financial year to 31 March 2018 will reduce to 19% (from the current rate of 20%) with a potential further reduction to 17% for the financial year ending 1 April 2020.

Continued..

4. Personal tax-free allowance to rise to £12,500 by 2020
5. Higher rate tax deductibility of interest for property investors will still be phased out by 2020/2021
6. Pension restriction for those who are earning in excess of £150,000. The reduction in the annual allowance is not a flat rate but reduces by £1 for every £2 over £150,000. The maximum reduction is £30,000.

Tax saving tips

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

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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Q&A

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Great ones **transform** it.

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