

## PRESS RELEASE – DENTAL PROFESSION – BUDGET 2014

George Osborne presented his budget on Wednesday 19 March 2014 stating 'the economy is continuing to recover and recovering faster than forecast. However, the job is far from done and this is a budget for building a resilient economy'.

The budget updates some of the previous announcements and also proposes further measures. Some of these changes apply from April 2014 and some take effect at a later date.

This summary focuses on the issues likely to affect those in the dental profession.

- The personal allowance continues to increase, for the coming tax year it is £10,000 and for 2015/16 it is £10,500. The reduction in personal allowance applies where an individual's 'adjusted net income' is over £100,000. Therefore the increase in personal allowance gives more importance to tax planning to ensure an individual remains below the £100,000 limit.
- The annual investment allowance (AIA) provides 100% deduction for the cost of most plant and machinery purchased by a dental practice. The maximum amount of the AIA is presently £250,000 and this now increases further to £500,000 from April 2014. This will apply until 31 December 2015, at which point it is scheduled to return down to the much lower figure of £25,000. Therefore there is a big tax incentive to update surgeries and to acquire equipment between now and the end of 2015.
- Mixed partnership (i.e. where partners include both individuals and companies) are under attack. New rules affecting these partnerships come into effect from April 2014, and you should take professional advice if you could be caught by this.
- Significant changes were proposed in the world of pensions to give much greater flexibility upon retirement as to how and when your pension schemes are used. For a dentist who has a mixture of NHS and private pension schemes, we will need to see the detail of the legislation once published as to how these new rules will be applied. In essence there will be a greater range of options, and taking the right advice at the point of retirement will be paramount.
- From 6 April 2014 the overall ISA savings limit will be increased to £11,880, of which a half can be invested in cash. From 1 July 2014 ISAs will be reformed into a simpler product, the 'new ISA' (NISA) and all existing ISAs will become NISAs. From 1 July 2014 the overall annual subscription limit for these accounts will be increased to £15,000 for the 2014/15 year.
- The Government has introduced an allowance of up to £2,000 per year for many employers to be offset against their employer Class 1 National Insurance contributions, from 6 April 2014 onwards. Legislation in this area is only just coming into place, and care is needed here as one of the excluded employers is one where 'there is either wholly or mainly functions of a public nature, for example including NHS services'. Therefore for a dental practice which has a degree of NHS provision, advice needs to be taken as to whether they qualify for this £2,000 relief or not.
- The real time information (RTI) system for operation of payroll has been in place now for just about a year. HMRC are introducing automatic in year penalties for non-compliance, and this new regime starts in October 2014.

- Turning to capital gains tax (CGT), where an individual disposes of a property which at some point has been his or her private residence, 'private residence relief' can be claimed to mitigate against any CGT payable. Where the property concerned has had mixed use in the past, and perhaps the individual concerned has accrued private residence relief on another property, there is a period of exemption prior to disposal where relief can be obtained even if they are not living in the property at the time of disposal. For disposals on or after 6 April 2014, the final period of exemption will be reduced from 36 months to 18 months.

The above summarises the key points coming into effect which could impact on those within the dental profession. To take further advice in this area, it is recommended you contact an accountant with specialist dental knowledge, and therefore do refer to the National Association of Specialist Dental Accountants and Lawyers (NASDAL) website for an accountant in your area. The author of this article is NASDAL member Nick Hancock of Albert Goodman Chartered Accountants in Taunton, Somerset, and his contact details are:

[nick.hancock@albertgoodman.co.uk](mailto:nick.hancock@albertgoodman.co.uk)

01823 286096