



GP NEWSLETTER

JUNE 2013



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Welcome to our first newsletter of 2013. Francis, Debbie and I recently attended the annual AISMA (Association of Independent Specialist Medical Accountants) Conference. It is difficult for me to place a positive slant on the topics covered at the conference but I can begin with one piece of good news. All the delegates were asked to complete a survey by the marketing committee and the answers were put into a prize draw from which I am pleased to announce Francis won a bottle of champagne!

To turn to more serious matters, the presentations we heard on the future of general practice and the contract changes, brought home what I am sure you are all already aware of; that there are challenging times ahead. The key points are : - tighter deadlines; increasing thresholds; more box ticking and the clear message that continuing as you always have, is not the right course of action, as this can only lead to a fall in income.

One of the speakers made a best guess at the impact from making no

changes within a practice and this suggested each full time equivalent partner would need to make a reduction in drawings of £200 per month (after superannuation and tax).

Pensions

Turning to more specific topics, we were pleased to receive confirmation that the calculations we have been preparing for our GP clients on the impact of the annual and lifetime allowances have followed the correct assumptions. The increases in the level of employee contributions were highlighted and it is evident that the benefits for those who have to join the new 2015 scheme will not be as attractive. However the basic point from the financial adviser speakers at the conference was that membership of the NHS scheme is still a better pension alternative than anything else and there was some amazement expressed that new GPs are choosing not to join the NHS pension scheme in some cases. The final details of the 2015 scheme are still being thrashed out between the Pensions Agency and the various GP representative organisations and it is very much a case of waiting to see the final detail rather than making any decisions now.

I would just reiterate that we are always happy to produce calculations on behalf of our GP clients for them to pass to their

IFAs to assist in the decision-making process.

We will be contacting the Pensions Agency in the next few weeks to obtain copies of the pension savings statements for our GP clients who have signed an authority for the Pensions Agency. This is so we can confirm the amount of any annual allowance charges for the year ended 31 March 2012 and the Agency's estimate of the annual allowance charges for the year ended 31 March 2013. Where the annual allowance charge is being paid by the pension scheme we will be preparing the appropriate election for this, which will need to be filed, in the case of the year to 31 March 2012, by 31 December 2013.

Use of limited companies

There was a useful session on the use of limited companies by GPs. The conclusion here is that in the majority of cases these are not a feasible alternative to the existing partnership structures because of the potential difficulties in transferring the practice's existing contract to a limited company. The session also covered the use of limited companies to own the surgery premises. Again the effectiveness of this is eroded because of the problems that arise when transferring shareholdings and also the difficulties for incoming partners to obtain finance.

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This is as the rental income for the property belongs to the limited company and therefore cannot be used to service personal borrowings taken out to acquire a shareholding in the property owning company. However, we are always happy to discuss the pros and cons of this form of surgery ownership with you if it assists.

Business expenses

The session on taxation continued the trend of previous years in stressing the Revenue's tougher stance with regard to business mileage and claims for use of home as office. Since the last conference there has been a tax case relating to mileage, which although it concerned a medical consultant rather than a GP, is still relevant. The case is being appealed by the taxpayer but if the previous decision in favour of the Revenue is reversed it is very unlikely the Revenue will let the matter lie. The basis of the Revenue's argument is that where journeys are habitual, in other words regular visits to the same location, even if there is substantial business work done at the home address, the mileage between home and, for example, a private hospital cannot qualify as a business journey. In contrast, where there are visits to a wider variety of locations on any regular basis, the business argument may be possible.

As far as GPs are concerned the

decision in the case is more likely to be of relevance to locums, because in the case of the GP partner, the place of work is the surgery and accordingly only journeys to and from that location can qualify as business trips. In the case of a locum GP, the position becomes more difficult where extended periods are spent working at a single surgery.

GP survey

The results of the survey of practices dealt with by AISMA members for the year ended 31 March 2012 were made available at the conference and as in previous years we will be sending a comparison of our practices' actual figures for the year with the AISMA survey and some additional information on a regional basis. The survey covers 22.4% of the practices in the UK.

In Brief

When making a decision about taking on a **new salaried GP or a new partner** the cost between the two choices has narrowed. It remains that taking on a new partner will cost more to the practice but the benefits of the commitment to the practice may outweigh this.

AISMA conducts a **peer review** of some of its members each year to ensure that they are meeting the required standards. A sample of the accounts we produce for our practices were subjected to such a review in the last year and I am pleased to say we received excellent

comments.

As always, if you have any colleagues who would like to use our services in the future, please feel free to ask them to contact Francis, Debbie or myself.



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Disclaimer

This newsletter is intended to give general guidance only and no liability can be accepted for any action taken based on the information given.

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If you think this information might be useful to a friend or colleague, please pass it on.

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