



MEDICAL SECTOR NEWSLETTER

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Prepared by



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On behalf of all the Edmund Carr medical sector team I send our best wishes for Christmas and the New Year, together with a few “stocking fillers” to consider in the immediate post festive period as an alternative to a walk in the snow (perhaps!) These are topical points relevant to locum doctors and hospital consultants from the Mercia’s ‘Acting for Healthcare’ course I attended earlier this year.

Off payroll workers

A change was introduced from April this year regarding contractors who provide services to public bodies through limited companies. The change has effectively placed the onus for determining whether such contractors fall inside or outside of the IR35 rules on the public body, and a public body for this purpose includes the NHS. The IR35 rules have been around for many years and provide that if the contractor would fall to be treated as an employee of the client (in this case the public body) if working directly for them rather than providing his or her services through an intermediary company, PAYE is applied to the amounts received by the intermediary company from the client.

There are a number of factors used to determine if the arrangement is one of employment or self employment, and in many cases the latter does apply. However, our experience is that many NHS organisations have taken the line of least resistance and required off payroll workers to go on the payroll from April this year. Locums who provide their services via limited companies have been affected by this.

These comments from my course in the summer need to be supplemented by the recent Budget. One of the proposals is that the requirements for public bodies regarding IR35 are extended to the private sector. If organisations such as private hospitals follow a similar approach to the NHS, consultants who provide their services through limited companies could face the same problems as locum GPs are currently having. There may also be a review of the status of consultants who provide their services directly. The wording of the agreement with the customer for the provision of services is vital if self-employed status is to be defended successfully, and we are happy to review existing agreements.

Personal Expenses

- If you are employed the expenses you pay yourself which you can claim a deduction for against your salaried income are those which are incurred ‘wholly, exclusively and

necessarily’ for the purposes of your employment. It is the “necessarily” that is the complication and effectively means that a cost is deductible only if there is a contractual requirement for it for the purposes of your employment. As an example training costs are deductible if borne by the individual if the training must be completed to fulfil a requirement of the contract of employment.

- Many of you will be aware that HMRC do not normally allow a deduction for the cost of a new qualification against self-employment (or employment) income on the basis that you do not require that qualification to perform your current role. However they have backtracked in one respect and you can now claim the cost of the RCGP qualification. If you have not done so, you can make a retrospective claim. The time limit is 4 years after the end of the tax year in which the expense was incurred.

- Normal CPD costs would not be deductible from employment income, as they do not satisfy the ‘necessarily’ requirement. You might need to keep up to date with CPD requirements as a member of various professional bodies, but this would not be a contractual requirement of the employment. Any such expenses can however be claimed as a deduction if you have self-employed earnings.



Cont'd



- HMRC are not very lenient on what can be claimed as use of home. If patient records are not accessible from home then you will need to be able to demonstrate what work you are doing at home, and this must be considered wholly and exclusively for the practice. If there is any doubt we recommend claiming £4 per week, which is the amount HMRC will allow without asking questions.

- Mileage for a self-employed medical professional from home to a regular base is not claimable as this would be classified as 'home to work', but may be claimable if the journey from home is to a number of temporary places of work.

Personal Tax Account



There is now the facility to set up your personal tax account online with HMRC via this link: <https://www.gov.uk/personal-tax-account>. How is this useful for you?

- Easy access to your national insurance record for state pension purposes. It is well worth making sure that HMRC have a complete and accurate record of your working life so that the state pension you eventually receive on retirement is accurate. For some of you retirement may be a long way off

but it is easier to check your recent history now!

- You can also access your PAYE Coding Notices, details of benefits received, and details of tax refunds due to you and inform HMRC of any necessary amendments.

Unfortunately there is not a facility to give us access to this information so we will still rely on our clients to provide us with any relevant information relating to your tax affairs.

Pensions



- High earners will be affected by the tapered annual allowance for pension purposes in the year to 5 April 2017 and this is particularly relevant to members of the NHS Pension Scheme. Unfortunately, quantifying the exact impact is difficult because details of unused relief from earlier years which can be offset against any Annual Allowance excess has to be obtained from the Pensions Agency and our experience is that the turnaround time for requests means this information will not be available before the tax return filing deadline on 31 January 2018.

- Did you know you can nominate your NHS benefits for Inher-

itance Tax purposes? If you do not currently have a financial advisor and have any queries, one of our colleagues at EC Financial Services Ltd will be happy to speak with you.

If you would like any further details on any of the above, please contact one of the team.

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



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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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