



## DOCTORS NEWSLETTER

## DECEMBER 2012

### Planning for the future

A recent article in GP refers to the need for practices to set up a forecast to enable them to predict how their earnings will fluctuate in the future. We were a little surprised to see this as this is an exercise we have been undertaking for the practices we deal with for some years now. It is clearly essential for the partners' drawings and superannuation contributions to reflect the earnings of the year, rather than being based on historical information from earlier years accounts which may well be irrelevant. Our starting point is the latest available accounts which we then ask our practices to update for expected changes in income and expenditure so that we can provide a reasonably accurate estimate of what partners drawings, tax liabilities and superannuation contributions are going to be.

We intend making further modifications to our forecasting model to ask our practices to update their expectations on more than an annual basis. Given that the uncertainties over income streams going forward with the changes in the NHS it is important that the amounts partners are drawing out of the

practice do reflect current profit levels, even if these are lower than in earlier years.

### NHS pension scheme - the latest position

Our GP clients are currently receiving from us their 2012 tax returns together with information on whether they have exceeded the annual allowance for pension input purposes of £50,000 for the year ended 5 April 2012 and if this will give rise to an additional income tax charge. **The recent announcements in the Autumn Statement that the annual allowance is to be reduced to £40,000 from 6 April 2014 together with a reduction in the lifetime allowance to £1,250,000** at the same time does mean that additional tax charges for GPs in respect of their pension funds whilst they are making contributions will become an increasing problem.

Whilst the emphasis at the



moment has been on the annual allowance position, our next calculations, which we hope to perform during February 2013, will look at the lifetime allowance. This will involve a certain amount of guesswork in terms of future pensionable earnings, dynamisation factors etc., but we want to give our GP clients at least an indication of what their lifetime allowance position is going to be. Unfortunately although we can identify that a lifetime allowance problem exists we are not permitted by our Institute's rules to give advice on possible action, but we are happy to pass information to our GP clients' financial advisors so they can consider the position.

With these problems and the various changes to the NHS pension scheme, good financial advice from an IFA with specialist knowledge of the scheme is essential and if you do not currently have your own IFA please feel free to speak to David Carr, our in house financial advisor in the first instance.

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### GP Statistics

We have recently completed our Edmund Carr LLP statistics for the 2012 year. We are pleased to say that against the expected trend of falling GP income, the majority of the practices included in the survey have seen an increase in net income for 2011/12 or have only seen a small fall.

Unfortunately these results are not a guarantee for the future and there have been numerous articles in the medical press giving a gloomy outlook.

The success stories from our survey include those that have expanded into new sources of income. Others that have seen increased profitability have focused on staffing levels. Whilst these are obvious areas to look at, we feel they will need to continue to be the focus of attention if profits are to be maintained.



### Other topical articles

The UK200 healthcare group newsletter for doctors and dentists

is available on our website; some of the articles in the recent newsletter that may interest you are:-

#### Practices without formal agreements left vulnerable

*Practices have been warned to ensure they have up-to-date partnership agreements in place....*

#### Focus on seniority

*The amount of Seniority receivable in respect of each GP is dependent upon their years of reckonable service and their 'Qualifying Income Fraction'.*

To access the newsletter please follow this link to our website.

[www.edmund-carr.co.uk/uk200-publications.htm](http://www.edmund-carr.co.uk/uk200-publications.htm)

Alison McDowall recently had an article published in Practice Management on the VAT partial exemption rules for dispensing practices, giving some tips to help manage the dispensing VAT requirements more efficiently.

To access the article please follow this link to our website.

<http://www.edmund-carr.co.uk/newsletters/VAT-Dispensing-Practices.pdf>

**Finally, the Edmund Carr Specialist Medical Team would like to take this opportunity to wish you a very Happy Christmas with Good Health and Good Fortune for 2013.**



**Debbie Wakefield**  
Partner



**Alison McDowall**  
Manager

**Francis Whitbread**  
Partner



**David Carr**  
IFA



### 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

**Edmund Carr LLP**  
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