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### **Making Tax Digital – ‘severe headache’ for dentists**

HMRCs new Making Tax Digital (MTD) scheme<sup>1</sup> will present ‘a severe headache’ for the majority of dentists and be yet another cost that they will have to cover. That’s according to NASDAL (the National Association of Specialist Dental Accountants and Lawyers).

Alan Suggett, media officer of NASDAL and a partner in UNW LLP, explained, “HMRC has been holding consultations on the Making Tax Digital scheme and these concluded on 7<sup>th</sup> November. The aims of the scheme appear to be laudable in terms of simplifying and making the tax system more efficient. However, the dental sector will face specific challenges. In short, it will create a severe headache for the majority of dentists.”

One of the key tenets of the scheme is the submission of quarterly updates to HMRC. This may not present much of an issue to most businesses as they are used to paying VAT on a quarterly basis and preparing monthly management accounts. However, dentists are not registered for VAT and even larger practices do not generally prepare monthly management accounts, or if they do, these don’t represent a true picture of turnover as such and various adjustments are required at the year end.

Therefore, practice owners will often not have financially trained staff and normally use external accountants to prepare accounts. In the case of associates, almost all will rely on external accounting support. The current timetable set out for MTD is for it to commence on 6<sup>th</sup> April 2018.

Nick Ledingham, the Chairman of NASDAL sits on the ICAEW (Institute of Chartered Accountants in England and Wales) Healthcare Committee and has responsibility for dental matters. He has also been making representations on behalf of dentists through the ICAEW to HMRC to both delay the implementation of MTD, and also to increase the turnover limit of businesses which it will be affected by which at present is only £10,000 per annum. He added, “NASDAL strongly supports the BDA stance on this matter as they have made representations to HMRC that because of the unique characteristics of the dental sector that it would be fairer to have an extra year to prepare for MTD and commence on 6<sup>th</sup> April 2019.”

Another proposal of MTD is to widen the cash basis as a method for calculating profits for tax purposes. On the surface this may appear attractive but due to accounting for NHS earnings and the link between these and NHS pension contributions, a move to do this could result in significant complications in relation to tax and pensions.

**[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/484668/making-tax-digital.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/484668/making-tax-digital.pdf)**

## **ENDS**

Note to editors:

NASDAL, the National Association of Specialist Dental Accountants and Lawyers, was set up in 1998. It is an association of accountants and lawyers who specialise in acting for and looking after the accounting, tax and legal affairs of dentists. It is the pre-eminent centre of excellence for accounting, tax and legal matters concerning dentists. Its members are required to pass strict admission criteria, and it regulates the performance of its members to ensure high standards of technical knowledge and service.

Images are available of the NASDAL Chairman and NASDAL team.

Nick Ledingham, the Chairman of NASDAL, is available for interview. To organise to speak to him or any other members of NASDAL for more information please contact Chris Baker on 07947 470896.