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## **SPRING BUDGET 2017: THE KEY ANNOUNCEMENTS FOR DENTISTS**

**This Spring Budget was the first - and the last - to be delivered by Chancellor Philip Hammond, after his announcement in last year's Autumn Statement that from 2017 onwards the annual Budget would be moved to the Autumn with a Statement in the Spring confined to responding to the latest report from the Office of Budget Responsibility. Expectations were that this could be a boring Budget but Charles Linaker, a tax partner with NASDAL member UNW says that several measures announced will have an impact on dental practitioners.**

All dentists who are currently taxed as self-employed will find their annual Self-Assessment bills increased because the rate of Class 4 NIC, which is paid at the same time as Income Tax each 31 January and 31 July, will go up from April 2018 from 9% to 10% and from April 2019 from 10% to 11%. This is so as to nearer align the NIC position of the self-employed with those in employment.

Dental practitioners operating through limited companies will not, of course, be affected by this change and the Chancellor reaffirmed his commitment to reduce the rate of Corporation Tax to 17% by 2020. However, an unexpected announcement, which will affect incorporated practitioners looking to extract profits from their companies by way of dividends, was the reduction of the tax-free dividend allowance (only introduced for the current tax year 2016/17 by Hammond's predecessor, George Osborne) from £5,000 to £2,000, effective from April 2018. This was a measure clearly targeted at private companies where the directors and shareholders are one and the same.

As anticipated, the Chancellor announced measures to relieve the impact of the business rates relief revaluation. In particular, no business coming out of small business rates relief will pay more than £600 extra in business rates in 2017/18 than it did in 2016/17 and local authorities will be provided with funding to provide discretionary relief to those businesses most affected by the revaluation. Dental practitioners adversely affected should make representations accordingly.

HMRC's Making Tax Digital programme and the requirement to file quarterly returns marks a major change to the tax landscape and particularly so for dentists who, unlike other businesses of comparable size, have not had to grapple already with the requirement to file quarterly VAT returns.

Following strong representations, the Chancellor announced that there would be a deferral on the implementation of HMRC's Making Tax Digital ("MTD") strategy for businesses. However, this was disappointing in that it only extended to the self-employed and landlords whose turnovers are below the VAT threshold (increased to £85,000 from April 2017). These will not now have to start making quarterly digital returns to HMRC until April 2019, instead of April 2018.

This will bring them into line with businesses which are registered for and who pay VAT, where the start date for MTD had already been announced as April 2019, and will mean that many dental associates will have an extra year to prepare for MTD.

But the sting in the tail is that those unincorporated businesses whose turnover is above the VAT threshold and who are not registered for VAT will still be required to make quarterly digital returns to HMRC from April 2018. This will include most dental practitioners and many dental associates. HMRC is seeking business volunteers to beta test the MTD programme during the coming year, before it goes live in April 2018, and practitioners may want to consider getting involved in this so that they can be well prepared for its eventual implementation.

Dental practitioners operating via limited companies will not have to file quarterly MTD returns with HMRC until April 2020, so any unincorporated practices which have already been contemplating incorporation for other reasons may want to consider getting a move on!

**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.

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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.