



For immediate release

HMRC Announcement re Associates' Tax Status

The employment status of dental associates has been discussed many times in recent years. Up until now, Associates had always been covered by HMRC Guidance that stated:

'Associate' Dentists

It should be noted that there are standard forms of agreement for 'associate' dentists which have been approved by the British Dental Association (BDA) and the Dental Practitioners Association (DPA). These agreements relate to dentists practising as associates in premises run by another dentist. Where these agreements are used and the terms are followed, the income of the associate dentist is assessable under trading income rules and not as employment income. In these circumstances the dentist is liable for Class 2/4 NICs and not Class 1 NICs.

The NHS General Dental Services Contract, which came into force from 1 April 2006, provides for less fluctuation in Associate Dentist's income. However, providing the Associate Dentist continues to be responsible for paying their share of laboratory fees etc for work relating to their patients and other terms of the standard agreement are followed, the above guidance will still apply.

HMRC has now announced that this guidance for Associate Dentists will be withdrawn with effect from 6 April 2023 and after this date the status of new and ongoing Associate Dentist engagements should be considered in line with ESM0500 and CEST.

This now means that from April 2023, all Associates' tax status should be considered on a case-by-case basis depending on the circumstances of each individual dental associate.

NASDAL Media Officer and Head of Dental Business Unit at UNW Alan Suggett said, "Despite the withdrawal of HMRC guidance, the consensus of NASDAL accountants is that there will be no change to the self-employed status for the majority of associates."

"Associates and practice owners are advised to go through the online HMRC CEST test (<https://www.gov.uk/guidance/check-employment-status-for-tax>) carefully and honestly. The result for the majority of dental associates is likely to be that they should be considered as being self-employed for tax purposes. "However, there could be concern for those Associates whose working arrangements are subject to a higher degree of control than normal."

NASDAL's advice to all associates and particularly new associates, is to undertake the CEST test, which is anonymous, and then retain a hard copy of the conclusions arrived at.

NASDAL experienced and expert accountants are in a position to assist and advise dental associates or practice owners who have any queries about HMRC's new approach.

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.

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.

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