



NHS pensions are a tax target for the Chancellor

NHS pension provision has for decades been a major benefit for dentists working in the National Health Service. In his Autumn Statement, published on Wednesday December 5th, George Osborne signalled once again that pensions are in his firing line. And for high performing dentists in the NHS, the changes will have major significance.

The Chancellor announced that the annual allowance, the amount that is put into a pension without triggering a tax charge, would decrease from £50,000 to £40,000 and that there would be a reduction in the lifetime pension allowance from £1.5m to £1.25m, both from 2014/15.

This follows changes from previous years, whereby the:

- maximum amount of "Pension Savings" that could be made in any one tax year without triggering a tax charge (the Annual Allowance) was reduced from £255,000 to £50,000 from 6 April 2011
- Lifetime Allowance (which is the maximum value that an individual's pension pot can reach without incurring a tax charge) was reduced from £1.8m to £1.5m as from 6 April 2012.

If you are thinking that sums such as these could not apply to you, you probably need to think again. NHS dentists are part of a defined benefit pension scheme, and so the tax thresholds apply to the 'deemed' value of your pension pot, not your contributions to it.

Nick Ledingham, Chairman of NASDAL and a partner in specialist dental accountants Morris and Co said: "As with most things relating to dentists' pension matters, the rules relating to contribution limits are particularly complicated. NHS Pensions are really going to have their work cut out producing the new Pension Savings Statements for dentists."

Heidi Fowler, also a Chartered Accountant and a partner in Dodd and Co, said: "I'm having more and more conversations with dentists about the way forward, especially those nearing retirement. Having paid in considerable sums, they are thinking hard about the amount of tax they must pay and if it is worth paying into the NHS Pension Scheme for much longer. As well as speaking to a Specialist Dental Accountant, we strongly advise they consult an Independent Financial Advisor with a detailed knowledge of the NHS Pension Scheme."

The other major change to affect dentists announced in the 2012 Autumn Statement is a significant increase in the Annual Investment Allowance (AIA), which allows for immediate tax relief on equipment purchases, from £25,000 to £250,000.

Alan Suggett, media officer for NASDAL, and a partner in Specialist Dental Accountants UNW LLP, said: "I think the AIA increase is good for all dentists as the £25k threshold was very low. Obviously this is particularly good news for dental equipment suppliers who have seen a downturn in recent years."

Note to editors

For more information or to obtain photos or the logo of NASDAL, please contact Caroline Holland on 020 8679 9595/07974 731396 or email [**caroline@carolineholland.eu**](mailto:caroline@carolineholland.eu)

Background to NASDAL

In 1998, a group of accountants with a specialist knowledge of, and interest in, the finances of General Dental Practitioners set up NASDA, the National Association of Specialist Dental Accountants. In 2011, the NASDA Lawyers Group merged officially with NASDA, creating NASDAL. This brought the total number of dental specialists in the association to more than 50. In order to join NASDAL, an accountant or lawyer must demonstrate that they have a thorough understanding of dental practice issues and have enough dentist clients.

