



### **The Autumn Statement: the devil is in the detail**

For immediate release

Speculation around the self-employed status of dental associates ahead of the Chancellor's Autumn statement proved to be ill-founded, said Heidi Marshall, a specialist dental accountant with Dodd and Co and a member of NASDAL. Uninformed rumours continue to crop up about the tax status of associates, she said, which are not helpful to the profession.

In most aspects of the changes announced by George Osborne, she said the devil was in the detail. For instance, while help for small businesses and the young unemployed were two of Osborne's stated aims, the measures he is taking are unlikely to transfer into tangible benefits for many dental practices.

Business rates are an expensive fixed overhead cost and a great deal of lobbying has taken place from the business community over recent months. The Government has reacted by announcing various measures to decrease this burden, in particular smaller businesses and the retail sector.

It will help by:

- capping the RPI increase in business rates to 2% in 2014-15. Without the change the increase would have been 3.2%.
- extending Small Business Rate Relief (SBRR) for a further 12 months, so it will now be available until April 2015. (This means approximately 360,000 businesses will pay no business rates during this period.)
- amending the SBRR criteria to allow businesses who currently receive SBRR to keep it for one year after taking on an additional property (which would currently mean SBRR is lost).

- Allowing business rates to be paid over 12 months rather than the current 10 months, which will help cash flow, with effect from 1 April 2014

But, said Heidi, although a dental practice with a rateable value below £18,000 (£25,500 in Greater London) is deemed to be a “small business” it will not qualify for rates relief unless the rateable value is less than £12,000.

Ahead of the Chancellor’s announcements, there was also speculation around partnerships. But Osborne’s statement has revealed the Government wants to counter the loss of tax suffered by firms introducing companies as partners – so called corporate partners - in a trading partnership, to take advantage of the lower tax rates which apply to companies.

She commented: “I don’t expect there to be many dental practices out there with this kind of business structure, because not only has it always been an aggressive tax planning model, but legislation does not allow an NHS contract to be held by a partnership which consists of a corporate partner.”

“If you do have this type of structure in place, the new legislation will take effect immediately i.e. 5 December 2013, with further anti avoidance provisions coming in to effect from 6 April 2014, so you will need to seek specialist advice ASAP.”

#### Supporting Youth Employment

The Government has acknowledged the need to tackle youth unemployment (the rate currently stands at an eye-watering 24% for 18 – 20 years olds) and proposed changes that will effectively make it cheaper for businesses to employ young people.

The changes will abolish employer’s NIC for under 21 year olds earning less than £813 per week (i.e. the point at which higher rate tax is charged). For example, the change will save an employer approximately £1,000 per annum for every under 21 year old earning £16,000 per annum, and £500 per annum if earning £12,000 per annum.

But once again, she said, it is important to note that employers NIC contributions are only payable on wages over £148 per week. Therefore, these apparent “savings” will not apply to cadet nurses aged Under 18 earning the current national minimum wage. And furthermore, the changes won’t take effect until April 2015.

Heidi concluded: “When it comes to transferable allowances, Osborne announced that from 6 April 2015, spouses and civil partners will be able to transfer £1,000 of their income tax personal allowance to their other half. However, only couples where neither partner is a higher or additional rate tax

payer will be eligible to make the transfer, so it is unlikely that many dentists will benefit from this. The devil really is in the detail.”

**Note to editors**

For further information, contact Caroline Holland on 020 8679 9595/07974 731396