

Entrepreneurs' Relief - tax trap?

THE introduction of Entrepreneurs' Relief last year has created a potential pitfall for any dentist selling their practice or practice share without taking specialist tax advice.

Entrepreneurs' Relief is good news for small businesses, including dental practices, because it allows gains to be taxed at only 10 per cent rather than the new 18 per cent business tax introduced by the Chancellor last year. Any gains above £1m are subject to an 18 per cent tax rate.

But there are circumstances in which the relief will not apply and a dentist who does not take advice may find that they are paying tax at 18 per cent rather than 10 per cent.

John Flewitt, partner at Chartered Accountancy firm Menzies (members of the National Association of Specialist Dental Accountants - NASDA), is highlighting the potential problem in support of dentists considering a practice sale in 2009.

He said: "For dentists the most likely assets to attract capital gains tax on a sale are the surgery and practice goodwill. To qualify for relief there must be a disposal of the whole or part of the trading business, the sale of a property in isolation will not qualify."

"Thus, a partner who owns the surgery property outside of the practice will only qualify for the relief if it is sold at the same time as the retires (or withdraws from participation in) the practice."

Mr Flewitt added that if full market rent had been paid by the practice to the partner after April 5, 2008, there would be restricted relief. This might include profit sharing arrangements where only the property owning partners get an initial fixed profit share.

Fortunately, he said, disposal of practice goodwill would, in most instances, be eligible for entrepreneurs' relief, as it is treated as a disposal of part of the business. However, if the practice is incorporated then there are more detailed requirements to qualify for the relief.

All in all, the legislation which introduced entrepreneurs' relief is complicated and specialist advice is imperative for any dentist considering a sale.

Going for gold at Takara Belmont

2009 seems to be an anniversary year for more than just *The Probe* as furniture and equipment manufacturer Takara Belmont also celebrates 50 years of serving UK dentists.

The pursuit of the objectives of health and comfort are what a lot of us will follow in our personal lives, and Takara Belmont extend this to the workplace with its customary enthusiasm, vigour and high ethical standards. The products are designed and delivered to ensure we move towards healthier lifestyles in a more comfortable environment. It goes without saying that the last



half century has seen unprecedented technological advances in almost every sector, and treatment centres are no exception. Takara Belmont, through excellence in this sphere, has been at the forefront of change and this has enabled the company to provide customers with the most up to date and innovative products

in the market. The provision of high quality, reliable products coupled with excellent service means customers can look forward to more happy returns in the next 50 years.

Second A-dec surgery installed for B2A

A-DEC is a long-time friend of Bridge2Aid, having supported the dental charity over the past five years with equipment, funding and fundraising, as well as promoting the charity's work on the A-dec stand at Dental Showcase.

Last November, the support went

one step further when two A-dec

engineers, Dave Robinson and Brian Anderson, flew to Mwanza to install a new A-dec Performer package in surgery two. This is the second surgery A-dec has donated and installed, and complements the A-dec Radius package in progress on Jembe dormitory. A-dec is a proud supporter of Bridge2Aid and hope this new surgery will provide much needed dental support and care for the people of North West Tanzania. For more information about Bridge2Aid or to make a donation visit www.bridge2aid.org or call the UK Office: +44 (0)114 232 6030.



TAX TIP



By Thomas Dickson,
Essential Money
"Let's look at
the issue of Tax
Freedom Day
in the United
Kingdom..."

TAX Freedom Day shows just how long we spend working for the Treasury, rather than ourselves. Overall, the government takes more than 40 per cent of national income. This means that the average UK resident has to work a full five months of the year solely to pay that tax bill. Last year, that meant working from January 1 to June 4 - just to pay taxes!

And that's the average UK resident - assuming there are a significant number of dentists reading this column that are higher rate tax payers, there's a fairly high chance that you currently spend more time working for the Treasury than yourself.

The 2008 Budget did little to change that. Assuming the Chancellor got his growth forecasts right, Tax Freedom Day 2009 will fall on June 2. And if you take government borrowing into account, Tax Freedom Day does not come until June 14.

Denplan gets extraordinary

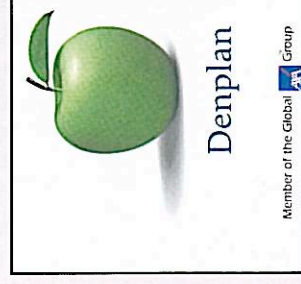
DENPLAN is celebrating after being awarded the Best Companies Three Star Accreditation for employee engagement, for the fourth consecutive year.

This star-rating accreditation is an award run by Best Companies, the organisation behind the Sunday Times list of 100 Best Companies to Work For. Companies that enter can achieve none, one, two or three stars - with three stars given to only 55 of the 639 companies who entered.

The star levels are based upon the level of employee engagement, as demonstrated by 54 questions in the annual Sunday Times questionnaire. One star means first class, two stars means outstanding and three stars means extraordinary. The extraordinary category indicates levels of workplace engagement where employees are willing to go the extra mile, do what it takes to make the company a success and who have the organisations best interests at heart.

Steve Gates, MD at Denplan said: "This award is real testament to the team here at Denplan, which continually goes that extra mile and rises to new challenges."

"As managing director it's hugely gratifying to know that Denplan commands such high levels of commitment and loyalty from its employees, without compromising their work-life balance. This attitude is the key to our success as the leading dental plan specialist and what makes us the number one choice for dentists looking to convert to private practice."



NEWS IN BRIEF

RFID: 3M has announced the launch of its new RFID enabled Patient Record Tracking Solution. 3M now offers a solution that allows hospital staff to quickly and easily locate any of their Patient Records. An RFID tag, linked to a 3M database, is placed on each patient record and a network of strategically placed tracking pads is created around the hospital. Each pad is connected to a computer enabling hospital staff to locate any given record at the click of a button. 3M business development manager, Chris Millican said: "Our RFID Patient Record Tracking solution allows hospitals have total control of their vast library of records. A recent implementation at Walsall General Hospital has been a huge success, testimony to which has been the incredible feedback received from system users and managers alike."

SME LOANS: The European Investment Bank (EIB) has signed three new generation EIB loans for small and medium sized enterprises (SMEs) in the UK for a total of £650 million (EUR 720 million). Three UK banks - Royal Bank of Scotland (RBS), Barclays Bank and Bank of Scotland (HBOS) - will act as financial intermediaries for the EIB funds, passing them onto SMEs with projects which further EU policy objectives. All three loans were signed during December and SMEs should start to benefit from EIB finance early in 2009. The EIB loans for SMEs carry particular importance in the current financial and economic climate when many smaller businesses face difficulties in accessing finance. In September 2008, the EU Finance Ministers called upon the EIB to extend, modernise and diversify their loans to the SME sector. The new generation loans ensure that the final recipients - the UK small firms - benefit from the financial advantage offered by EIB funds.

than the Treasury make the most of all the tax breaks available: Individual Savings Accounts, Pensions, Estate planning, Life Insurance policies in trust, Wills, equalisation of assets, childcare vouchers, income drawdown, annual Capital Gains Tax exemption, offshore investment planning, Venture Capital Trusts, Enterprise Investment Schemes, offset mortgages to name just a few.

If that all seems too much work, find a specialist accountant and IFA and they can help you reduce your tax bill which means you can spend more time working for yourself and less time working for the Government.

The figures are for guidance only and reflect the position at the time of writing. The value of investments can go down in value as well as up. It is important that you understand the risks and commitments. Essential Money Ltd is authorised and regulated by the Financial Services Authority. Thomas Dickson is a Certified Financial Planner(CM) and director of Essential Money, a firm of independent financial advisers who help dentists across the UK manage their money and achieve their financial and lifestyle goals.