

ASK THE EXPERTS

Expenses, premises and pensions

Q OUT-OF-HOURS EXPENSES
I am a salaried GP and I also do two or three sessions a week for an out-of-hours organisation.

What allowable expenses can I offset against my earnings from the out-of-hours work to reduce my tax bill?

As the work you do for the out-of-hours organisation is on a self-employed basis, you will be able to claim for the business expenses related to that work including motoring, professional use of your home, computer and telephone costs.

You can claim a percentage of all the costs of running a car (or other vehicle) including fuel, insurance, road tax, servicing, repairs and cleaning. If you are buying your car on hire purchase or you have a loan, a percentage of the interest can also be claimed.

Capital allowances pro rata to business use for the wear and tear (depreciation) of the car will further reduce your tax bill.

You can claim for work done from home for the out-of-hours organisation. Your options for this are either a fixed amount a week or a percentage of the running costs of your home (GPs' accountants usually negotiate this with Revenue & Customs).

This may trigger a capital gains tax bill when you sell the home if you use a room exclusively for business purposes. The business use (self employment) elements of home telephone, mobile phone, home computer including internet costs are also allowable.

Other allowable expenses include the business element of medical subscriptions, medicines and instruments, medical books, journals, postage and stationery.

Incidentally there are likely to be some work-related expenses you can claim against your salaried income. Ask an accountant to advise you, the rules are less generous than the ones for self employment.

Jenny Stone

Q PREMISES FUNDING
My partners and I own our premises, which we built under the cost rent scheme. The reimbursement we get on them is at a fixed rate, and we have a fixed rate surgery mortgage that was taken out when interest rates were high.

Our primary care organisation

THE EXPERTS

Email questions or phone our experts...



NHS RULES

Dr Tim Kimber is a Littlehampton GP and deputy chairman of West Sussex LMC.
Email: tim.kimber@nhs.net



INVESTMENT PLANNING

Liz Willis is a financial adviser at the medical division, St James's Place Partnership.
Email: liz.willis@sipp.co.uk or call (07900) 654 401



PARTNERSHIP

Stuart Williamson is a partner at accountants Williamson West.
Email: ww@williamsonwest.com



LEGAL

Lynne Abbess is a partner at solicitors Hempsons and offers legal outline advice to GPs in England and Wales.
Email: l.abbess@hempsons.co.uk



PREMISES

John Hearle is a chartered surveyor and chairman of Aitchison Raffety. Email: john.hearle@argroup.co.uk



PENSIONS AND FINANCE

Kevin Quinn is a financial planner at specialist medical accountants Ramsay Brown & Partners.
Email: kevin@ramsaybrown.co.uk



ACCOUNTANCY AND TAXATION

Jenny Stone is a partner at Ramsay Brown & Partners.
Email: jenny@ramsaybrown.co.uk or call (020) 8370 7739 9am-5.30pm weekdays



PRACTICE-BASED COMMISSIONING

Maggie Marum is a management consultant for the NAPC and runs its practice-based commissioning helpline.
Phone: (020) 7636 8626. www.napc.co.uk

PCO) is putting pressure on us to switch to notional rent reimbursement. Can we refuse to do this?

Under the NHS (General Medical Services Premises Costs) Directions 2004 you have the

right to stay on cost rent (now called borrowing costs) funding until/unless you decide to switch to notional rent.

The district valuer reviews the market rent value of your premises once every three years, and if the rental value in notional rent reimbursement terms has risen significantly above the borrowing costs value, you may decide it is worthwhile making the switch.

Note that if you alter the surgery loan arrangements this may, depending on what exactly you do, prompt the PCO to re-negotiate the level of your borrowing costs funding. The premises funding rules are complex so you may find it helpful to obtain advice (for a fee) from an independent valuer who specialises in primary care premises.

Dr Tim Kimber

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Q STAKEHOLDER PENSIONS

I am a full-time GP who several years ago opened stakeholder pension schemes for my wife and I and our three children.

I have contributed approximately £7,000 to them, but the projected pension values are pitiful. My circumstances have changed and I now wish to cash in

these stakeholders so that I can use the money now.

I am unable to establish if it is possible to cash a pension in order to 'unlock' the value. I have received conflicting advice with one source saying 'No you can't, as you got tax relief on the contributions' and someone else saying 'Yes, but the value of the pension pot will reduce as you got tax

relief on the contributions'.**Which is correct?**

I regret to say that under current legislation, benefits from the majority of pension schemes including stakeholder plans cannot be taken until the individual in whose name the scheme is reaches age 50 at the earliest (increasing to age 55 from 6 April 2010).

In most cases, the maximum tax-free lump sum that can then be taken is 25 per cent of the pen-

sion fund value with the remaining 75 per cent being used to provide an income.

There are 'triviality' rules which, subject to the overall pension fund being worth less than 1 per cent of the prevailing lifetime time allowance limit when benefits are taken, allow individuals between the ages of 60 and 75 to take the total pension fund as lump sum subject to 75 per cent being taxed at their highest marginal rate.

The restrictions placed on the time and manner in which pension benefits can be taken are, essentially, the price you pay for the tax breaks on contributions.
Kevin Quinn

Q NHS SUPERANNUATION
I am a GP principal in the NHS Pension Scheme. I do some work for the PCT for which I am paid gross.

Do I need make arrangements to pay NHS superannuation on

the PCT earnings or is it already deducted?

As you are being paid gross for this work, you need to make both employee's and employer's contributions as they have not been deducted by the PCT.

I would, however, check whether the gross earnings you receive do include an allowance for the employer's NHS pension contributions due.

Kevin Quinn

PLEASE NOTE

Please ask for 'GP Ask the Experts'. You may be asked to book a full consultation if your request is time-consuming or difficult. Our specialists retain the right to refuse advice. The information in the Ask the Experts list is for information purposes only. The expert advice is intended to provide general guidance only. It should not be relied upon by readers, who should seek further professional advice. No legal responsibility can be accepted by GP for the experts' answers.



Ask your questions online at www.healthcarerepublic.com/experts

To see the answers to previous queries or to ask your own question, go to www.healthcarerepublic.com/experts. Answers every week in GP.