Contact Carole Slingsby at Medeconomics
● (020) 8267 4836 or email medeconomics@haymarket.com

ASK THE EXPERTS

VAT, seniority and superannuation

Q PREMISES AND VAT
We are two independent partnerships co-owning practice premises. We have a budget of £860,000 to modify and extend the premises.

As we are not registered for VAT, a large lump sum will go to HM Revenue & Customs. Is there any way we can minimise the VAT we have to pay? We do not exceed the registration threshold but I understand we still have the option to register.

I wonder if it would be worth it to be able to claim back the VAT on the building/project costs. What do you think?

GPs are not required to register for VAT as most of their services are exempt from VAT. However you can voluntarily register so that you can recover some of the VAT on the building costs.

You would not be able to recover the full amount because of the exempt services you offer, but a claim could be made under the partial exemption rules.

Once you are registered you need to charge VAT on services where the principal purpose is not to treat patients but to enable a third party to make a decision. You will also need to add VAT to any service charges the practices make for hiring out rooms.

A disadvantage of becoming VAT registered is the increased administration burden of completing and submitting quarterly VAT returns by relevant deadlines. I suggest you consult a VAT specialist who will be able to advise you on the percentage of VAT you are likely to recover and whether registering is really worthwhile.

Jenny Stone

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@sjpp.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* or Fax: (01727) 844 472

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*

Ask your questions online
www.healthcarerepublic.com/experts

Q SENIORITY PAY
I have recently joined a practice as a salaried GP for six sessions per week. I have over 30 years' experience as a full-time GP principal. Am I eligible for the maximum seniority allowance?

The practice will pass on this money to me if I make a successful claim to the PCT. If so, will the amount be identifiable readily in our monthly funding from the PCT?

As you are now an employee and not a GP principal, this means the PCT will not pay the practice seniority allowance for you.

However, if the practice had taken you on as a fixed share partner (a principal) you would be self-employed and eligible.

Being salaried means you are suffering financially. However, there are other issues for the partnership employing you to consider, including the cost of the employer's National Insurance contributions it pays on your behalf, because you are on the staff payroll. This cost would in part fall on you if you were a salaried partner.

Stuart Williamson

Q SUPERANNUATION
I work at a three-partner practice. One partner retired, took their NHS pension and came back to work as fixed-profit partner. The other partner and I are equal profit-sharing partners but that partner will retire in July this year. He plans to come back in the same equal profit-sharing partner role.

This partner's current NHS superannuation employer's contribution of 14 per cent is paid as part of our PMS income. After retirement, will we continue to receive this 14 per cent on his behalf? And after he returns to the practice, will this money belong to the partner? Or is it practice income to be shared between all three partners?

The employer's superannuation that is included in your PMS baseline is practice income and should be shared between the partners. As one partner is on a fixed share, the balance of profits will be split equally between you and your other partner.

Assume the two of you each have a profit share of £100,000 (which includes the income for employer's superannuation). As the fixed share partner has taken their NHS pension benefits and no longer pays superannuation, this partner can draw their full fixed share profit amount.

This will also apply to your other partner after taking their NHS pension. However, because you are still in the NHS Pension Scheme your superannuation contributions (both employee and employer's) will be deducted from your profit share and you can draw the difference.

Jenny Stone