

GP MEDECONOMICS 3

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ASK THE EXPERTS

CGT, credit cards and retirement

Q CAPITAL GAINS
 Regarding the annual exemption from capital gains tax (CGT), do both my wife and I get it or is there just one exemption between us?

Will putting our home in joint names, make a difference? Does the amount of CGT fall the longer we have owned the property?

Every individual has a capital gains annual exemption. This is £10,100 (£20,200 for you and your wife) in the 2009/10 tax year.

If you own a property that is not your main residence, when this is sold you will pay capital gains tax on the proceeds less the cost. To benefit from two annual exemptions the property will need to be held in joint names.

If the property is in your name, you can transfer half to your wife and this will not generate a capital gain for you. The transfer can be made at any time right up to the point that you decide you are going to sell the property.

You only pay CGT if your overall gains are above the annual exemption for the tax year. The liability is not calculated for the period you own the asset.

For example, if you and your wife had purchased a property for £200,000 and sold it for £300,000 in 2009/10, the gain before applying the annual exemption would be £100,000. This would be split equally between you and your wife.

So, you would each have a gain in the 2009/10 tax year of

£50,000 and would each pay CGT at 18 per cent on £39,900, the amount above the £10,100 annual exemption.
Jenny Stone

Q CHARGING PATIENTS
 We are a dispensing practice and thinking of introducing a credit card machine to allow patients to pay for NHS and private prescriptions with a card.

There are charges to the practice for the use of the machine. Can we pass on these charges to patients if we inform them of the cost beforehand?

As far as NHS patients are concerned, under National Health Service (General Medical Services Contracts) Regulations 2004, section 24, you are unable to charge them any additional fee for prescriptions.

However, private patients fall into the exception under Schedule 5 which means they could be charged.

If you are intending to set up anything of this nature you should be aware that there are a number of other issues you may need to consider – for example, data protection.
Lynne Abbess

Q PRACTICE SUCCESSION
 I am confused about the difference between full retirement from the NHS and 24-hour retirement. I am a single-handed GP and want to retire at the end of March. I then plan to do locum work at the practice.

I am taking on a partner in January and will hand over the practice to this GP on 1 April. I am uncertain what is the better course of action for me.

Should I retire and do locum work or take 24-hour retirement and do locum work?

You cannot simply hand your practice over to a new partner, so I hope that you have checked this all through with your PCT. If you have not done so, the practice may be put out to tender by the PCT when you retire, whether or not it is 24-hour retirement.

To be absolutely certain of the succession of the practice to the new partner, you would need to give the PCT 28 days notice that you are taking on a new partner. Then, on the day that you take on the partner, you can give 28 days notice of both your retirement from the practice and that the practice will be going back to being single-handed.

If you take 24-hour retirement, you only need a break of 24 hours, but you must not work for more than 16 hours per week in the first month. Thereafter, you can work as many hours as you wish.

There would be advantages in coming back as a partner. For example, the practice could not dispense with your services whenever it wanted.
Dr Tim Kimber

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.

THE EXPERTS

Email questions or phone our experts...



NHS RULES

Dr Tim Kimber is a Littlehampton GP and deputy chairman of West Sussex LMC.
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INVESTMENT PLANNING

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PARTNERSHIP

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LEGAL

Lynne Abbess is a partner at solicitors Hempsons and offers outline legal advice to GPs in England and Wales.
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PENSIONS AND FINANCE

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ACCOUNTANCY AND TAXATION

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COMMISSIONING, TENDERING, GP CONTRACTS

Dr David Jenner is a Devon GP and the NHS Alliance's lead on practice-based commissioning.
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