

GP MEDECONOMICS 2

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ASK THE EXPERTS

Surgery ownership and consulting room rental

Q SURGERY OWNERSHIP
 I am in a two-GP partnership. The surgery is owned jointly and equally by a retired partner and I and we both have mortgages on it. The retired partner wishes to sell their share to my current partner.

Instead of doing this, my partner and I propose to make the partnership the actual owner to prevent the issue of sale recurring whenever a partner leaves. We are looking for a lender to buy out the former partner and I and to make a loan to the partnership.

Is this a sound proposal? If the transaction goes ahead then what happens when my partner or I leave? Will either of us own a share in the building and be entitled to sell it?

It is not as straightforward to chop and change the shares of ownership as you suggest. The owners for the time being will assume full liability for all outgoings associated with the property – and will also be entitled to receive any gain (profit).

Indeed, if they were to elect not to do so and to leave the gain for others, they would technically be making a gift that would complicate their own personal estates. Your accountant can advise about capital gains tax.

It is possible to transfer the title of the property into a com-

pany with individual partners holding shares that are transferred as they leave the partnership. This would avoid the need to transfer the names on the title on each occasion.

However, the disadvantage is that a full stamp duty land tax (SDLT) charge would be payable at the time of the change of title name and a 0.5 per cent SDLT charge would be made on the value of transfer of subsequent shares.

SDLT does not currently apply to transfers between partners. Your funding arrangements would need to be reconsidered and quite possibly, the shareholders of the company would also be required to give personal guarantees to the lender.

If so, each time a partner changes, there would need to be more paperwork with regard to the transfer of guarantees. Also, additional funding may need to be raised to buy out the equity of the outgoing shareholder.

But you are likely to be better off maintaining the status quo.

Lynne Abbess

Q PENSION INCOME
 If I take my NHS pension at age 53, will it benefit from index-linked increases?

If you take your NHS pension benefits voluntarily at age 53, annual increases of your ben-

efits in line with the Retail Prices Index (RPI) would not be applied until you reach the age of 55.

However, at age 55 the pension would then be increased to the level that it would have been if RPI increases had been applied from age 53 and will be linked to RPI thereafter.

Kevin Quinn

Q ROOM RENTAL
 We own our surgery premises and receive notional rent from our PCT. We are considering renting out a couple of our consulting rooms.

The rental will be less than 10 per cent of our total income. Can you confirm that we will not lose any of our notional rent?

The 10 per cent abatement rule applies where a practice has used the surgery premises to generate more than 10 per cent of its income from private sources (for example, from insurance medicals, private patients and so on) but does not apply to private rental income.

Paragraph 48 of the *GMS Premises Costs Directions 2004* states that where a practice receives rent for their premises, the PCT must set off this contribution against the rent reimbursement so there is no 10 per cent limit before reimbursement is reduced.

Normally, practices make a service charge for the use of rooms to cover the cost of additional light and heat, cleaning costs and so on rather than charging rent.

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.
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INVESTMENT PLANNING

Liz Willis is a financial adviser at the medical division, St James's Place Partnership.
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PARTNERSHIP

Stuart Williamson is a partner at accountants Williamson West.
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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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PREMISES

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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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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. 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.



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