

Financial planning for the end of the tax-year

Frank Taylor & Associates questions whether you are making the most of your allowances

We are approaching the busiest time of the year for financial planning, where everyone scrambles to make use of allowances and tax reliefs before 6 April arrives. Now that everyone has settled their January tax liabilities, the mind turns to ways to reduce them, as well as where to invest spare capital to grow and provide for your family in future.

There are a number of investments that are widely implemented at this time of year; are you making the most of your allowances?

Personal pension contributions

With the newly introduced pensions flexibilities in place, personal pensions are more popular than ever. You will receive tax relief at your highest rate on personal pension contributions, so these are the first place most investors look at the end of the tax year. The annual allowance is

£40,000; however, you must have earned as much as you contribute to qualify for full tax relief. You can also make use of previously unused allowances from the past three tax years through a process called 'carry-forward'.

Beware: the lifetime allowance is currently at £1million; if you exceed this then you will be taxed.

ISA contributions

ISAs have been around for 20 years and form a large part of investors' portfolios.

This is due to the fact growth within and income from an ISA is not taxable. You can get access to a wide range of stocks and shares, giving your ISA the opportunity for good long-term growth. The annual allowance is £20,000 per person and if you don't use up your annual allowance by the end of the tax year, you lose it!

Investments providing income tax relief

After a realisation of the high amount of tax you have to pay in January, you will

most likely want to look at ways to reduce this liability. Pensions can be useful to do so; however, what if you are up to your maximum allowances?

There are a range of investments that provide income tax relief from the Government at 30% of the invested amount (Enterprise Investment Schemes and venture capital trusts) and these can be very useful to reduce income tax liabilities and also diversify a client's portfolio from the global stock markets.

These investments will usually be high-risk and are not suitable for everyone. You should always seek independent financial advice and review carefully before considering these types of investment.

If you would like more information please give us a call and we will signpost you to a dental specialist IFA who understands dentistry and your financial planning needs. **D**

FOR MORE INFORMATION
visit www.ft-associates.com or call
0330 088 1156.

PRACTICE ONE - AVON AND SOMERSET

Practice location - this practice is situated within a purpose-built single-storey building, close to the town centre and near the train station.

Practice type - this is a four-surgery mixed practice, being sold to facilitate retirement. The practice was established 25 years ago is being sold as leasehold with a 15-year lease, rent reviews every three years, and an annual rent of £20,000.

Practice gross - the gross fee income for this practice is in the region of £400,000 of which 60% is derived from NHS-GDS contract where the UDA rate is £26.08, and 40% of the turnover is from private income. The income has been generated by the principal working two days a week, four associates, of which two work five days a week and two work part time. There is an implant dentist who works three days a week, and a self-employed hygienist working two days a week. This team is supported by three full-time and three part-time nurses, two part-time receptionists, a part-time administrator, and a part-time practice manager.

Price achieved - a price of £1,278,328 was achieved, which was in excess of the asking price. Funding for this practice was secured by FTA Finance.

Agent's comments - this practice owner is very much an associate run practice so the new owner, who plans on working there full time, can see the financial advantages. The practice incorporated some years ago with the NHS contract in the limited company name. There is much talk about flawed incorporations and we are happy to discuss what this actually means.

PRACTICE THREE - GREATER LONDON

Practice location - this practice is located on the first floor of a terraced building, within a desirable London suburb that has a mix of residential and commercial properties. There is space for several cars at the premises and on-street pay and display close by.

Practice type - this is a two-surgery mixed practice, which has been established for 60 years. The existing principal is selling to facilitate retirement plans. The practice is being sold as leasehold with 12 years remaining on a 15-year lease, rent reviews every five years and annual rent of £15,000.

Practice gross - the gross fee income for this practice is in the region of £190,000 and has been generated from the principal working four days and supported by one full-time and two part-time nurses.

Price achieved - a price of £375,000 was achieved, which was in excess of the asking price, the funding for this purchase was sourced by FTA Finance.

Agent's comments - this practice is situated in a very popular London suburb and there is such a potential for growth as there are two fully equipped surgeries, neither of which are fully utilised. The practice benefits from digital X-rays and a recently installed R4 software.

PRACTICE TWO - NORTH WEST ENGLAND

Practice location - this practice is located within a row of shops in a busy high street and with a prominent shop front.

Practice type - this is a two-surgery predominantly NHS practice, with definite opportunities for growth. It is associate led and being sold to facilitate the retirement of the owner. It is leasehold, with 10 years remaining on a 15-year lease.

Practice gross - the gross fee income for this practice is in the region of £450,000 per annum, of which 78% is derived from a NHS-GDS contract with a UDA rate of £24.00; 22% of the income is derived from private fee per item. The income has been generated from three part-time associates working a combined 60-hour week. The team is supported by three part-time nurses and a full-time receptionist and a part-time practice manager.

Price achieved - a price of £500,000 was achieved, which was in excess of the asking price.

Agent's comments - this practice will continue to be run by associates as the incoming principal already owns a number of practices in the region. There are plans to increase the number of hours worked by the associates to accommodate the planned increase in private work.

PRACTICE FOUR - HERTFORDSHIRE

Practice location - this practice is located in what was a residential property in a busy location.

Practice type - this is a three-surgery mixed practice and the existing principal is selling to enable him to facilitate retirement; however, he is prepared to stay on for a significant period of time to ensure a smooth handover to the incoming principal. This is a share sale and the NHS contract is in the name of the company. The practice is being sold as leasehold and a new 15-year is being created with rent reviews every five years and an annual rent of £30,000.

Practice gross - the gross fee income for this practice is in the region of £490,000 per annum, of which 38% is derived from NHS General Dental Services contract with a UDA rate of £25.76; 62% is generated from private income. The income has been generated from the principal working four days a week, three part-time associates working a combined nine days a week, and a hygienist working two days a week. They are supported by six part-time nurses and two part-time receptionists.

Price achieved - a price of £1,025,000 was achieved, which was in excess of the asking price and the funding for this practice was sourced by FTA Finance.

Agent's comments - this practice has been incredibly well run and the principal wants to sell before the motivation starts to fade. And, the incoming owner will benefit from an established and well thought out marketing plan, which will provide significant opportunities to add services. The associates are all very well established as are the support team and there is a great feeling of team work within the practice.

