What’s yours to claim?

It’s vital you know exactly what you can claim as a business expense, to keep your tax bill to its minimum, urges Geoff Long

G ranted; dentistry is stressful. This stress is the result of a number of factors:

• Might it go wrong?
• Will it work?
• Running late, keeping patients waiting
• Clinical risk – where will this action lead?
• Will it look right?
• And of course money!

This one became even more stressful recently with The Chancellor introducing the 50 pence tax bracket and even an unpublished 60 per cent tax rate for those earning more than £100,000, so it is now doubly important for dentists to claim all the expenses they are entitled to. With that in mind I have put together some expenses often raised for dentists.

Motor expenses

Dentists should record petrol, insurance, spares, servicing, AA, RAC, and MOT costs. Your accountant will negotiate a suitable business use proportion with Inland Revenue. It would help your accountant in his negotiations if you keep a mileage log for one month. Remember home to the surgery is a private trip.

Bank interest

This is allowable, providing it is used for commercial purposes.

Your wife’s wages

Dentists can pay a non-working spouse an annual salary typically £5,000 per annum. This will reduce profits and help wash away the tax bill. However, this is an area the Revenue is scrutinising at the moment. To obtain a deduction wages must be:

• Actually paid
• Paid via a payroll system
• Be justified in terms of work done

Staff meals & entertaining

Each practice has an annual budget of £150 per member of staff for Christmas lunch and seminar events. On top of this, reasonable food at a staff meeting is allowable.

Professional promotion

Advertising, leaflets and mail shots are allowable. So too is the cost of PR (Public Relations). PR can get you on television, in the Sunday Mirror or Evening Standard. It is very effective. Cost is £4,000 a month plus dining expenses. Be careful because you can get taken for a ride, it is best to go by recommendation.

Educational toys

If you treat children, then do not forget to buy children’s toys for the waiting room to keep the children occupied.

Medicinal brandy

Brandy is very handy in a surgical setting, particularly to bring the patients round after a lengthy treatment session. Fully allowable – providing the practice accountant is offered some!

Laundry and cleaning

With the new regulations, clinical garments and Health and Safety Regulation these days, your accountant should be able to work on an effective claim in this area.

About the author

Geoffrey Long FCA is a specialist dental accountant based in Hertfordshire. Geoff advises on a wide range of dental tax issues and regularly writes for the dental press. Geoff has more than 15 years’ experience managing dentists’ accounts and is recognised for his proactive approach to dental taxation and business problems. Call him on 01438 722224 or email office@dentax.biz.