



## Ten Years On



As the days tick away to the beginning of the Festive Season I reflect on the first ten years of the Century.

As 1999 drew to a close the major excitement was the dawn of the New Millennium and - have your forgotten? - the prospect of the Millennium Bug: without doubt one of the biggest scare stories ever known, particularly if you were IT reliant, and in reality the ultimate damp squib.

Ten years ago we were only two and a half years into the New Dawn of New Labour and Britain was gripped by the sheer dynamism of the two key Action Men, Tony (I'm a pretty straight sort of guy) Blair and Gordon (call me Prudence) Brown. Tony had yet to dream up Weapons of Mass Destruction and Gordon had not yet brought an end to Boom and Bust as we were too early in their administration for such fun and frolic. A few years later Tony of course moved on to bring peace to the Middle East and Gordon to saving the world; both projects are somewhat ongoing.

The mantras then of course were "Education, Education, Education"

alongside saving, restoring and rebuilding the NHS after eighteen years of Tory misrule.

In the case of dentistry it was definitely Crikey!! Vive la revolution as it is difficult now to recall that ten years ago not one of us had ever heard of a UDA, or a UOA, or CACV or - heaven forbid - effective control of your Goodwill by your friendly local PCT. These particular subtleties were yet to evolve and came in all of a rush in early 2006 with the introduction of the New Contract which now impacts on so much of the profession.

So let's turn around and look forward. What do we see?

Well a General Election by June 2010 without a doubt and, unless there is a dramatic change in policy, the prospect of significant amendments to the current New Contract arrangements with effect from April 2011. The Options for Change (remember that phrase? Options, what options?) are way too many to be considered in this article although one can day-dream as to the joy and simplicity of a universal UDA for England and Wales, I seriously suspect that no-one close to Government has any real idea at this stage: even if they did, Government and policy change in the future would be somewhat damaging to current thinking.

What I do know is that the UK profession is resilient, redoubtable, flexible and committed. I therefore believe that whatever the next ten years hold, and we can be sure that we will live in interesting times as Confucius would wish, the requirement for good dentistry will endure and the profession will deliver whatever any Government initiative or Quango developed nonsense is announced. Having said that, it would be appreciated if any more unproven initiatives similar to the recent Cross Infection Control saga (would somebody please send me the science based evidence) might test

the patience of a fair proportion of the profession.

At the conclusion of the Noughties I take this opportunity of wishing you and yours a superb Festive Season, a challenging and rewarding 2010 and an ultimately satisfying second decade of the New Millennium empowering you to provide rewarding and appreciated dental deliverance.

Bonne Chance!

### DentalBusinessSolutions

In this issue George Manolescu reflects on the first decade of the century and our tax department get to grips with Alistair's Pre Budget report as well as trying to clarify exactly what he will allow you to claim back from him.

There's advice about a confusing communication from The Office of Fair Trading and Nathan offers a Quickbooks tip. Finally Yvonne Cheung who has worked for many of our clients offers tips on branding.

And of course, with all this comes our very best wishes for a very happy Christmas and a healthy and successful New Year

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# INFORMATION UPDATES

## Concerning allowable expenses, and some that sadly are not

### 1. Courses

We are aware of some confusion amongst our clients as to whether the costs of training and professional development are tax deductible for dentists. Part of this confusion arises because the continuing professional development (CPD) you are required to undertake to practise as a dentist is not always deductible according to UK Tax law.

For tax purposes, provided it is incurred wholly and exclusively for the purposes of the trade carried on by the individual at the time the training is undertaken, expenditure on training courses attended by the proprietor of a business with the purpose of updating the skills and professional expertise they already possess is normally revenue expenditure which is deductible from profits of the business.

Contrast this with attendance at a course intended to give business proprietors new expertise, knowledge or skills which the individual lacks - this is considered by HM Revenue & Customs (HMRC) to bring into existence an intangible asset that is of enduring benefit to the business, thus HMRC take the view that the expenditure is of a capital nature, and deduction in the proprietor's profit and loss account is prohibited.

Whilst HMRC will not take an unduly narrow view of whether the content of any particular course updates existing skills of the individual, if it is clear that a completely new specialisation or qualification will be acquired as a result of the expenditure, it is considered unlikely that the expenditure will be wholly and exclusively for the purposes of the existing trade. HMRC will take as indicators that a new specialisation or qualification is being pursued, a qualification that culminates in the sitting of an exam, and/or one following which new 'letters' are placed after one's name.

We are aware of a number of modular MSc courses available to dentists which clients in the dental sector can study. These tend to be structured over three years, and contain an optional assessment or exam which one can elect to sit in the final year.

Were a dentist to begin a course of this type with the intention - from the outset - to take the assessment, you would be denied tax relief on the costs of the course on the basis that this is a completely new qualification.

However, a dentist who attends the course with no intention of completing the assessment would (provided they were able to demonstrate sufficient overlap with pre-existing skills and knowledge) be permitted tax relief on the course costs. HMRC's Inspectors are advised by their internal guidance to obtain and consider all of the evidence, which should include contemporaneous documents, agreements, notes of meetings and any other records or documentation, to determine whether an expense has been laid out wholly and exclusively for the purposes of the trade.

This is why we might ask you to provide, for example, the course syllabus and study guide or a letter from the course provider giving evidence of the content studied; we may also ask you to compare the content of the training course with courses you have studied previously, to identify areas of overlap; or to provide independent evidence that a course is of a kind that a dentist in general practice would enter into to maintain the level of skill associated with a BDS qualification.

### 2. Mixed holiday and business trip

Where HMRC establish duality of purpose in travel, the costs are disallowable - no part of the expenditure is referable wholly and exclusively to the trade. Thus if you choose to attend a training event or conference overseas and spend part of the time you are away taking a holiday, HMRC will claim that there was a dual purpose to your trip, and disallow all of your travel costs.

You are permitted a reasonable period for settling in on arrival at your overseas destination so it would be acceptable to arrive on the day prior to and to leave the country the day following, a conference.

### 3. Food and drink

Where food and drink is consumed for the purpose of sustenance there is an inevitable private purpose to the expenditure, thus

according to HMRC the costs of meals are not tax deductible. It is immaterial that the physical demands of your occupation may require a greater consumption of food, or that the location of the work place imposes a greater cost.

### Nathan's QuickBooks® Quick Tip

If QuickBooks won't let you open your file as it informs you that someone else is using the file (probably just after your computer or QuickBooks has crashed), if you locate the data file copy and paste it to another location and then open this new file it should open. If you need any help with this please contact us

### Office of Fair Trading Money Laundering Registration Letter

You may have recently received correspondence from the Office of Fair Trading (OFT) informing you that due to Money Laundering Regulations, certain categories of business will need to register with the OFT Anti-Money Laundering Register. This is a standard letter sent to all businesses holding a valid Consumer Credit Licence.

The letter may well give you the impression that you have to register in any event, but if you solely offer credit through Direct Dental Finance, or indeed any other third party, then registration and payment of the £115 is NOT necessary.

If however you allow deferred payment to patients by arranging for them to pay an account over more than four months, never a great idea in any case as you are carrying the risk of them not paying, then you must register and pay. All the more reason for you not to offer this arrangement. Use DDF instead.

I hope this clarifies the situation but if you have any questions please don't hesitate to contact us

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## Do dental practices really need branding?



Yvonne Cheung

Ask yourself this... Do you care how your practice looks? How your staff dresses? How they speak to your patients?

If you have answered 'yes' to any of these it probably means that you care about how your practice is perceived by patients, potential patients and the world at large.

Careful, considered branding can help convey your ethos, your professionalism and your place in the market.

The look and feel of your logo, stationery and signage can give an instant indication of what type of practice you may be without the prospective patient having to set foot inside.

These tools can convey whether your practice is affordable, mid or high-end, whether you might offer cosmetic services or if you are a solid, family orientated practice.

Good branding can help communicate these messages in an instant.

You may have an excellent practice located conveniently, with the latest tech and the most experienced and caring team working for you. But do you know that every patient is really asking, 'Can I trust you to provide me with a safe, clean environment to treat myself and my family?' 'Do the staff look professional and caring?' 'Does my dental health come first?' 'Do you know I'm anxious and need reassurance?' 'Do you look like you care?'

It may all sound too simple that it starts with creating the right branding to project the image you want. However it is not just a matter of a

new fancy logo or new letterheads and a jazzy website. Certainly these tools play a part but branding is about putting across a positive set of values. Your values.

Take for example recruiting a new member of staff; you would look at their qualifications to make sure they have the right credentials but are you not also assessing whether they are courteous, approachable, caring and can work well with the rest of the team? The final decision is often based on how well they present themselves, how well and confidently they answer interview questions and whether they have the right personality and attitude to match.

Should a similar method not apply to how your patients perceive you? What 'personality' does your practice project? First point of contact is usually your signage, welcome pack or postcard announcing your practice. Perhaps they have come across your website when browsing the internet or flicking through a directory or simply walking or driving past every day. However, do you stand out enough for them to take notice? And if you do - what does it say about you?

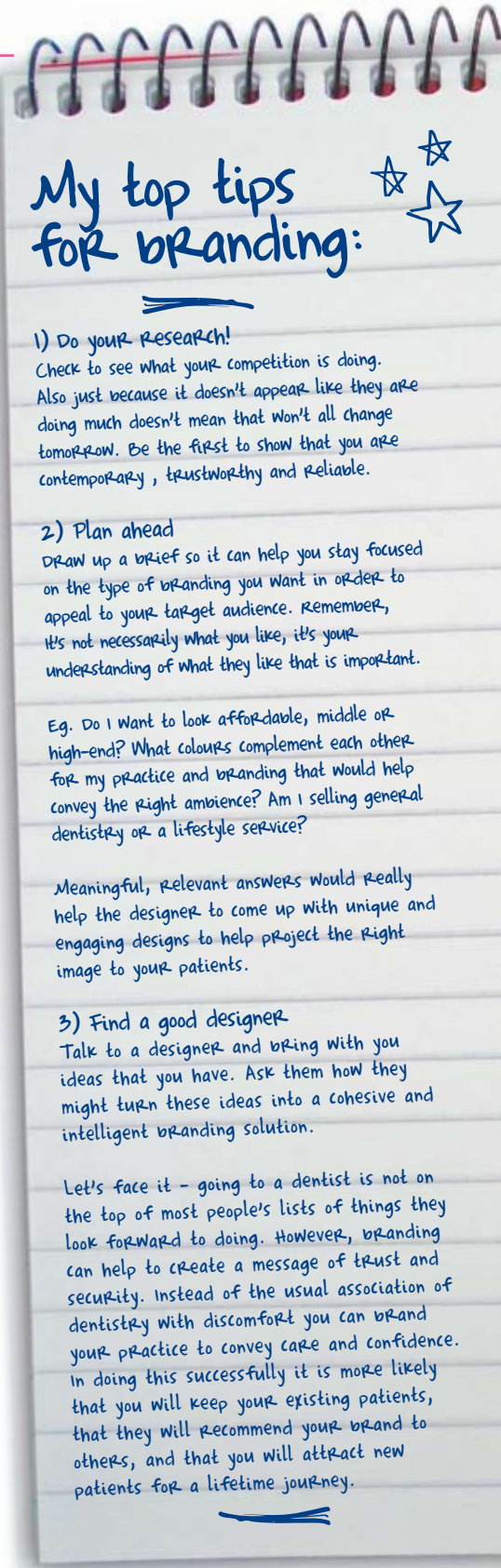
As far as first impressions go, more often than not they will not get the chance to see how good you and your staff are or how wonderful your practice is. Possibly they will judge you on how your logo and stationery look. Your website can provide more information about your products and services and also help reinforce your values and ethos. Finally your signage should continue to carry through your image whilst helping patients and potential patients to locate your practice.

It's important to show that you have thought about and considered how prospective patients view you as a dental practice and most of all whether you look as though you can fulfill your promises to deliver the best care and treatments to your patients.

### Yvonne Cheung

*Yvonne Cheung is one of graphic design's bright young things. Head designer at Toad Images, Yvonne has worked on a wide range of projects across many industries. More recently she has turned her attentions to the dental world and successfully branded and re-branded many practices.*

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### My top tips for branding:

#### 1) Do your research!

Check to see what your competition is doing. Also just because it doesn't appear like they are doing much doesn't mean that won't all change tomorrow. Be the first to show that you are contemporary, trustworthy and reliable.

#### 2) Plan ahead

Draw up a brief so it can help you stay focused on the type of branding you want in order to appeal to your target audience. Remember, it's not necessarily what you like, it's your understanding of what they like that is important.

Eg. Do I want to look affordable, middle or high-end? What colours complement each other for my practice and branding that would help convey the right ambience? Am I selling general dentistry or a lifestyle service?

Meaningful, relevant answers would really help the designer to come up with unique and engaging designs to help project the right image to your patients.

#### 3) Find a good designer

Talk to a designer and bring with you ideas that you have. Ask them how they might turn these ideas into a cohesive and intelligent branding solution.

Let's face it - going to a dentist is not on the top of most people's lists of things they look forward to doing. However, branding can help to create a message of trust and security. Instead of the usual association of dentistry with discomfort you can brand your practice to convey care and confidence. In doing this successfully it is more likely that you will keep your existing patients, that they will recommend your brand to others, and that you will attract new patients for a lifetime journey.



## Alistair's Full House



by Harry Winter

Part of the Chancellor's strategy for tackling the burgeoning problem of the National Debt (which he intends to halve within a period of four years) is a reduction in the rates of Bingo Duty. I have to confess that, after years of work and experience within the tax profession, I had never heard of Bingo Duty, and indeed when it was announced as part of the pre-Budget Report (PBR) on December 9th, I thought it might be

some sort of joke. So indeed did many of the assembled House of Commons, with this announcement fuelling the biggest laugh of the afternoon. It turns out that Bingo Duty is a tax paid by the organizers of commercial Bingo sessions and not by the punters themselves at all. As with the Bingo so elsewhere in this year's PBR, which in many ways (at least in pre- General Election 2010 terms), turned out to be the dog that did not bark. One of the biggest tax money spinners will be the 0.5% increase in National Insurance Contributions for incomes in excess of £20,000 (we had already been advised of a 0.5% increase in the April budget and this will be added to it) but this will not come into force until the 2011/12 tax year. As expected VAT will rise to 17.5% from January 1st taking it back to where it was a year ago (except for alcohol, tobacco and petrol, where the increased excises introduced in 2008 to cancel out the effect of the VAT decrease have not been reversed). Elsewhere the measures are restrained: among them the end of the Stamp Duty holiday for house purchases (widely predicted), a new 50p tax on telephone land lines (to pay for the installation of superfast broadband), the freezing of personal income tax allowances and the

threshold for the payment of 40% tax, the freezing of the inheritance tax nil band at £325,000, and a new scrappage scheme for old boilers. There was also an eye-catching measure against bank employee bonuses which is to be imposed on a one-off basis.

Many pundits had predicted much worse, and it seems that the damage inflicted in the April Budget has not been materially increased. Crucially there was no bad news on capital gains tax, where the rate of 18% (or 10% with entrepreneur relief) has been retained. This is good news for those interested in incorporation as is the retention of the corporation tax rate for small companies (widely expected to have been increased) at 21% and the absence of any alteration to the way in which dividends are taxed. This, coupled with the absence of any detailed spending plans (there was a statement that public sector pay rises will be capped at 1% to take effect for two years from 2011/12 so, again, well after the election) leaves one with the uneasy feeling that the problem of the ginormous National Debt has not really been faced in any detail. Oh well – if it all goes pear shaped we can always fall back on Alistair's full house. Bingo!

*Below is a comparison of the effect of prevailing tax rates in 2009/10 and 2010/11 as applied to self-employed income of £200,000, showing an increase of £7,588 in the associated liability to tax and national insurance:*

2009/10			2010/11				
£	£	%	£	£	£	%	£
0 -	6,475	0%	0	0 -	6,475	0%	0
6,476 -	43,875	28%	10,472	6,476 -	43,875	28%	10,472
43,876 -	200,000	41%	64,011	43,876 -	100,000	41%	23,011
				100,001 -	112,950	61%	7,899
				112,951 -	150,000	41%	15,190
				150,001 -	200,000	51%	25,499
			£ 74,483				£ 82,071