

# What can I claim?

**Ian Simpson**,<sup>1</sup> Chartered Accountant and member of NASDA\*, explains tax claims on GDC registration fees, uniform and laundry.



## Who pays the ARF?

Since 1 August 2008 all dental care professionals (DCPs) including dental nurses, technicians, hygienists and therapists have been required to be registered with the GDC. This registration requires payment of an annual registration fee (ARF), currently set at £96 per year.

Whether the DCP pays the registration fee or the practice picks up the cost on behalf of its staff is up to the practice owner. I am aware that some PCTs reimburse a proportion of the fee for its nurses that are employed in hospital or as part of community services.

## Tax relief

The GDC registration fee is included on the HMRC's (HM Revenue and Custom's) approved list of fees that qualify for tax relief. Therefore, if the DCP pays his or her own annual registration fee, then tax relief can be claimed by the DCP. For a basic-rate taxpayer this means 20% tax relief can be obtained, equating to a tax repayment of £19.20. Employees paying their own registration fees and any other subscriptions to professional bodies such as the BADN should notify their tax office and request that their tax code is adjusted accordingly. That way, tax relief will be obtained each and every month. You should also notify HMRC of any change to the annual fee in the future.

## Ramifications

If the practice reimburses or otherwise meets

the cost of an employee's GDC annual registration fee then this has certain taxation ramifications for the practice, as an employer. Although the expense would qualify for tax relief, this, together with any other benefit or expense provided to an employee earning at a rate of £8,500 or more per year would have to be reported to HMRC on form P11D. This is additional administration, cost and hassle for the practice owner. Moreover, the penalty for failing to complete a P11D is £300 per form, whilst the penalty for an incorrect P11D is up to £3,000!

This reporting requirement can be removed by applying to HMRC for a dispensation. This is very straightforward and is done by completing form P11DX which can be downloaded from the HMRC website. For a dispensation to be granted you must adequately satisfy the Revenue that there is an independent system in place for checking and authorising employees' expense claims. This is paramount to good financial controls and should be in place anyhow. Once granted, a dispensation removes the requirement to complete P11D forms in respect of payment of an employee's GDC registration fee. The dispensation will last indefinitely, but will be subject to periodic reviews undertaken by HMRC.

## Uniforms and laundry

Many practices provide uniforms to nurses and possibly to reception staff. This expense is tax deductible for the practice against the business profits, however, the expense must be reported to HMRC on form P11D. Again, the reporting requirement can be removed by a dispensation.

Unfortunately, an employee cannot claim tax relief on the cost of a uniform where s/he meets the cost.

Healthcare employees, including dental nurses and receptionists that are required to wear a uniform as part of their duties and that meet the cost of laundering their uniform,

are entitled to claim tax relief in respect of laundry costs. The relief is calculated by means of a flat-rate deduction and the amount depends upon the employee's occupation. A dental nurse is entitled to claim a deduction of £100 per year and receptionists and other uniformed staff are entitled to claim £60 per year. This equates to tax relief of £20 and £12 respectively for a basic-rate taxpayer.

## Does the tax man owe you?

In summary, those practices that meet the cost of an employee's annual GDC registration fee and/or provide uniforms to staff should review their PAYE records to ensure a dispensation is in place and that it includes the appropriate expenses. Those practices that have recently incorporated should check that an application for a dispensation was made and granted when the company's PAYE scheme was set-up. This is particularly important since a director's GDC and other professional subscriptions would have to be reported to HMRC in the absence of a valid dispensation.

Nurses and other staff should review their PAYE tax code on an annual basis to ensure it is correct and includes the appropriate adjustment for laundry and if applicable, adjustments for GDC registration fees and other professional subscriptions and should notify their local tax office of any changes required.

Finally, HMRC will currently allow you to make a tax relief claim for expenses incurred during the past six tax years, in other words back to 2003/4, so it is worth checking prior years to see if you are owed anything by the tax man!

NASDA's website is [www.nasda.org.uk](http://www.nasda.org.uk)

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