

Running your own **BUSINESS**

This article dares DCPs to do more than dream about running a dental business, with guidance from NASDAL specialists.

The future of dentistry is preventive. And who better to supply preventive dentistry than dental care professionals (DCPs) – dental therapists, dental hygienists and dental nurses? Already, up and down the country, there are innovative dental practices employing teams of DCPs to provide preventive treatments, whether it's fluoride application or oral health education.

Far-sighted dentists realise that if their DCPs do the preventive work, they can concentrate on the more challenging roles of diagnosis and complex treatments.

So, if DCPs can play such an important part in the delivery of dental services, why shouldn't they have a stake in the business, or even their own business? There is no reason why they shouldn't, says Alan Suggett, a specialist dental accountant and partner at unw LLP.

BUSINESS

Alan works collaboratively with solicitor Amanda Maskery of

Sintons LLP. Both are members of NASDAL based in the North East where most dental practices have substantial NHS contracts. In a future where PCTs might want to contract differently, they can see the potential for DCPs gaining contracts.

It's worth noting that in the past, DCPs had to work to the prescription of a dentist which made it difficult for anyone other than a dentist to run a dental business. Traditionally, the majority of dentists were both male and entrepreneurial. Traditionally they worked as a sole practitioner or in partnerships and traditionally, they employed women staff.

But this is changing in every respect. The paradigm shift in society is coinciding with new

that soon they will be able to work without a prescription from a dentist. This means that they will be free to decide to attract patients to their own practices rather than rely on referrals.

There are already dentists giving their staff shares in their dental business. There are DCPs employing a dentist to examine patients and provide prescriptions. What's to stop a primary care trust (PCT) employing a dentist to see patients and prescribe for teams of DCPs? Or dental nurses becoming shareholders in dental businesses?

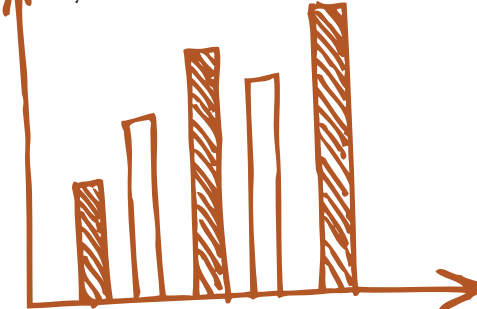
The other key change which should be noted is the way that dental registrants can operate their business. It's only recently that dental registrants were able to incorporate. This is an option successfully exploited by many dental practices as a way of reducing their tax liability. Incorporation does present practical challenges and is not for everyone but for the right business, it can be a useful vehicle.

Whatever your aims and aspirations, you need to have a business structure. At *Vital's* request, Alan and Amanda have come up with the following guidance, looking at both the technical and practical aspects of a dental business.

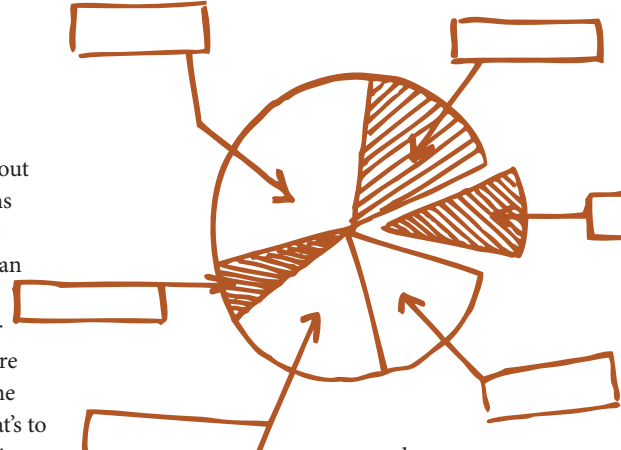
So, if the prospect of having more of a stake in an operation in which you have a key role is enticing, read on. It's worth understanding what possibilities there are and remember - every option has pros and cons.

SHAREHOLDING

If you are offered shares in a business in recognition of your role or commitment to it, 'yes' is probably the right answer. But you should be aware that there will be tax implications. Some business owners enable employees to acquire shares at a discounted rate. This too is an attractive proposition but you will still be



-  *responsibility*
-  *investment*



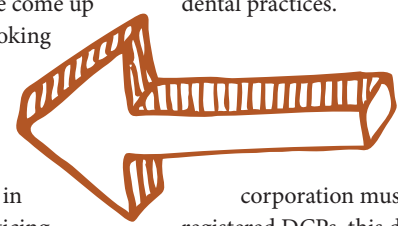
expected to pay tax on the full value of your shareholding. Shares do not impose any liability other than a responsibility to pay tax - which can be associated with negative consequences. In short, you need to have a full understanding of the value of the shares so before you accept, it's worth discussing the proposition with a specialist dental accountant.

LLPs AND LIMITED COMPANIES

As long as a dental practice has a majority of 'directors' who are either dentists or DCPs registered with the General Dental Council (GDC), non-dentists can now own and be involved in the management of dental practices.

Investment

Even though a majority of the 'directors' of a



corporation must be dentists or registered DCPs, this does not extend to the owners of the company ie the shareholders. Corporations therefore offer greater opportunity for third party investment because those running the business don't necessarily have to be the same people as the owners of the business and the owners don't necessarily have to be DCPs.

Liability

The other main benefit of a corporate structure is the benefit of limited liability for the business activities of the practice. Limited liability fixes business owners' liability, usually to a specified sum at the date the business is incorporated, most commonly the value of a person's initial investment in a company or partnership, with limited liability. The owners and directors of the business are not personally liable for the debts of the business as long as they operate the business lawfully.

The two main corporate structures in the UK are Limited Liability Partnerships (LLPs) and companies limited by shares (ie limited companies).

LLPs

- An LLP is a separate legal entity but the profits belong to the members



priorities in service delivery. In support of DCPs having more freedom, dental hygienists have been promised

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- An LLP is taxed as a partnership. The individual members pay tax on their share of the LLP’s profits
- An LLP prepares and files abbreviated accounts at Companies House like a company
- An LLP can grant banks and other suppliers a mortgage over its book debts and future income and is therefore attractive to lenders who might otherwise want the partners to be personally responsible for loans.

Limited companies

- A company is a separate legal person created by signing a memorandum of association and registering at Companies House
- Unlike a partnership or LLP it can have a single director/shareholder so can be used by a sole practitioner
- A company’s profits, losses, assets and liabilities are its own
- A company’s owners and directors are separate. The owners do not need to be dentists as long as a majority of the directors are dental registrants. Giving shares to non-DCPs can be a

- way of introducing finance, expanding the practice or even giving capital to relatives to potentially reduce inheritance tax and capital gains
- A company can continue to trade despite the resignation or death of any directors or shareholders
 - A company pays corporation tax (in most dental practices this will be at a lower rate than personal income tax) on its profits and can employ the working dentists for a salary or pay a small salary and pay dividends out of profits to its shareholders
 - A company must file annual returns and accounts at Companies House and must keep them informed about the owners and directors of the practice.

PRACTICAL ISSUES TO CONSIDER
The General Dental Services Contract (‘GDS’)

If you are involved in an existing business and wish to incorporate, the PCT may try to inset an amended Clause 12 into the GDS contract, whereby they have to consent to the transfer of the practice to a new owner. This clearly has implications for the good will of the business and it is advisable to talk to a specialist advisor before you incorporate.

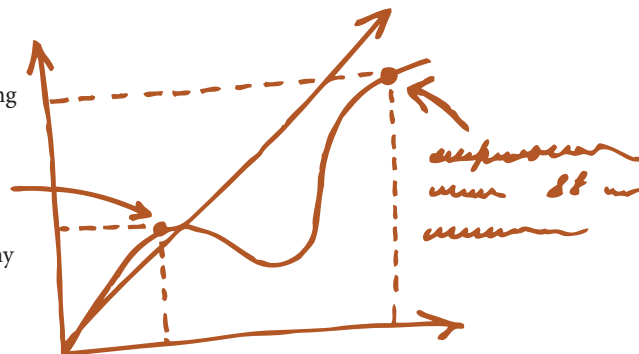
Care Quality Commission

All providers of healthcare services must register with the Care Quality Commission (CQC); however, primary care dental service providers must meet certain conditions before they can be registered with the CQC. In short, they must meet the essential requirements and be capable of demonstrating best practice.

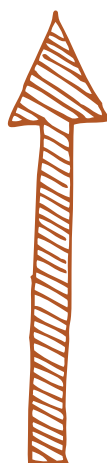
Conclusion

So, if you are considering ownership of a dental business, think carefully about how you structure it. Although the traditional models have certain benefits in that they are less regulated (in respect of providing public information on their ownership and financial position), there are many significant benefits to be gained from considering a corporate model.

The fact is that in the past, DCPs could only dream about having their own business in the dental world. Now you can all dare to do more than just dream. Just make sure you have got good advisors supporting you before you take any major steps.



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This article was written by Caroline Holland with technical advice from NASDAL members Alan Suggett and Amanda Maskery. NASDAL is the National Association of Dental Accountants & Lawyers. www.nasdal.org.uk

