

UNW's Dental Business Unit

Dental Bulletin

UNW's regular update on topics of financial interest to all dentists



NASDAL Goodwill Survey – a return to normality?

This week saw the latest results published from the NASDAL (National Association of Specialist Dental Accountants and Lawyers) Goodwill Survey statistics.

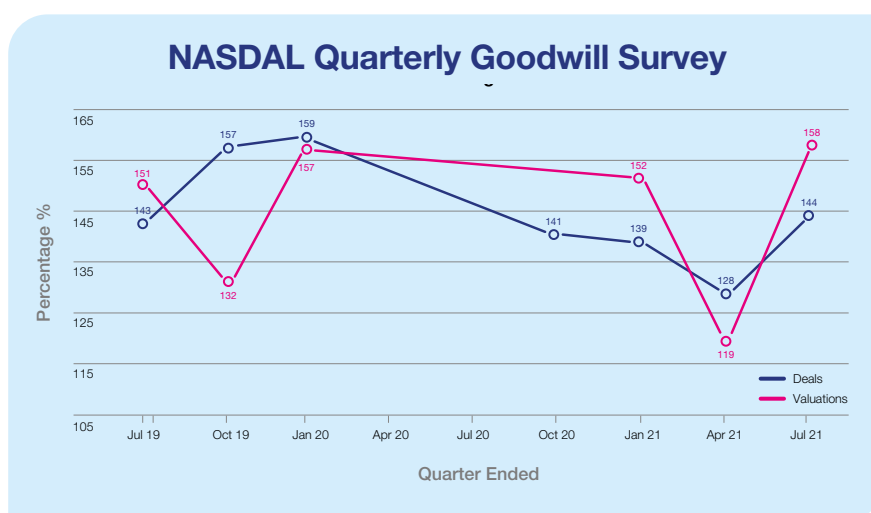
This survey covers the quarter ending 31st July 2021 and includes data on valuations as well as deals completed (i.e., practices bought or sold by NASDAL members' clients in the period).

As the graph illustrates, the quarter saw big jumps both in those deals completed and valuations. In terms of deals done, goodwill as a percentage of fee income in the quarter across all types of practice averaged 144% of gross fees – that was a significant leap from 128% in the quarter to 31st April 2021. NHS practice goodwill bounced back with practice goodwill at 161% of gross fees – up from 146% in the previous period.

Private practices goodwill values saw a big increase – up to 133% of gross fees from 110% of gross fees in the previous quarter. Mixed practices reduced slightly with values of 145% of gross fees from 156% of gross fees last time.

Normal service resumed?

Alan Suggett, specialist dental accountant and partner in UNW LLP who compiles the goodwill survey, commented, "In my commentary on the last results, I did say that I was



surprised to see big drops in goodwill values and that it had not been my subjective experience. As with all statistics, there can be anomalies.

"It seems that the figures from this latest quarter have borne that out. Why did last quarter's figures occur? I would be speculating but it could be that there was a backlog of discounted deals that were delayed due to Covid and they all went through in the one quarter.

"Certainly as we move forward, NASDAL members are reporting that the market is robust and that sale prices are not being reduced and are reaching their full potential."

The goodwill figures are collated from accountant and lawyer members of NASDAL in order to give a useful guide to the practice sales market. These figures relate to the quarter ending 31st July 2021.

NASDAL reminds all that as with any averages, these statistics should be treated as a guideline only.

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Furlough Scheme Ends – What Next For Employers?

The Coronavirus Job Retention Scheme (CJRS) is due to end on 30 September 2021.

The latest statistics (produced 9 September) suggest that approximately 11.6 million people have been put on furlough, with a staggering £68 billion paid to employers to support them in paying wages to employees during the pandemic.

What should employers be doing now?

Now that the scheme is coming to an end, employers should be aware of their obligations for the end of the scheme and their ongoing requirements.

- 1 Submit any final claims – on or before 14 October 2021
- 2 Correct any previous claims – on or before 28 October 2021
- 3 Identify and disclose to HMRC any grant overclaims – within 90 days on the overclaims arising

What would HMRC expect employers to do?

As a minimum, HMRC would expect all employers to self-review all of their grant claims made under CJRS

and correct any errors made. As HMRC will be able to review all claims for the next 5 years, and have recently made investments in a new Task Force to investigate claims, employers should ensure that:

- Any self-review is properly documented;
- All background documentation and calculations are kept, along with the claims made for the required statutory period;
- Grant claims made were based on Government guidance and Treasury Directions in place at the time of the claims; and
- They can demonstrate they have taken reasonable care with their grant claims.

Are there any other issues to consider?

In addition, it is expected that an employer will be faced with a number of queries about their claims from a number of different sources:

- HMRC;
- Investors and financial due diligence advisers;

- Auditors;
- Customers and suppliers; and
- Senior Accounting Officer requirements

How can UNW help?

As an alternative to a self-review, UNW can carry out a full “mock HMRC” review of an employers CJRS claims to stress test whether any errors have been made and to ensure that should any queries be made of grant claims in the future they are fully prepared to respond. UNW can help to carry out a full review of submitted claims and ensure that the underlying data is robust, that the positions taken by the employer can be sustained and any judgements taken at the time of each claim can be substantiated with full records.

If you have any immediate questions about the information contained in this article, please do not hesitate to get in touch.

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Our view in respect of the change in HMRC's guidance on status of Associate Dentists

I set out below a brief note of UNW's view in relation to the withdrawal of HMRC's specific guidance in respect of the status of Associate Dentists from 6 April 2023.

HMRC state that after 6 April 2023 the status of new and ongoing Associate Dentist engagements should be considered in line with their guidance and the Check Employment Status for Tax (CEST) tool. If the Associates are currently correctly classified as self-employed for tax purposes they should continue to be classified as self-employed. Practice owners must then be able to demonstrate why they consider their Associate Dentists to be self-employed, they can no longer simply rely on the contract and HMRC guidance. This may include:

1. Setting out their own and the Associates' understanding of the working arrangements (which should, of course, be the same);
2. The contractual terms (which should be consistent with the working arrangements); and
3. The completed CEST tool (take care with the questions and use HMRC's additional guidance) <https://www.gov.uk/hmrc-internal-manuals/employment-status-manual/esm11000>

The practice owner really has two choices:

1. Take a proactive approach

If they ensure they fully understand the rules and undertake the necessary due diligence now, they will be ready to demonstrate to HMRC why they consider their Associates to be self-employed.

2. Do nothing

If they do nothing and wait for HMRC to contact them they will not be ready and HMRC will ask the questions and reach a view in respect of the employment status of their Associates.

Our advice is to take the proactive approach and be ready for any HMRC challenge at any time.

To help you understand more about this topic, we have produced a video which can be viewed here:

<https://vimeo.com/603965873>

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