

Dental Update

DRIVING LIFELONG PROSPERITY

COVID-19 – SO WHERE ARE WE NOW?

We are living in quite extraordinary times, experiencing life altering events and global change of such speed and magnitude that has never been seen by many of us before.

The past few weeks have been incredibly challenging for dentists and although there are still many uncertainties, it is great to hear that dental practices can open for business from 8 June 2020. Now, more than ever, is a critical time to plan how your practice will look as you

exit the lock down period, from operational issues through to financial impact of reduced capacity and increased costs. We can help you assess the financial aspects, for example using cashflow models and business plans.

It is still important to remember the measures the Government has announced over recent weeks to help businesses through these unprecedented times. Below is a checklist of key points to consider, if you have not already done so.

ACCESS TO GOVERNMENT BACKED CASH

- Coronavirus job retention scheme (CJRS), support to furlough employees. For mixed practices this will be in relation to the private proportion of staff only, as NHS funding continues (subject to various conditions).
- Small and medium-sized businesses and employers can reclaim up to two weeks SSP for sickness due to COVID-19.
- Self-employed income support scheme (SEISS), for self-employed with earnings of less than £50,000, based on average taxable profits in 2018/19, 2017/18 and 2016/17.
- £10,000 grants for businesses in receipt of the small business rate relief.
- Discretionary grants from local authorities for those not eligible for the small business grants. The grant is aimed at small businesses with ongoing fixed property-related costs, but the local authority may choose who to make payments to based on local economic need. There will be three levels of grant, £25,000 (the maximum), £10,000 or a lower amount at the council's discretion.
- Small business bounce-back loans between £2,000 and £50,000, interest free for first year, 2.5% thereafter, repayable over 6 years. Fully underwritten by the Government so banks will make funds available quickly.
- Coronavirus business interruption loan scheme (CBILS) for loans up to £5 million.
- Coronavirus large business interruption loan scheme (CLBILS) for loans up to £25 million.
- If your income has taken a severe hit, consider applying for universal credit.

CASHFLOW ASSISTANCE

- Deferral of self-assessment payments on account due 31 July 2020 until 31 January 2021 with no interest charged on tax deferred.
- Request a time to pay (TTP) arrangement with HMRC to spread PAYE and corporation tax payments.
- Where existing borrowing is in place speak to your bank about a possible capital repayment holiday.
- Speak to other finance providers such as HP, PCP and asset finance about a short-term repayment holiday.
- Prepare cash flow projections; templates are available on the Hazlewoods website.

ADMINISTRATIVE MATTERS

- If, due to COVID-19, you are not able to file your accounts at Companies House by the filing deadline, provided you have not recently changed your financial year end, you can apply for a three-month extension. The application must be made online before the filing deadline.
- Wills, time for review. Some people just need a nudge to get this done and for many the current situation is just that.
- Consider expenditure to be included in your annual accounts. If you have been unable to carry out necessary work before your year-end due to the current restrictions, such as repairs on buildings, then a tax deductible provision could be made in the accounts for the likely expenditure.
- Get your tax return completed early. Understanding your exact liabilities and future tax payments is an important part of cash flow planning.
- The rules for reporting CGT on residential property sales changed to within 30 days of completion from 5 April this year. Now that property transactions are allowed again in England, the 30 day reporting and payment period will become more important.

PLANNING IDEAS

- Could you utilise one of the 12-month interest-free loans available to invest in your business? The annual investment allowance (AIA) on plant and machinery limit for immediate tax relief will reduce from £1 million on 31 December 2020. Should you be looking to utilise the limit before that date when it potentially reduces to £200,000?
- If you are a sole trader or partnership, consider changing your financial year end to utilise losses earlier.
- Trading companies should consider if they are eligible to claim R&D tax credits.
- There is potentially a buying opportunity for those with cash, though not for the faint hearted! Consider pension contributions, practice purchases, property acquisitions, and other long-term investments.
- Review tax saving opportunities, for example, tax relief for working from home or the Cycle to Work scheme, to help staff commute and avoid public transport.
- If you are looking to rollover gains, then it may be difficult to incur eligible expenditure in the current conditions. HMRC may allow an extension from three years after gain to up to six years. If you want to utilise this extension you will need to keep evidence of reason for delays.

BACK TO BUSINESS

- Consider preparing a business plan for the next 12 months, considering how your practice will evolve from the lockdown period.
- What will your finances look like when things start to return to a new normal? There are many variables to consider and we will be happy to discuss and advise.
- This is a great opportunity to review accounting systems, including cloud based software.
- Keep up to date by using our website: <https://www.hazlewoods.co.uk/responding-to-the-coronavirus>.

Sign up to receive our email updates here: <https://www.hazlewoods.co.uk/preference-centre>

If you have a specific question or to book a free no obligation virtual meeting, please contact one of the team.



JAMES MORTER
Partner
james.morter@hazlewoods.co.uk



NIGEL UTTING
Director
nigel.utting@hazlewoods.co.uk

Staverton Court, Staverton, Cheltenham, GL51 0UX
Tel. 01242 680000
www.hazlewoods.co.uk / @Hazlewoods

