

## **Outlandish claim on associates dismissed by NASDA**

A furore has been caused by Conservative Health Spokesman Dr Andrew Murrison who has alleged that the Government has failed to collect up to £200m in tax which is due as a result of the changed tax status of dental associates.

His argument is that the new dental contract resulted in associates giving up their self-employed status to become employees. This would make them and their Principals liable for Employees' and Employers' National Insurance payments said to be £200m in the last year alone.

The claims, announced in an article in the business section of The Times last month (May), have been swiftly dismissed by Bob Cummings, a former Inspector of Taxes and the National Association of Specialist Dental Accountants' tax adviser.

Mr Cummings said: "Thankfully, the article appears to be no more than a scaremongering exercise. It is not true to say that the tax status of associates has changed. Indeed, Dawn Primarolo, the Paymaster General, is quoted in the article as saying that there has been no change in dentists' tax status."

He continued: "Although I am sceptical about the accuracy of the Times article it would be prudent for principals and associates to review their working arrangements. If they are properly organised, the associate's self-employed status should be assured."

Bob quotes from the HM Revenue & Customs Guidance, the Employment Status Manual, which says that there are standard forms of agreement for 'associate' dentists approved by the British Dental Association and the General Dental Practitioners Association. These agreements relate to dentists practising as associates in premises run by another dentist. Where these agreements are used, and the terms are followed, the income of the associate dentist is deemed to be earned on a self-employed basis.

He adds: "This is all well and good but some caution is still required. The key phrase in the HMRC guidance is - 'and the terms are followed'. In any status enquiry a Tax Inspector will try and look behind the written agreement to see what actually happens in practice. It is therefore important that the agreement is not just a paper exercise but does form the basis on which the Principal and Associate deal with each other."

**For more information on NASDA go to [www.nasda.org.uk](http://www.nasda.org.uk) to contact Bob Cummings, call 01323 730631 or to speak to a NASDA member in your area, ring 0870 6010 230**