

New Allowance is Good News, says NASDA

The financial aspect of overhauling your dental practice or surgery has been simplified by the new Annual Investment Allowance (AIA). But if you are tempted to refit, make sure you speak to your accountant first, says The National Association of Specialist Dental Accountants.

The AIA replaces the First Year Allowance, which was a more complex scheme. The FYA allowed up to 50 per cent of the cost of all equipment purchases to be set against tax in the first year with further relief spread over several years.

By contrast, the AIA allows the total cost of equipment and machinery to be written off in the same year as they are purchased, up to a total cost of £50,000. If expenditure is in excess of £50,000, the remaining amount receives relief at 20 per cent.

Bob Cummings, tax expert for NASDA, said that the new scheme was good news because it made acquisition of a new chair or other equipment more affordable. "AIA accelerates the tax reduction into the same tax year by allowing 100 per cent relief for spending on equipment up to the first £50,000. NASDA welcomes this incentive to dentists to invest in their practices."

He pointed out, however, there could still be advantages in delaying or drawing out claims for allowances. "The key is to talk to your accountant to make sure you are up to date and making optimum use of all allowable benefits."

He believes that it will take some time before the full benefits of AIA can be realised. "Most dentists will also have a pool of old allowances which will trickle on and these will need to be factored in to the next return."

Bob predicted that lease arrangements might not be so popular as a result of the AIA. In the past, leasing has been an attractive method of funding new equipment because it offered a more immediate tax reduction than could be achieved under the old rules. "I think hire purchase and bank loans may become the preferred means of equipping a practice."

The BDTA has also welcomed the Chancellor's recognition of the important role that small businesses play in the economy. Chief Executive Tony Reed said, "We know that investing in new equipment can involve practices in substantial expenditure so any help from the taxman is more than welcome.

The doubling of the first year allowance to 100 per cent should be a real bonus for BDTA Showcase and for any practice looking to re-equip this year."

NASDA is a grouping of 36 accountants throughout the UK and between them they represent one fifth of all dentists in practice. To speak to a member of the National Association of Specialist Dental Accountants (NASDA) in your area, call 0870 6010 230 or go to the website at www.nasda.org.uk

For further information on this release, contact NASDA media representative Caroline Holland on 020 8679 9595