



Accounting, Tax and VAT for PCNs

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Lizzy Lloyd



Andrew
Burwood



Rob Skilton



Employment status

- Employers are responsible for determining employment status of workers.
- Status of workers determines rights, responsibilities and how they are taxed.
- Sometimes the status is self evident or can be determined after establishing basic facts.
- Or it may involve a review, from both sides, of the relationship and consider all aspects.

Employment status

- Who will the PCN engage with?
 - Clinical Director
 - Administration staff
 - Agencies
 - Clinical staff
 - Limited Companies

Clinical Director

- It will be a matter of assessing the facts and the role structure may be different across PCNs.
- Both parties to use the Employment status checker tool to assess the position.
- Watch how the role may change over time.
- An officer position would be subject to tax under Pay As You Earn (PAYE) through the payroll of the lead/nominated practice.

Clinical Director

- A CD could therefore be paid via the payroll of its own practice since if it is a separate role it has to be taxed according to the rules that govern that role
- They won't end up paying more tax just because they are being assessed to tax under PAYE.
- Check the PAYE code being used.

Clinical Director

Can the CD income be paid into my limited company?

- Is the PCN engaging with the company?
- Would it be an officer position without the company in-between – IR35

Clinical Director

Can the CD income be paid into the partnership

- Yes but that doesn't necessarily change how it is taxed by the payer i.e. it may be subject to PAYE and the net amount paid to the partnership.
- It can only be paid "gross" to the partnership and taxed as a business receipt if it meets a number of conditions including that it is required to be paid into the practice by the partnership agreement and it is an insubstantial part of the profits.

Pension access

NHS pensions agency published a table of 8 scenarios and pension scheme access.

If pension access is available via the Employing authority ensure automatic opt in.

For CD role consider if officer or practitioner role to determine how they re pensioned and for assessment of employee contribution tier rates

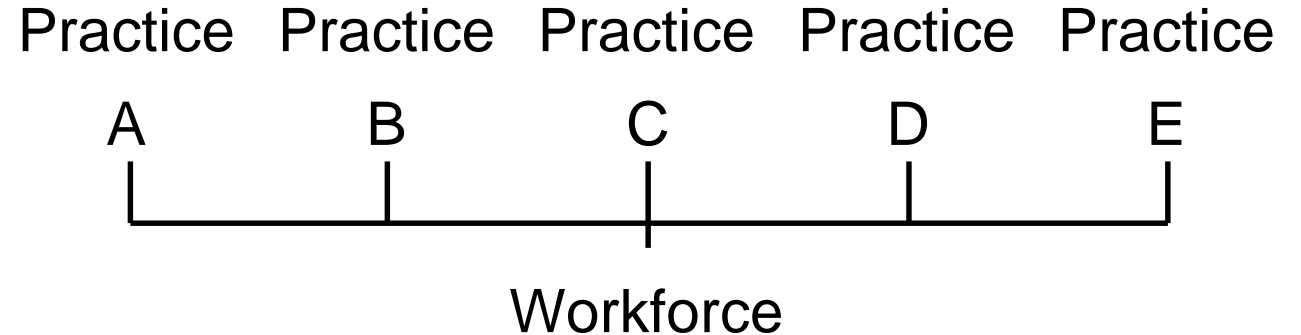
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Pension access

Practice partners will have to pension any profitable element of the PCN funding via their Type 1 annual certificate of pensionable profits.

Therefore it is important the correct records are maintained to give the partners the details they need to do so.

Accounting and income tax



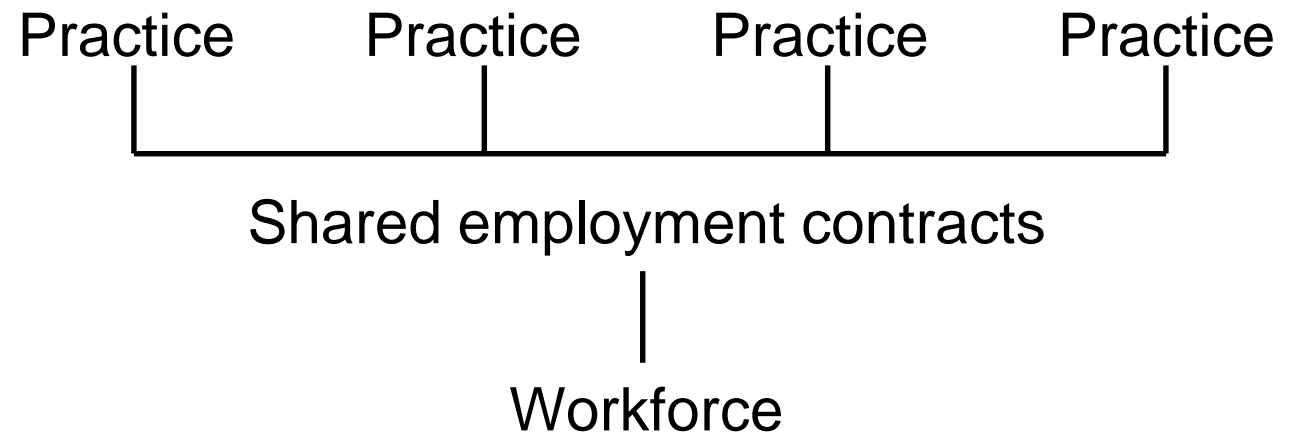
- Flat practice model;
- Practice A is nominated payee;
- Clinical director is a partner in Practice D;
- Practices A, B and C – 31 March year ends, Practice D – 31 May year end, Practice E – 30 June year end;
- Each Practice delivers own extended hours.

Accounting and income tax

Network funding in year one will comprise:

- £1.76 per patient for engagement with the PCN scheme. **This is a DES payment and belongs to each individual practice. It should not be included within the Network income and expenditure account.**
- £1.50 per patient for the collective network.
- £1.45 per patient for extended hours working.
- £6.00 per patient for extended access funding. This income stream may or may not be paid in 2019/20; it all depends upon the current arrangements within your own CCG. It has been confirmed that all funding will definitely transfer to each Network by 2021.
- A maximum of £37,810 for the employment of one clinical pharmacist, based on a contribution of 70%.
- A maximum of £34,113 for one social prescriber, based on a full contribution.
- A sliding scale of funding, dependent upon the size of the Network, for the Clinical Director.

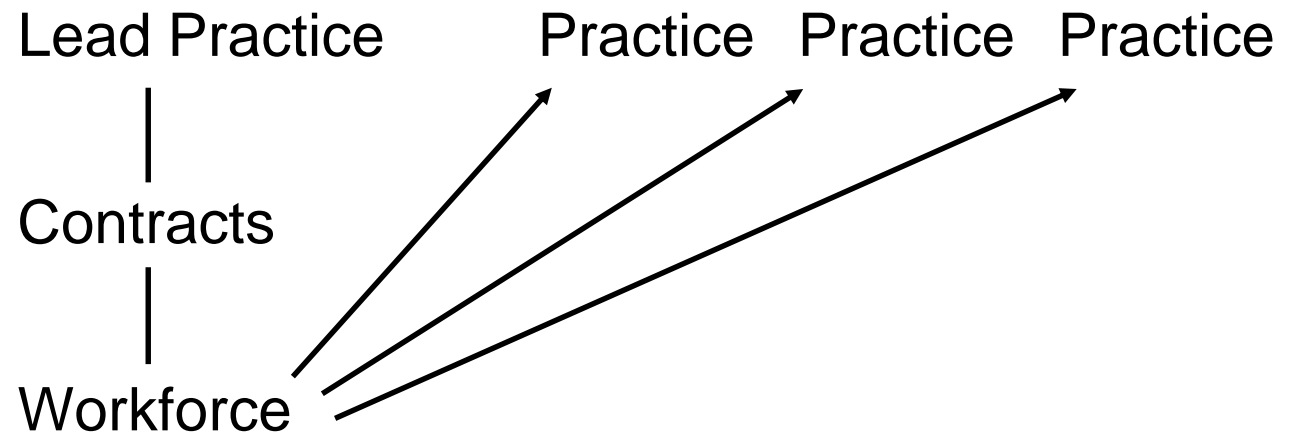
VAT – flat practice



- Joint or separate contracts of employment
- Paymaster arrangement
- No supplies between practices

Lead practice/third party provider PCN

VAT – lead practice



- Supplies of staff or services?
- Medical care or welfare?
- Cost sharing group?

Other VAT considerations

- Funding;
- Clinical director;
- VAT registration requirements;
- VAT returns;
- April 2020 changes.

Questions?



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