

# WELCOME TO THE FOLD

Priya Kotecha offers hints and tips for the newly self-employed dentist

**C**ongratulations! You have finished your VDP and are now ready to start working as an associate and what I remember one of my newly qualified associate clients fondly referring to as Special High Intensity Training – no acronym needed, I trust.

But what do you do you have to do from a money point of view? How do you go about it? And what do you do to stay in HMRC's good books? Read on, or if you are already the initiated, pass this on to a newbie.

## 1. MAKE YOURSELF KNOWN

You must notify HMRC of the fact that you have become self-employed. This is incredibly easy to do, but if you have already found yourself an accountant (and I would suggest you get one as soon as you start self-employment to avoid tears and tantrums and unexpected tax demands later) he or she will most probably do that for you. If doing it yourself you will need your National insurance number to hand.

## 2. GET ORGANISED

By this stage, you really should have appointed a dental accountant who will tell you exactly what you need to do, what you need to be keeping, how and for how long. You will also have a system of streamlined bank accounts earmarked for different things but it is very important that you know which expenses should come out of which account so you make sure you claim tax relief on absolutely everything that you are entitled to.

## 3. SET ASIDE MONEY FOR YOUR TAX

Based on your situation, your accountant

### PRIYA KOTECHA FCA, DIPPPF

Priya is a partner and chartered accountant with Mac Kotecha & Company, established for over 30 years, where her and the senior partner deal exclusively with dentists.



FOUND YOURSELF  
AN ACCOUNTANT  
(AND I WOULD  
SUGGEST YOU GET  
ONE AS SOON  
AS YOU START)

should be able to let you know roughly how much you ought to be setting aside for your tax every month. Helps avoid heart attacks so make sure you do this! As a general rule of thumb I would say 25% of your monthly pay BUT it could be more if you also have a student loan or are a very high earner. Likewise could be less if you are taking things easy and your income is on the lower side.

## 4. GET TAX SAVVY

Sit down with your accountant to discuss what gets tax relief and any ways you may be able to legitimately pay less tax.

## 5. STAY UP TO DATE

Your accountant will have told you when to send your accounting records to him or her – make sure you send them on time as the sooner you send your records to your accountant, the sooner you will know how much your tax bill will be.

## 6. DON'T FORGET ANYTHING... EVER

Make sure your tax return includes all income sources as well as any pension contributions (including superannuation on which you get tax relief) as well as making sure it correctly discloses whether you have a student loan or not. If you have an income contingent student loan, repayments based on your income are automatically collected together with your tax.

Once your tax return is submitted all that remains is the nasty business of paying your tax by the due dates (31 January and 31 July for self-employed individuals). The easiest way to pay is online but make sure you quote your unique taxpayer reference as a reference for your payment. If you do not pay on time you will be charged interest and possibly penalties.

There are of course penalties for filing your tax return late as well so you don't want to be late.

## 7. AND BREATHE

Once your first year of accounts and tax return is done and submitted it is time to sit down with your accountant and consider whether you might benefit from some other structure perhaps, such as a limited company or if there is anything else you should be doing to help you save tax or be more organised.

I don't much like HMRC's slogan of "Tax doesn't have to be taxing" but in this case, it is actually true. ●

Mac Kotecha & Company offers accountancy, taxation and payroll services in addition to invaluable advice on practice management, buying/setting up a practice and other dental issues.

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