

Money Clinic

Financial advice for GP Locums – February 2012

Locum Employment Status Issues

In our July 2011 news sheet we mentioned the progress of the tax health check, where the taxman gave an amnesty to medical practitioners who came forward with any tax irregularities. We understand that 28,000 doctors have so far been contacted by the taxman of which only 1,500 voluntarily made disclosures. As a result of this failure of their scheme, a large number of enquiries and records checks have started to happen.

From their enquiries to date the HMRC has become particularly concerned with the treatment of payments to locums who are working as 'disguised employees'. This means that they are being paid without deduction of Tax or National Insurance on a self-employed basis.

If you only use locums via an agency, or if you always treat them as employees of your practice, you will not have an issue with this. However, if you pay any locums on a self-employed basis, without the deduction of any Tax and National Insurance, then you may need to convince the taxman that these people are truly self-employed.

It must be remembered that whether a locum is an employee or self-employed is not a matter of choice, but that it is a matter of fact, and if the locum looks and feels like an employee then they most likely are an employee.

If, following an enquiry, the HMRC was to reclassify any locums as employees, it will then assess the practice for the underpaid PAYE and National Insurance - along with penalties and interest. The HMRC can also treat the amounts you have paid the locum as their net, rather than gross salary, and the tax and National Insurance worked out on this as a net rather than gross amount.

The practice will also become responsible for funding the employer's superannuation contributions.

We have also noted that a number of locums are now trading using limited companies. This is not a business structure we would recommend as it causes issues regarding superannuation contributions and personal tax issues for the locum. However, where this structure is used, the problems regarding the employment status become those of the locum rather than the practice.

If you feel these issues may affect you or your practice and would like to discuss this further, please contact either Philip Redhead, David Belbin or Neil Windley at our Romford office on (01708) 333308 or philip.redhead@cbhc.uk.com

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Meet the Medical Team

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Philip works as partner of our Specialist Sector Team, which has been established to maximise the services we provide for sectors where we have substantial expertise. These include medical practitioners and GPs, charities and not for profit organisations, education, and legal and professional services.

Philip works closely with David Belbin, and together they provide a complete range of services, from full accounting, tax compliance and planning, to audit and corporate governance.

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David is the Managing Partner of CBHC, and specialises in working with charities and non profit organisations, delivering services such as accountancy, financial advice and auditing. In addition to being a Chartered Accountant, David also holds a full diploma in Charity Accounting and is a widely regarded as an expert on this growing and important sector, which now extends much further into areas such as education and health.

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