ISSUE 6 ■ SPRING 2016

TALKINGMONEY

From Dental & Medical Financial Services and Lansdell & Rose Chartered Accountants

GIVE YOURSELF **A PAYRISE THIS YEAR**

How you can take home more in 16/17 by saving tax

10 LIFE-LONG FINANCIAL PLANNING TIPS

That never go out of fashion

5 REASONS WHY CLOUD ACCOUNTING IS ESSENTIAL FOR SMALL BUSINESSES

To save money, time and tax

dental & medical
FINANCIAL SERVICES

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Inside this issue

Welcome to the Spring 2016 magazine from Dental & Medical Financial Services and Lansdell & Rose medical and dental accountants.

Our two specialist companies have joined together for our 4th edition to provide you with an integrated outlook on a selection of topical financial, investment and tax issues relevant to most dental and medical professionals.

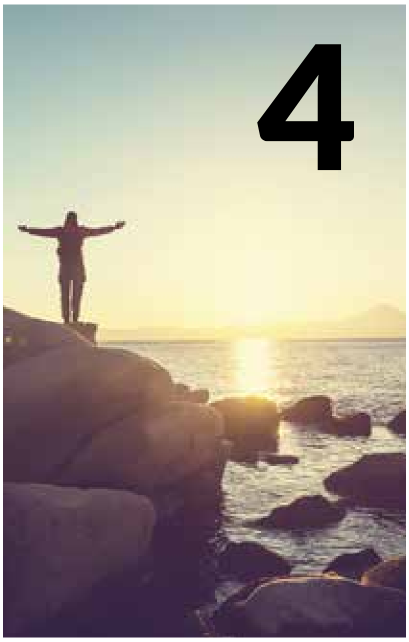
This edition coincides with the start of the new tax year on 6 April 2016, where the clock is reset and changes come into force including new tax rates and allowances, new opportunities to save and plan better for your retirement, and new rules and regulations.

Have you considered how you can squeeze a bit more out of your finances this year by saving tax and maximising your savings? Michael Lansdell, tax expert, looks at how you can give yourself a pay rise this year by using legitimate tax breaks available to you. Michael also looks at why cloud accounting is essential for small businesses to save time, money and tax in 2016 and beyond.

Whilst the new tax year brings opportunities to take advantage of particular government initiatives this year, let's not forget the trusted financial planning strategy that never goes in and out of fashion. Darren Scott-Guinness, Independent Financial Adviser, gives 10 financial planning tips for life. Darren, also looks in this edition, at if buy-to-let investment is really "dead," or is all the talk a storm in a teacup in light of remaining opportunities.

There are free tools and factsheets available to our readers too, so look for the links in this magazine.

Darren Scott-Guinness
Dental & Medical Financial Services



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Is buy-to-let investment really dead?

An honest look and the current challenges and remaining opportunities

Buy-to-let property has long been a lucrative option for investors to yield double-digit returns and secure a solid, reliable income for retirement.

However, buy-to-let has been under the hammer lately, with changes to Stamp Duty Land Tax (SDLT), cuts in tax relief and new, stricter mortgage lending rules.

Existing landlords are already considering their options. New landlords are being deterred from potential investments. Is buy-to-let really dead though? Or is it just a storm in a teacup?

The challenges

(1) Stamp Duty: Indeed, the 3% SDLT surcharge has left a bitter taste for investors. In advance of April 2016, estate agencies reported a rise in transactions, partly due to landlords trying to beat the deadline. And why wouldn't they? On a £250,000 property, the SDLT before 1 April 2016 calculated to £3,750, compared to after, £10,500.

(2) Mortgage interest relief cuts: Landlords can currently claim back tax relief on their buy-to-let mortgage interest, essentially meaning that the profit is taxed, not the income. From April 2020 this will change, and tax relief will only be available up until the basic rate of tax, currently 20%, with a phasing-in of this new system from April 2017. Higher-rate and top-rate taxpayers will inevitably suffer, as additional tax payments will eat into their annual rental returns.

(3) Mortgage regulation: Mortgage lending regulations have also been given a squeeze as the Bank of England (BoE) were concerned this segment of the property market was a risk to the wider economy. From April 2016, new EU rules will be enforced under the Mortgage Credit Directive, making applications tougher, and curbs on UK lending could see landlords requiring bigger deposits.

These key challenges, along with the scrapping of the Wear & Tear tax allowance from April 2016, which gave an added 10% tax relief perk to the rental accounts, and new responsibilities on landlords to carry out residency checks on tenants, are certainly leaving landlords considering their options.

The opportunities

Some say "the bigger the challenge, the bigger the opportunity", and whilst the government have intervened and created a number of challenges for property investors, there is regardless still opportunities to be had from investing in buy-to-let.

(1) High demand for rental properties: Tenant demand remains high, and according to a survey by Kent Reliance Building Society (KRBS) almost 50% of landlords suggested that tenant demand grew by up to 3% in the last quarter of 2015. With property prices soaring, property ownership becomes unaffordable for many, and a greater need for flexibility in accommodation means the desire for renting homes doesn't look to be slowing down anytime soon.

(2) Record low mortgages: The seven-year+ 0.5% BoE base rate has helped keep the cost of property finance, for both residential and buy-to-let, to a record low, meaning landlords are saving on their outgoings each month. The choice of loans is also now wider than ever, with 25% more options available now than a year before, meaning landlords can grab a competitive deal with lenders who are still keen to do business.

(3) Stable yields: Average yields in the last quarter of 2015, according to KRBS, were 6.3% and are expected to remain at around 6.4% in 2016. A yield is calculated by working out the annual rent received as a percentage of the property price, so a £250,000 property earning £12,000 a year in rental income would have broadly a 5% yield.

So will these challenges actually kill off buy-to-let? 43% of landlords surveyed by Paragon suggested the SDLT would have an impact on their buying decisions, increasing to 63% for those landlords with more than 20 properties.

Trading as a limited company will be an option for some property investors to ensure they can continue to claim the maximum tax relief on their mortgage costs. The same Paragon survey revealed 5% had already converted and 41% were considering it, despite added costs of running a limited company and other factors to account for.

Given the tenacious nature of many property investors, though, whilst the challenges will be a bridge to cross, so long as there are opportunities still available there will be investors willing to fight a bit harder for their returns. In essence, "where there is a will there is a way".

Dental & Medical Financial can help – call the experienced and specialist team to discuss competitive buy-to-let mortgages and to discuss the buy-to-let market with experts.
T: 01403 780770
E: info@dentalandmedical.com

Did you know?

There are more than 1,000 buy-to-let mortgage products on the market, according to Money Facts

GIVE YOURSELF **A PAYRISE THIS YEAR**

How you can take home more in 16/17 by saving tax

Everyone wants to be able to take home a little more income each year to justify that spa weekend in the Cotswolds, buying the latest gadget for your home, or to simply have a few extra quid as a cushion for a rainy day.

If a pay rise isn't on the cards this year, or even if it is, why not try to maximise your cash position by saving tax?

Tax planning is a complex area, and it's often bespoke to the individual. However, here are some basic tax saving tips that could earn you that treat you've been waiting for.

Use tax shelters as much as possible

Some financial products are sheltered from tax. ISAs are a good example, as income earned from interest in an ISA is completely tax-free, meaning you can save your money and save on paying tax.

New rules this year state that basic taxpayers can save up to £1,000 in a regular savings account tax-free too; its £500 for those paying higher rate tax.

The ISA limit in 16/17 is £15,240, so essentially you can save up to £16,240, or £15,740, and earn interest free of paying any tax whatsoever.

Therefore, if you have money to save, make sure you are doing so tax-efficiently.

Maximise your pension contributions

Whilst there has been much speculation around changes to the pension system, as yet, the current set-up remains, and the current advice remains too.

Maximising your pension contributions each year will help you stay out of the higher rate tax bracket for longer, so essentially paying less tax each year whilst strategically planning for your retirement.

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Did you know?

Save as much as you can afford, as it's a tax-efficient retirement planning strategy.

Claim tax relief on your professional expenses

If you are an employee, you will be able to claim tax relief on certain expenses that are directly related to your employment. This could include travel, professional fees and subscriptions, working at home costs, and dental or medical equipment necessary to perform your trade.

Preparing your tax return for 15/16 before 31 July 2016 means you will know if there is any scope to reduce your payment on account.

Did you know?

Remember, if you are a director of your own limited company, you can claim too – provided you haven't already received tax relief on the expense in your company accounts.

This claim will directly reduce your tax bill, and if all your income is taxed at source then it is likely you will get a direct refund back into your bank account as a consequence of filing your claim.

Working as a couple

The personal allowance for 16/17 is £11,000. Consider also that this is reduced by £1 for every £2 of income earned over £100,000.

Therefore, finding ways to reduce your tax can help if you work as a couple, particularly if your spouse or partner is non-earning or low-earning.

Last year, the marriage tax allowance was introduced, making it possible for a non-earning or low-earning spouse or partner to transfer £1,100 of their personal allowance to the higher earner, thereby enabling a tax benefit worth £220.

There may also be an opportunity to pay your partner or spouse a salary from your business for helping with admin related tasks. This reduces the business tax but also injects income into the family household at the lowest rate of tax. Specific terms apply here, and it is best to seek advice.

Discuss salary sacrifice with your employer

Salary sacrifice is where instead of a cash remuneration, a non-cash alternative is provided to the employee, such as childcare vouchers, gym membership, parking vouchers or pension contributions.

Salary sacrifice can result in less tax for you and for your employer, provided the benefit is tax-exempt, as are those examples provided.

A salary sacrifice pension arrangement can be a way for your pension to get a valuable boost, whilst you cut tax paid on any bonuses or salary increases, therefore leaving more in your pocket over the long term.

Remember, if you are a director of a limited company, you are also an employee and employer, so a company pension could be feasible.

Can you reduce your July 16 payment on account?

Preparing your tax return for 15/16 before 31 July 2016 means you will know if there is any scope to reduce your payment on account.

If there is, this means your money stays in your bank for longer – result!

Work with an accountant

Going solo is a recipe for missing other valuable tax breaks that are more complex and bespoke to your own situation. This particularly applies if you have any unusual activity this year, such as buying and selling assets.

Lansdell & Rose help hundreds of doctors and dentists each year with taking home more money by paying less tax. Call for an initial assessment of your current tax and financial situation

T: 020 7376 9333.
E: info@lansdellrose.co.uk

10 LIFE-LONG FINANCIAL PLANNING TIPS

That never go out of fashion

Every year, an array of new financial products come to the market, aimed to help you reduce tax, earn more from your investments or to retire with more money under the mattress.

On the other hand, though, there are the good old-fashioned basics of financial planning that don't come and go with each tax year or product phase. These are largely habit forming, and if you can get to grips with making these a part of your financial routine, then the rest should follow suit.

(1) Set realistic financial goals

With financial planning, start by understanding where you are right now. Taking an honest look at your current financial position whilst also considering your future aspirations means you can plot a path from A to B.

Setting financial goals to reduce debt, increase investments, save more, plan for large purchases or retire at a certain age means that you always have a reference to return to. Just make sure that your goals are S.M.A.R.T. – Specific, Measurable, Attainable, Relevant and Timely.

(2) Follow a budget

The word "budget" can, for many, conjure up thoughts of complex accounting procedures as well as cutting back, although this doesn't have to be the case.

Following a budget simply means to compare your income and your expenses to calculate what is left at the end of the day. It is important when following a budget to understand the difference between necessities and luxuries, as this will help to prioritise spending.

(3) Respect and build credit

Credit cards are virtually essential these days. However, in the wrong hands they can cause financial misery. On the plus side, having credit helps you to build up a credit score and prevents you having to always carry cash. They can also earn valuable loyalty reward points that come in handy for travelling or other expenditure.

Respecting credit is the key, though. Pay off your credit card each month and ensure that larger credit transactions are planned, such as a car purchase or home improvements – this way, you can shop around for a low interest rate on a loan, and then budget properly for the monthly repayment.

(4) Keep control of your own money

Sounds an obvious one but if you worked hard to earn the money, at least keep control of how it is being spent; this particularly applies for couples. It isn't to say that sharing bank accounts or finances is not advisable; it is of course part and parcel of many long-term relationships. However, take a conscious part in the family finances to avoid future risk of not knowing where your money has gone.

(5) Don't bet on the next big thing

When budgeting, it is essential to work on the reality of the situation now. Until the money is in your account, or the next contract signed, it isn't wise to spend whilst wishing on a star.

Stock prices may not double in the timeframe expected, the new job may not materialise or the house may not sell. Make sure you don't jump the gun financially and leave yourself regretful.

(6) Protect yourself – get insurance

Nobody likes to see insurance premiums hitting the bank each month. However, even more so, nobody likes nasty surprises that leave him or her financially high and dry.

Insurance for the car, home, personal belongings, pets and mobile phone are more or less a given. However, don't forget life insurance, health insurance, income protection insurance and critical illness insurance as other options to consider. It is just as important to protect your income stream and the ability to pay off long-term debt in the event of ill health or death.

(7) Don't ignore retirement – save and invest

Retirement may seem like a long way off, but the sooner plans are started the better chance of building a sufficient nest egg for the golden years when you finish work.

It isn't necessary to go all-out: retirement plans can start small and build up, for example, opening a savings account or ISA and making regular contributions can be a good start. The important thing is not to ignore retirement, thinking that you have all the time in the world.

(8) Own your bricks and mortar

Owning your own home is more often than not a way to securing a high value asset and saves lining the pockets of a landlord by renting.

Ensure that your mortgage is competitive and you keep up with repayments.

(9) Having a will is the way

More people in the UK don't have a will than those who do, which is an alarming reality, as a will defines where everything you own of value goes in the event of your death, including property, valuables and even your dependent children.

It is not uncommon now for the family unit to be more complex. Divorces are common and many people marry again, bringing together sets of children and rearranging property ownership to suit the new set-up. Ensuring you have a say in the inheritance of your personal assets should be a priority.

(10) Think before acting on big financial decisions

Some things are not reversible when it comes to financial decisions. Once the line has been signed on the loan, for example, you have a legal obligation to make those repayments.

When making a key financial purchase such as buying a house or signing a new lease, it is easy to get carried away and let emotions make the decisions. Make sure you have carefully considered all your options and assessed your budget to make sure it's affordable.

Dental & Medical Financial have over 25 years' experience helping doctors and dentists with financial planning. Call to get your money matters in order or to discuss any financial product –

T: 01403 780770

E: info@dentalandmedical.com

5 REASONS WHY CLOUD ACCOUNTING IS ESSENTIAL FOR SMALL BUSINESSES

FREE
SOFTWARE TRIAL

To save money, time and tax

Cloud technology for accounting purposes is now widely available and known to save time, money and resources.

Long gone are the days where work is just carried out at your desk or in your treatment room, and just during practice hours. In this mobile, 24/7, fast-paced world we live in today, it is essential to have access to everything whilst on the go.

For small businesses, the effects of this new pace of working life are magnified, as more often than not time is precious, resources sparse and money saving always a high priority.

If you haven't already embraced cloud accounting in your business, here are five great reasons why you should.

(1) Access and assess your true cash flow

Not so long ago, many doctors and dentists still kept one of those big red books where income and expenses were recorded manually, monthly or, worse, yearly, and neither the practice owner or practice manager had an accurate idea of business performance until the accountant prepared the figures, often six months after the year had finished.

Thankfully times have moved on with almost all serious business owners at least holding their accounting records electronically. Electronic accounting allows the data entry process to be streamlined, with the chosen software doing large proportions of the work.

Most cloud-based software packages take this a step further and enable a secure, direct link from your business bank account, downloading data daily and allocating the transactions in the same way as earlier ones of the same nature – basically, educating your software to know what to do without instruction every time. This method is a lifeline for small business owners short of time.

Utilising this live link also means your data, and therefore any reports generated using this data, are 100% up to date, relevant and useful for business decision-making.

This includes access to your true cash flow, money in the bank, money coming in and money going out, as well as your profit figure to date, and even tax estimates.

(2) Manage your finances on the go

Subsequently, all of this information is readily available from your home computer, your laptop, your mobile phone or wherever in the world you may be if you are cloud computing.

As a busy healthcare professional, time is precious, especially when juggling running a business with picking up children from school or queuing in supermarkets. Every moment counts, and this is why many business-savvy doctors and dentists are enjoying the time-saving benefits of cloud accounting.

Reconciling your bank account balance has never been easier, and there is even a function to take a quick photo of your receipts and upload them at the click of a button, making sure primarily you never miss out on the valuable tax relief, and secondly everything is stored in the cloud.

(3) Save resources and therefore time and money

Small businesses are frequently struggling with a lack of resources and, often, roles within the team overlap; the practice manager sometimes covers the cleaner and the practice owner answers the phone.

To this extent, any resource saving is valued. Cloud accounting on the whole requires much less IT resource, as software updates happen instantaneously by the provider and the application is built in such a way that focuses on the everyday user, not an accountant.

Whilst data entry is largely taken care of by the system, the review process and reconciliation doesn't require someone with experience.

Virtually anyone you trust with your private data would be able to perform the week-to-week or month-to-month tasks required to keep your accounting completely up to date.

(4) Collaborate from anywhere

Another key benefit of cloud accounting compared to the paper-focused issue of manual accounting, or the version-confusion issue of non-cloud-based electronic accounting, is that multiple users can access the same information at the same time.

If you need help, your accountant can log in and see exactly where you have got to, and make amendments if necessary. They can also log in to access the reports required to prepare a brief tax estimate, or provide advice on any other accounting or tax matter.

Viewing information in real-time with real people allows collaboration and better business functionality.

(5) Integration with business apps

Integration with other business applications is easy with cloud accounting software, which saves duplication and means all your systems are running in conjunction with each other.

Link-up with your payroll system or Google Docs to give you an overall view of your business from all angles.

If you haven't already made the move to cloud accounting, it is likely your competition have, and they will be enjoying the valuable information at their fingertips to make informed business decisions. With extra time and resources available from cloud accounting, you can focus your energy on your customers and business growth.

Lansdell & Rose Accountants offer free software to all our clients and help you to get set up and familiar with the system. For a free trial, contact Katie, who can provide you with all the details. T: 020 7376 9333.
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View our 12 interactive financial calculators which can help you with your financial planning requirements.

http://www.dentalandmedical.com/calculators.html.

CHRIS'S MONTHLY MORTGAGE UPDATE

Type	Years	%
Fixed Rate	2	1.5%
Tracker Rate	2	1.39%
Fixed Rate	3	1.99%
Fixed Rate	5	2.27%
Fixed Rate	10	2.75%
Offset Products: Fixed	2	1.79%
Smaller Deposit – 90% Purchase/Remortgage	2	2.24%
Smaller Deposit – 85% Purchase/Remortgage	2	1.74%
Buy-to-let - Deposit 75% Purchase/Remortgage	2	2.24%
Average lender's Standard Variable Rate	END OF LAST MONTH	4.67%

Have you considered a **remortgage?**

This does not constitute advice, and advice should be sought in all instances before acting on it. Your property may be at risk should you be unable to maintain any agreed mortgage payments over the term agreed.

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