

Private medical services supplied by many consultants will incur VAT from 1 May. **Simon Poynton** answers more of your questions

The VAT expert



Q How often do I have to pay the VAT over?

A Most consultants will have to prepare quarterly VAT returns and will have to pay the VAT over 31 days after the quarter-end. It is important that the quarter-ends coincide with your financial year-end.

This means that the first return after registration may be either a short period (meaning, less than three months) or a long period (more than three months). As with income tax, interest surcharges and penalties can be imposed for late payment of VAT and incorrect returns.

To reduce the above administrative burden, some consultants may take advantage of a mixture of the cash accounting and annual scheme. Your eligibility should be

discussed with your accountant. The annual schemes allow estimated VAT to be paid throughout the year, with one annual return made at the end of the 12-month period.

Q Who decides if a medico-legal report or cosmetic procedure is VAT-able?

A There may be circumstances when it is not clear whether you should charge VAT and, when this arises, you should discuss matters with your accountant.

If there is still uncertainty, then guidance should be sought in writing from HM Revenue and Customs.

Q Do my fee notes have to change?

A Yes, new information such as your VAT registration number will need to be included. A full and comprehensive list of the changes affecting consultants' private practice can be found in the HM Revenue and Customs publication *VAT for Beginners*.

Q Do I need to change the way I keep my accounting records?

A Yes. You must be able to identify VAT-able medico-legal reports or cosmetic procedures and charge VAT accordingly.

If you use PPM, Midex Pro or Practice Manager software, the manufacturers have confirmed that their software upgrades will be VAT-enabled. If, alternatively, you use a

“As with income tax, interest surcharges and penalties can be imposed for late payment of VAT and incorrect returns.”

spreadsheet, this can be altered to take account of VAT. We have an example which we can supply via email. To get a copy, please email us at vat@sandisonseason.co.uk.

Q When can I stop charging VAT for my services?

A You can stop collecting VAT when you cease making taxable supplies,

such as cosmetic procedures, or if your taxable supplies in the forthcoming 12 months will be valued at £59,000 or less.

Of course, once you have deregistered, you will not be able to reclaim VAT on your purchases.

Q I am concerned that the addition of VAT to my fee notes will

affect my business detrimentally. What can I do about this?

A If you would like to discuss how VAT might affect your practice, please contact your accountant, or us, so we may review your particular situation and consider appropriate routes for mitigating any drop in income.

■ The answers above are a guide and cannot be relied upon to be a definitive list of all issues relating to VAT and health professionals. You will need to obtain more detailed advice from your accountant.