

It Takes Two to Make a Thing Go Right

When it comes to buying a practice there are a few ways you can go about structuring the transaction.

Depending on your situation, you can buy as a sole owner or you can buy as a partnership. These buying structures will suit different people for various reasons but they both have advantages and disadvantages. If you're considering a partnership it's important to take into account the pros and cons you might experience – ensure it's the option for you!

Top Tips

The highs and lows of buying a practice as a partnership can sometimes be dependant on variables that you can take control of. Follow these top tips to ensure you start off smoothly:

- Do you share the same goals as your partner? It's important to consider the suitability of the partnership you're thinking about – having the same, or similar, goals underpinned by a shared ethos for business will make your journey a whole lot easier.
- Ensure you're on the same page from day one – carrying out your due diligence with a meticulous level of precision will allow you both to share, discuss, and compromise where necessary when it comes to short and long-term business decisions. Deciding these things early on will help to deter any challenging surprises for the future.
- If you're sure the business partner is suitable, it's essential to draw up a partnership agreement as soon as possible. Understanding and delegating

liabilities and expectations within the partnership should make working together a breeze.

The Benefits of a Partnership

The Financial Gain

When it comes to applying for a loan, two people are going to make you more desirable to banks. Buying as a partnership could also mean the banks are more inclined to lend a larger sum of money and you could end up buying a larger practice than you may otherwise have been able to. Two people working together increases the chance of success for the business and this puts banks at ease, especially if both parties are in a good financial position from the outset.

Financial costs will be split too. This includes the deposit, legal fees, valuation costs, and any other monetary responsibilities you may incur. You may also have more cashflow compared to if you weren't buying as a partnership because more major earners in the business means more revenue.

It's Not all on You!

Buying in a partnership will take some of the pressure off of the individuals involved. Most people are aware than running any kind of business can be incredibly stressful; managing work load and staff can feel overwhelming even when things are going well. However, when you work with a business partner you can share these responsibilities and make decisions together – working as a team will bring to light decisions and ideas that you may not have considered alone.

Expand Your Business

Another great benefit that could come

from buying in a partnership is that you can enhance your dental practice to offer a great variety of treatments. You and your partner may want to take your career in different directions – one could want to pursue implants while another could be more interested in orthodontics, for example, and offering such a range of treatments would increase your appeal to a wider range of patients.

Possible Challenges

Financial Inequalities

Sometimes splitting the cost of a deposit won't make a deal work. One partner may have to consider putting down more of a deposit than the other, or the bank could ask for personal assets – such as property – to be pledged as security. If only one partner can offer this it can cause complications. In these instances, it's important to consider how this changes the amount of responsibility and authority each partner has. It's important for partners to have clear boundaries that are maintained as part of a contract. All of these things can be worked out but reaching a conclusion could take some time depending on everyone's views.

Conflict Resolution

Sometimes even the best of partners disagree on a business decision. When a resolution can't be reached quickly it can cause friction between partners and this can be especially difficult if the partner is a family member or friend. You should anticipate these things happening in this kind of venture and be prepared to handle them professionally.

Word of Mouth

As everything in this buying structure is shared it means that mistakes will be shared too. If your partner makes a mistake, business or clinical, it could affect the reputation of the practice, income, and business value for the future. Consider how powerful word of mouth is and whether your partner upholds the reputation you want too. Dental Elite can help you make this kind of decision, especially are they are the experts. They will work with you from beginning to end of your buying journey to ensure that you receive the best deal in a way that is as efficient and stress free as possible.

There's all this and more to consider when making this kind of decision. Get in touch today and find out more about how a partnership model can suit you! Visit the website.

For more information contact Dental Elite. Visit www.dentalelite.co.uk, email info@dentalelite.co.uk or call 01788 545 900 ■

About the author

Luke Moore is one of the Founders and Directors of Dental Elite and has overseen well in excess of 750 practice sales and valuations.

With over 11 years working in the dental industry, Luke has extensive knowledge in both dental practice transfers and recruitment and understands the complexities of NHS and Private practices.



Despite the ongoing challenges, there's new hope for 2022

Most of us greeted January with a mix of relief, and cautious hope. Of course, we cannot ignore the energy crisis and how the rising cost of living will affect millions of people, your patients included – at time of writing, inflation in the UK had just reached a near 30-year high, at 5.4%. Like all businesses, dental practices can expect to feel the impact of the ongoing pressures on our economy.

What dental practice owners, principals and professionals can do, though, is to look back at the last year in tax. In doing so, it becomes easier to signpost what further changes could lie ahead. You do have the tools to steer yourself through choppy waters and, with support from experts, including a specialist dental accountant, you will be able to optimise your profits and run a business which has exploited all the opportunities for growth.

Increase in NIC rates

Announced last year was a 1.25% temporary hike in NICs, for the 2022-2023 tax year. In 2023, NICs rates will revert to 2021-2022 tax year levels, but the increase will be replaced by the Health and Social Care Levy, ringfenced to fund the NHS and other organisations/bodies in the sector.

Despite a manifesto promise of no tax increases, the pandemic led to record

borrowing and public debt, so the government's response was not unexpected. Nevertheless, if you're an employer, you may be looking at the cost to your business. Billions will be raised, but could there be more tax increases to come? This takes us on to...

Increase in dividend tax rates

Another headline from 2021's year in tax and if, you pay tax on your dividend income, this is likely to affect you. From April, the rate of Income Tax applicable to dividend income will increase by 1.25% for the ordinary, upper, and additional rate bands. Again, this is to support funding for health and social care. If you are a dental practice owner who pays themselves via dividends, you may want to get advice as to whether this will be the most tax efficient method, going forward.

Corporation Tax

Previous Budgets introduced the increase from 19% to 25%, to start from April 2023, with a reminder that the UK's Corporation Tax (CT) rate is still one of the lowest within the G20. The increase was limited – for a business with taxable profits of up to £50,000, they stay on the existing rate. Those with profits between £50,000 and £250,000 will pay the main rate with a marginal relief. If you sell or dispose of a business asset, CT will be due on chargeable gains.

Income Tax, Capital Gains, Inheritance Tax

These rates all remained frozen, despite calls to simplify the CGT and IHT regimes. So, could there be future changes ahead? If these were put on the backburner during the turbulence of 2021, don't be surprised.

A digital tax future

Making Tax Digital for Income Tax was delayed until 2024, but you still need to get your business prepared! HMRC wants to build a completely digital tax system, despite the pandemic slowing the progress of the rollout. Moreover, there are many benefits to "going digital" for all accounting processes, so why not look into them, if you haven't done so already. For tax planning that will give you options, Figurit are chartered accountants with years of experience in working with the dental industry. We can help you with tax planning this year, and beyond.

Although we know that there challenging economic times ahead ahead, even the smallest ray of light is cause for hope. Focus on the future, while looking at the potential route ahead the past has shown us, taking its valuable lessons on board.

For more information, please visit <https://figurit.com> or call Figurit (formerly known as Lansdell & Rose) on 020 7376 9333. ■

Business bites

Addressing everything business

Michael Lansdell – Business Director

Michael is a specialist Dental Accountant and Tax Advisor with strong technical and communication skills.

Completing his training with international accounting firm Deloitte, he then became a founding Partner at Figurit (formerly Lansdell & Rose).

Michael combines a strategic approach with high attention to detail and is focused on saving his clients tax over both the short and long term, using robust tax-saving vehicles and tax efficient business structuring.



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