

Medical Consultants & GP's

Structure your Practice for Profitability



A Prescription for Reduced Taxes

In an era of increasing tax rates, restrictions on tax reliefs and pensions contributions, most medical practitioners welcome a prescription for reducing taxes.

As expert financial and tax advisors, we have experience with these challenges and can share potential solutions with you, including restructuring options for your practice, company formations and access to corporate tax rates plus other tax planning benefits.



**Russell
Brennan
Keane**

Focused on Your Future

Dublin | Athlone | Roscommon

Visit: RBK.ie

Incorporation of a Medical Practice



Historically rare in practice, the notion of operating a medical practice through a company has become topical of late in response to increasing income tax rates, the imposition of further levies (Income, PRSI and Health) and changes to the Irish pension regime.

It is generally accepted that doctors and consultants can operate via a corporate entity on the proviso that liability for medical negligence is not affected.

By routing certain practice income streams through a company allows high earning doctors and consultants to:

- Preserve a greater proportion of their wealth
- Avail of enhanced pension planning options
- Benefit from lower effective corporate rates of taxation
- Avail of more flexible tax and succession planning opportunities and, in certain circumstances,
- Avail of once off tax planning opportunities

Incorporation has obvious advantages for suitable doctors and consultants who should investigate its application to their own particular circumstances.

Prior to setting up a company, it is important to consider:

- The income streams which may be incorporated to benefit from lower corporate tax rates, and
- The nature and structure of the corporate entity through which certain medical practices will be conducted.

It is also necessary to consider practical concerns, among these:

- Setting up the corporate entity and dealing with implications and opportunities
- Dealing with professional indemnity insurance providers, health insurers, practice property landlords and
- Dealing with the impact of the Transfer of Business Regulations



High Earners Restriction



A change introduced in the 2007 budget means that higher income earners are restricted in the amount of tax reliefs they can claim. However, since 1st January 2010 the amount of Income Tax payable is likely to increase because the maximum deduction that can be claimed for certain 'specified tax reliefs' is being reduced to the higher of €80,000 or 20% of gross income before relief.

Depending on the individual's personal circumstances, i.e. their income levels and amounts and types of tax reliefs available, this may mean a significant reduction in the amount of tax reliefs they can claim from 2010 on. Those impacted may be those who:

- Claim capital allowances, such as 'Section 23' relief and allowances under urban/rural/town renewal relief schemes; or
- Claim other reliefs such as BES

A husband and wife's income is viewed separately for this relief and it may be worthwhile reviewing whether assets should be transferred between spouses to minimise the impact.

Taxation of Locums as Employees V Self Employed

The taxation of Locums is topical since a Circuit Court case last Spring ruled in Revenue's favour by deciding that a locum pharmacist was an employee. Since then Revenue are examining whether locums engaged in the fields of healthcare and pharmacy, are employees or self employed for tax purposes. A recent tax briefing from Revenue outlined that the issue will continue to be an area of focus for them.

The facts and circumstances in respect of each engagement must be reviewed in the context of Codes of Practice and case law which is constantly evolving. This continues to be a topical issue for doctors, pharmacists and medical consultants due to the potential exposure to PAYE/PRSI liabilities and employee rights and obligations. Businesses who engage Locums should examine this immediately.

Contact Us

If you would like to discuss any of these issues in greater detail or examine how they might impact your personal circumstances please contact either Yann Harrison yharrison@rbk.ie or Fiona Molloy fmolloy@rbk.ie in confidence.