



## Ask us!

We answer your questions surrounding tax, pensions or accounts. If you have a question you would like our team of medical accounting experts to answer then please get in touch via our website [here](#).

### Question:

I'm currently working as a salaried GP and the practice I'm working for has approached me with an offer to become a GP Partner. What sort of things should I be considering?



### Answer:

Becoming a GP Partner can be a hugely rewarding decision, providing you go into the situation having considered your options carefully. Many aspects of becoming a GP Partner will be new to you so it's important you seek relevant advice beforehand.

An experienced medical specialist accountant can guide you through this process and answer any questions you may have. The partnership accountant may not specialise in GP Partnerships, in which case, you may want to seek an independent opinion.

If you're being offered partnership, it's important that you're provided with an offer letter which should set out various aspects such as profit share (will you go in at 100% parity or build up over time?), working capital requirement (cash investment into the business) and any potential requirement/option to buy into the surgery premises.

Alongside your offer letter, you should also ask to see, if not already provided, the partnership agreement and copies of the last two years' accounts.





## Partnership agreement

The partnership agreement is an important document that must be signed by all partners and reviewed regularly. It covers a wide range of matters, including partners' duties, how decisions are taken, how disputes between partners are resolved and how profits are shared. You will be required to sign up to it, so it's important you understand what you're signing.

## Accounts

A specialist accountant would be able to review the historic accounts and discuss with you various elements such as:

- Reasons for material changes to profits
- Profit allocations
- A general review of how income is earned
- Impacts of changing list sizes – local and national policies
- Benchmarking statistics to compare how the practice is performing against similar sized practices
- Significant expenses and the impact

## Property

There are different considerations, depending on whether the current partners own the property, or if it's a leased building.



## Owned premises

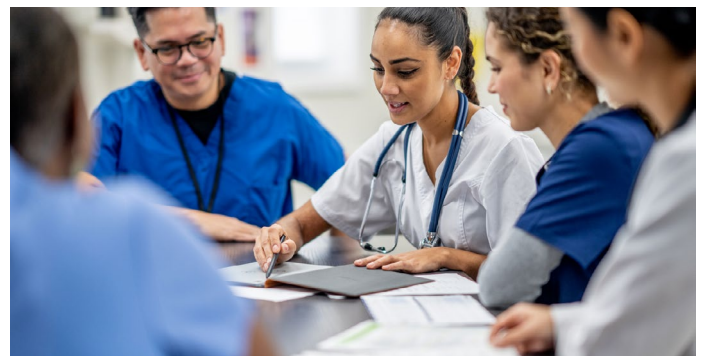
If the current partners own the property, you may be required to buy a share on joining the partnership, or this may be optional. This should be set out in the partnership agreement.

If you look to buy in, you would need to understand how much and the timing.

If the building hasn't been valued recently, you should make sure a valuation is carried out. There will be a cost attached so you'll need to agree who will bear that cost.

The practice may already have a partnership loan which you can be added to. If the loan is lower than the property value, you'll need to pay in the relevant amount of built up equity. How you do this is up to you and probably depends on the amount. You may pay in cash, or take out a personal loan. It's important to consider the usual risks that come with borrowing, as you will have unlimited liability. Tax relief can be obtained on the interest element of the loan.

If you buy in to the premises, you will be allocated a share of the notional rent income, along with a share of any interest charged on the partnership loan.



## Leased premises

Premises could be leased through a private landlord, the council, or NHS Property Services. If the building is owned by the latter, it's important to know if there are any outstanding disputes in respect of service charges. This is a widespread problem with NHS Property Services-owned buildings.

If there are disputed charges, you should ask the partners how these have been accounted for in the accounts, as you shouldn't be liable for anything prior to becoming a partner.

If the premises are leased, it's sensible to include a provision on the accounts each year for dilapidations on the property. This helps to spread the costs among all partners who come and go over the years.

## Taxation

As a salaried GP, your tax will have been deducted at source via PAYE, so you may not have ever had to complete a tax return. As a GP partner, you're classed as self-employed for tax purposes and so you must report your profits and pay tax to HMRC each year.

The filing deadline for submitting tax returns is 31 January each year, but you won't be able to do this until the partnership accounts have been finalised, so it's important these are done as soon as possible.

You should discuss with your accountant about estimating your profits as soon as you become a partner, as you may need to save an element of your drawings each month for tax payments. Your accountant will help you to understand the timing of tax payments, as you can expect a bumper tax bill in the first year or two.

## Pension

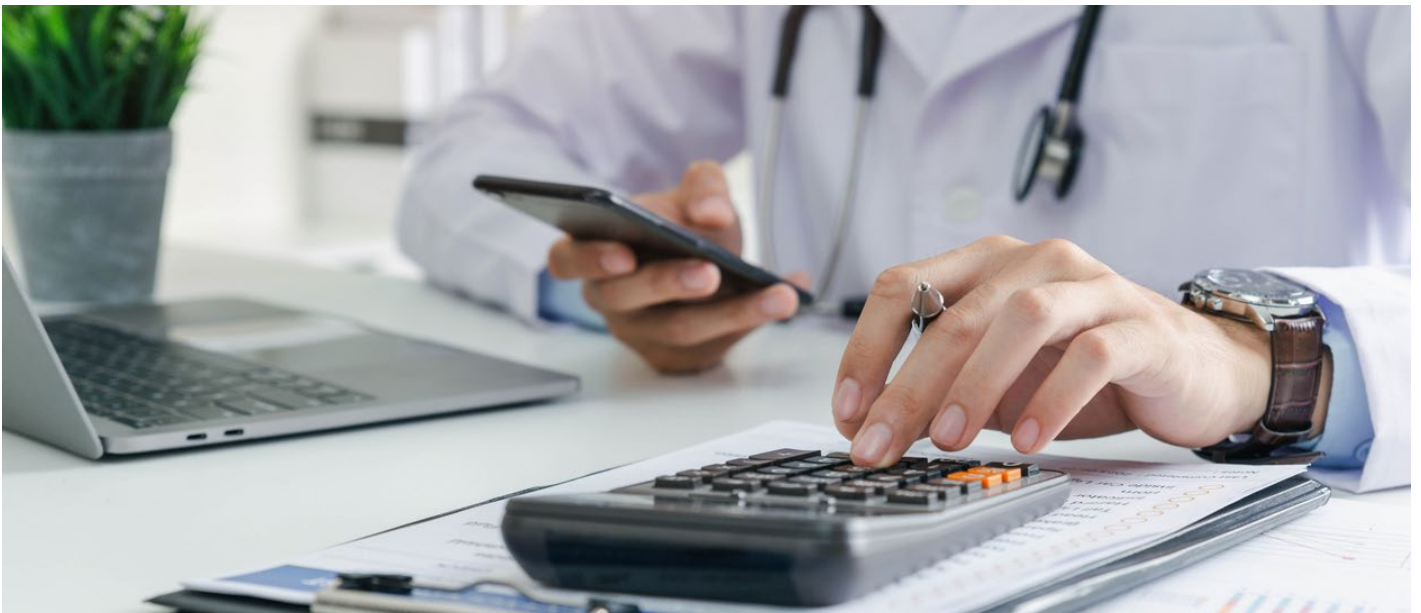
You're still able to be a member of the NHS Pension Scheme as a partner, but you'll have to pay both employee and employer pension contributions. The practice will pay these over to PCSE on your behalf, and a deduction should be made from your drawings. You'll need to complete an end of year pension certificate, which the accountant can help you with.

## Values of partnership

Just as important as financial matters, being in partnership with others who have similar values to you will contribute to a smooth-running partnership. Having a similar outlook on work/life balance, a similar approach to staff/patient wellbeing, and having open discussions where everyone is encouraged to contribute will allow for better decision making and help to keep the practice adaptive to change.

The above is by no means exhaustive, but will hopefully help you in your discussions to come to your decision.

If you're considering joining a GP Partnership for the first time, or just joining a different partnership and would like an independent opinion, please get in touch with our team of medical accounting experts.



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