
VAT & Primary Care Networks (PCNs)

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June 2019



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RMT profile

- Established in 1954
- 6 Directors – team of over 70
- Extensive experience of healthcare, specifically medical practices, in excess of 45 years
- Founder member of AISMA
 - (Association of Independent Specialist Medical Accountants)
- Significant contributor to medical press and financial seminars
- Dedicated healthcare team of 20+ dealing with in excess of 100 GP practices and 1,000 healthcare professionals
- Members of DFK International



Interaction PCN and Federation

- Federations can support multiple PCNs.
- A practice can be part of a federation and a PCN.
- Federations will still need to exist to support PCNs on larger and wider issues, as most are too big to be regarded as one PCN.
- A PCN aligns to a local patch, federations may not be geographically set up.
- GP practices can form a PCN with GMS or PMS contract and Federations with an APMS, GMS or PMS contract.



Structure

- 1 July 2019 Network contract DES goes live.
- Three main options –
 - 1. Flat practice model – nominated payee practice and shared workforce and costs. Workforce employed under shared employment contracts, potentially no VAT issues and income pensionable
 - 2. Lead practice model – lead practice nominate payee and holder of employment contracts/workforce. Potential VAT issues if practice supplying staff to other practices.



Structure – cont

- 3. 3rd party provider – federation directly (APMS/GMS or PMS contract) or indirectly receiving PCN funds. Potential VAT issue as providing staff to the practices, is the entity an employing authority for pension purposes.
- Structure likely to change in the future as the DES and network develops, network agreement legally binding.
- Open a PCN bank account on trust for all practices
- Fundholder needs to keep a transparent record of all transactions through the PCN bank account.
- Summary to be provided to all practices to correctly be reflected in the practices accounts for NHS pensions and Tax.



VAT

- The delivery of healthcare services is exempt from VAT.
- Practice or Federation receive funds, other practices employ staff which are reimbursed, provided agreement fund holder receives funds “on Trust” payment of those fees isn’t subject to VAT.
- Supply of clinical staff if entity retains control of clinical staff, supplying clinical staff to a practice should be exempt.
- Supply of admin staff or back office functions is a standard rated supply, VAT due if over £85k.
- Failure to account for VAT can give rise to penalties and interest.



VAT-cont

- Clinical director role is a management/admin role, could be treated as supply of staff.
- Is income more than £85k VAT reg limit, what other standard rated income in a medical practice i.e. non-NHS income such as reports and forms purpose is to assist making a decision rather diagnosis.
- HMRC detailed list can be found at <https://www.gov.uk/hmrc-internal-manuals/vat-health/vcathlt2130>



Employer obligations

- Is the Clinical director an office holder for PAYE purposes and therefore subject to PAYE/NIC and employers NIC also due, even if undertakes role as a self employed or through the practice?
- BMA guidance suggest joint employment contracts to avoid VAT, however this means joint and severally liable for any employment issues and complex.
- Employing authority status for employees, who is employer ?



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