



RAEI ALVIN & CO

Chartered Certified Accountants · Specialist Dental Accountants

Dental Tax Guide.

Tax and financial guidance for associates, hygienists, therapists and practice owners.

2026/27 edition · Updated October 2026

£12,570

Personal Allowance, frozen until April 2031

£60,000

Pension annual allowance, before any taper

£698

GDC Annual Retention Fee for dentists in 2026, fully allowable

31 Jan 2027

Deadline to file and pay your 2025/26 tax return

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About us

Accountants you can trust.

Fredon Raei FCCA founded the firm as Raei & Co in 1989. Since 2007 we have specialised in dentistry, and today, as Raei Alvin & Co Ltd, trading as Specialist Dental Accountants, we look after principals, associates, hygienists, therapists, pharmacists and other healthcare professionals across the UK.

We help with tax planning, NHS pensions, buying and selling practices, payroll and pension compliance, and longer-term wealth and Inheritance Tax planning.

Your team

Fredon Raei FCCA	Principal
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Ramin Raei	Director / Partner
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Maryam Heravi	Client Manager
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Negar Maleksabet	Payroll Manager
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Khadija Dahi	Accounts Assistant
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How to use this guide

- Start with **2026/27 at a glance** for this year's rates and allowances.
- Associates, hygienists and therapists: read pages 4 to 9. Practice owners: pages 10 to 13 as well.
- Worked examples use 2026/27 rates for England, Wales and Northern Ireland unless stated.
- Talk to us before acting. A short conversation often saves far more than it costs.

This guide is general information based on legislation and published rates as at October 2026. It is not personal advice, and we accept no liability for action taken without advice. The Autumn Budget on 28 October 2026 may change some measures.

Tax year 6 April 2026 to 5 April 2027

2026/27 at a glance.

Income Tax

England, Wales and Northern Ireland

Personal Allowance **£12,570**Basic 20% **£12,571–£50,270**Higher 40% **£50,271–£125,140**Additional 45% **Over £125,140**

The allowance falls by £1 for every £2 of income over £100,000.

Income Tax in Scotland

Starter 19% **£12,571–£16,537**Basic 20% **£16,538–£29,526**Intermediate 21% **£29,527–£43,662**Higher 42% **£43,663–£75,000**Advanced 45% **£75,001–£125,140**Top 48% **Over £125,140**

Dividends and savings

Dividend allowance **£500**Dividend rates **10.75 / 35.75 / 39.35%**Savings starting rate **£5,000**Savings allowance **£1,000 / £500 / £0**Savings rates **20 / 40 / 45%**

Savings rates rise to 22, 42 and 47% from 6 April 2027.

National Insurance

Employee 8% **£12,570–£50,270**Employee 2% **Over £50,270**Employer 15% **Over £5,000**Employment Allowance **£10,500**Class 4 at 6% **£12,570–£50,270**Class 4 at 2% **Over £50,270**Class 2, voluntary **£3.65 a week**Class 3, voluntary **£18.40 a week**

Corporation Tax and gains

Small profits rate 19% **Up to £50,000**Marginal rate 26.5% **£50,001–£250,000**Main rate 25% **Over £250,000**Capital Gains Tax **18% / 24%**CGT exemption **£3,000**Business Asset Disposal Relief **18%**

Pensions

Annual allowance **£60,000**Tapered to a minimum of **£10,000**Money purchase allowance **£10,000**Lump sum allowance **£268,275**

Allowances and thresholds

Trading allowance **£1,000**Property allowance **£1,000**Marriage Allowance **£1,260**Child Benefit charge **£60k–£80k**VAT registration **£90,000**Annual Investment Allowance **£1m**

Business mileage

Car, first 10,000 miles **45p**Car, after 10,000 miles **25p**Motorcycle **24p**Bicycle **20p**

Student loan thresholds

Plan 1 at 9% **£26,900**Plan 2 at 9% **£29,385**Plan 4 at 9% **£33,795**Plan 5 at 9% **£25,000**Postgraduate at 6% **£21,000**

Associates, hygienists and therapists

Registering as self-employed.

Most associates, hygienists and therapists work for themselves. Here's how to get set up properly from day one.

1 Check your status

HMRC withdrew its long-standing concession that treated dental associates as self-employed from 6 April 2023. Your status now depends on your contract and how you actually work. We can review it with you, alongside HMRC's employment status tool.

2 Check your visa

If you're on a Skilled Worker or other sponsored visa, confirm it allows self-employment before you start.

3 Register for Self Assessment

Register online using a Government Gateway account by 5 October after the end of the tax year you started. HMRC posts your 10-digit UTR, usually within 10 days. Registering as self-employed also registers you for Class 2 National Insurance.

4 Open a separate bank account

Use one account for all practice income and expenses, held in your sole name.

5 Keep records from the start

Keep UDA and fee statements, NHS pension statements, invoices and receipts, ideally digitally. You need to keep them for at least five years after the 31 January filing deadline.

Bank accounts and records

- Pay all business expenses from your business account, so nothing is missed at year end.
- Keep sole control of the account. Joint accounts make it harder to show what's business and what's personal.
- Photograph receipts as you go. Under Making Tax Digital you'll need digital records anyway.
- If your practice pays you through a "self-billing" statement, keep every one.

How much to put aside

Income Tax and Class 4 NI on profits in 2026/27, with no other income

PROFIT	TAX AND NI	RATE	PER MONTH
£30,000	£4,532	15.1%	£378
£50,000	£9,732	19.5%	£811
£70,000	£18,089	25.8%	£1,507
£90,000	£26,489	29.4%	£2,207
£110,000	£36,889	33.5%	£3,074
£130,000	£48,560	37.4%	£4,047

In your first year, January's bill can be around 150% of this, because the first payment on account is due at the same time.

Associates, hygienists and therapists

Should you work through a company?

Since the 2026/27 rise in dividend tax and the 15% employer NI rate, a limited company rarely pays off if you take out all your profit.

What you'd keep in 2026/27

Director's salary of £12,570, all remaining profit paid as dividends, no other income, England, Wales and Northern Ireland rates

PROFIT	SOLE TRADER KEEPS	COMPANY ROUTE KEEPS	DIFFERENCE
£50,000	£40,268	£38,862	£1,406 better as a sole trader
£80,000	£57,711	£55,765	£1,947 better as a sole trader
£120,000	£76,911	£74,654	£2,257 better as a sole trader
£150,000	£92,040	£85,110	£6,930 better as a sole trader

Before the extra accountancy and admin costs of running a company, which widen the gap.

When a company can help

If you don't need all your profit each year, money left in the company is only taxed at 19% to 25% for now. At £120,000 profit, leaving half in the company gives a combined value of about £89,290, against £76,911 as a sole trader.

Retained profit is taxed again as dividends when you take it out, so this suits long-term plans such as buying a practice or employer pension contributions.

The catches

- **NHS Pension.** Performers who work through their own company can't pension that NHS income. This has applied since November 2011.
- **IR35.** If you'd be an employee without the company, the off-payroll rules can remove the tax advantage.
- **Admin.** Annual accounts, a Corporation Tax return, payroll and public filings at Companies House.

Our view. Start as a sole trader, keep your NHS Pension, and review the company route once your profits are well above £100,000 and you don't need all of them. We'll model your own numbers before you decide.

Associates, hygienists and therapists

Business expenses.

Costs incurred wholly and exclusively for your work reduce your taxable profit. These are the ones we see most often.

Usually allowable

- ✓ **GDC Annual Retention Fee:** £698 for dentists and £108 for dental care professionals in 2026.
- ✓ **Indemnity** and defence union subscriptions.
- ✓ **Professional subscriptions** on HMRC's approved list, such as the BDA.
- ✓ **CPD** courses, conferences and journals that update your existing skills.
- ✓ **Lab fees and materials** you pay for yourself.
- ✓ **Equipment** such as loupes and instruments, deducted in full through the Annual Investment Allowance.
- ✓ **Business mileage** between practices and to courses: 45p a mile for the first 10,000 miles, then 25p.
- ✓ **Use of home** for admin: flat rates of £10, £18 or £26 a month for 25 to 50, 51 to 100, or over 100 hours a month.
- ✓ **Phone and broadband** business share, **uniforms** and laundry, accountancy fees and bank charges.

Not allowable

- ✗ Everyday clothing, even if worn only at work.
- ✗ Food and drink during a normal working day.
- ✗ Travel between home and a practice you attend regularly.
- ✗ Fines and penalties.
- ✗ Training for a new career or a new qualification.
- ✗ Childcare and holidays.

Master's degrees and postgraduate study

Study that updates and deepens skills you already use, such as an MSc in implant dentistry for a practising general dentist, is more likely to be allowable. Courses that lead to a new qualification or a change of career usually aren't.

Keep the course outline, invoices and a note of how it relates to your current work.

Tip. If your expenses for the year are under £1,000, you can claim the £1,000 trading allowance instead of actual costs.

Associates, hygienists and therapists

Pensions: NHS Pension and SIPP.

The NHS Pension is valuable, and private pensions add tax relief at your highest rate. The allowances decide how much you can save tax-efficiently.

NHS Pension contributions

Member contribution tiers from 1 April 2026

PENSIONABLE PAY	RATE
Up to £13,259	5.2%
£13,260 to £28,854	6.5%
£28,855 to £35,155	8.3%
£35,156 to £52,778	9.8%
£52,779 to £67,668	10.7%
£67,669 and above	12.5%

For associates, NHS pensionable earnings are reconciled after the year end. Keep your annual statement for your tax return.

How a SIPP contribution works

A higher-rate taxpayer saving £10,000 into a self-invested personal pension

You pay in	£8,000
Provider claims basic-rate relief	+£2,000
Goes into your pension	£10,000
Extra relief through your tax return	-£2,000
Real cost to you	£6,000

An additional-rate taxpayer claims £2,500 back, so the same £10,000 costs £5,500. Contributions get relief up to 100% of your earnings, within the annual allowance.

Allowances that matter

- **Annual allowance £60,000.** It tapers down to £10,000 once threshold income is over £200,000 and adjusted income is over £260,000.
- **Carry forward** unused allowance from the previous three years, and use **Scheme Pays** if an NHS charge arises.
- **£10,000** money purchase annual allowance once you've flexibly drawn a private pension.
- Tax-free cash is capped by the **£268,275** lump sum allowance.

Changes to plan for

- The earliest age you can take a private pension rises from 55 to **57 on 6 April 2028**.
- Unused pension funds and death benefits come into **Inheritance Tax from 6 April 2027**.
- From April 2029, salary sacrifice pension contributions get National Insurance relief on only the first **£2,000** a year.

Associates, hygienists and therapists

Deadlines, payments and penalties.

Self Assessment runs on a fixed calendar. Miss it and the penalties start straight away, even if you owe nothing.

Key dates for the 2026/27 tax year

- 31 January 2027**
File 2025/26 and pay the balance, plus your first payment on account for 2026/27
- 5 April 2027**
2026/27 tax year ends
- 31 July 2027**
Second payment on account for 2026/27
- 5 October 2027**
Register for Self Assessment if you started in 2026/27
- 31 October 2027**
Deadline for paper returns
- 31 January 2028**
File online and pay the balance for 2026/27, plus the first payment on account for 2027/28

Payments on account

If your last bill was over £1,000, HMRC asks for two advance payments for the next year, each half of that bill, on 31 January and 31 July. They don't apply if more than 80% of your tax was already collected through PAYE.

Late filing

1 day late	£100
3 months late	£10 a day, up to £900
6 months late	£300 or 5% of tax due
12 months late	Another £300 or 5%

The £100 penalty applies even if no tax is due.

Late payment

30 days late	5% of unpaid tax
6 months late	A further 5%
12 months late	A further 5%
Interest	Bank of England base rate + 4%

If you're in Making Tax Digital

A newer penalty system applies. Missed quarterly updates or returns earn points, with a £200 penalty once you reach the threshold. Late payment costs 3% of tax unpaid after 15 days, another 3% after 30 days, then 10% a year until paid.

Associates, hygienists and therapists

Making Tax Digital for Income Tax.

Sole traders and landlords now keep digital records and send HMRC quarterly updates. The income threshold falls every April until 2028.

Does it apply to you?

Based on qualifying income: your total gross income from self-employment and property, before expenses

- 
- From 6 April 2026 · now live**
Over £50,000, based on your 2024/25 tax return
 - From 6 April 2027**
Over £30,000, based on your 2025/26 tax return
 - From 6 April 2028**
Over £20,000, based on your 2026/27 tax return

Associates take note. The test uses gross income. An associate with £60,000 of fees and £15,000 of lab bills is over the £50,000 threshold.

What you'll need to do

- 1 Keep digital records**
Record income and expenses in HMRC-recognised software, or in spreadsheets connected to it.
- 2 Send quarterly updates**
Due by 7 August, 7 November, 7 February and 7 May for the quarters ending 5 July, 5 October, 5 January and 5 April.
- 3 Submit a final declaration**
Your tax return, finalised through the software by 31 January after the tax year.

How we help

- We check whether and when MTD applies to you.
- We choose and set up compatible software, and train you to use it.
- We review and send your quarterly updates and final declaration.

Practice owners

Buying and selling a practice.

The biggest financial decisions in a dental career. Good preparation protects the price and the tax position.

Buying a practice

- **Funding.** Lenders typically want a deposit of 10% to 20% and a clear business plan.
- **Due diligence.** At least three years of accounts, NHS contract and UDA delivery, associate agreements, and patient and income trends.
- **Property.** A lease with at least 15 years left, or a professional valuation of the freehold.
- **People.** Staff transfer on their existing terms under TUPE. Review contracts and any claims.
- **Regulators.** CQC registration must be in place, and NHS contract changes need commissioner approval.
- **Structure and tax.** Buying through a company is often more efficient. Agree how fixtures are valued so you can claim capital allowances.

Selling a practice

- Have at least three years of accurate, up-to-date accounts.
- Value is usually based on maintainable profit, so tidy up costs and associate arrangements early.
- **Business Asset Disposal Relief** taxes qualifying gains at **18%** from 6 April 2026 (14% before), up to a £1 million lifetime limit. Otherwise Capital Gains Tax is 18% or 24%.
- Selling company shares and selling the practice's assets are taxed differently. Plan which suits you before heads of terms.

Net assets on completion

The price is usually adjusted for what the buyer takes on

Agreed price for the practice	£800,000
Plus assets: cash, debtors, stock	+£90,000
Less liabilities: creditors, tax	-£35,000
Paid to the seller	£855,000

Practice owners

Payroll and pensions for your team.

Employers report every payday and must enrol eligible staff into a pension. Our payroll team handles both.

Payroll essentials

- Send a Full Payment Submission to HMRC on or before each payday.
- Pay PAYE and National Insurance by the 22nd of the following month if paying electronically.
- Employer NI is **15%** on pay above **£5,000** a year. The **£10,500** Employment Allowance can offset it, but not where the only employee is a director.
- National Living Wage from 1 April 2026: **£12.71** an hour at 21 and over, **£10.85** at 18 to 20, and **£8.00** for under-18s and apprentices.
- Statutory Sick Pay is **£123.25** a week. Statutory Maternity and Paternity Pay is **£194.32** a week, or **90%** of earnings if lower.

Automatic enrolment

Who to enrol	Aged 22 to State Pension age
Earnings trigger	£10,000 a year
Qualifying earnings	£6,240 to £50,270
Minimum contributions	8% total, 3% from you
Declaration of compliance	Within 5 months of start
Re-enrolment	Every 3 years

The Pensions Regulator

Missing your duties brings a **£400** fixed penalty, then escalating penalties of **£50 to £10,000 a day** depending on how many staff you employ.

Salary sacrifice

Pension salary sacrifice saves employer and employee National Insurance. From April 2029 the NI saving will only apply to the first **£2,000** a year per employee. Electric car salary sacrifice schemes are unaffected.

Practice owners

Running your practice as a company.

Practice owners who hold the NHS contract can incorporate and stay in the NHS Pension. Whether it pays depends on profit, plans and how much you take out.

Advantages

- ✓ Corporation Tax of 19% to 25% on profits you leave in the business.
- ✓ Limited liability for the company's debts.
- ✓ Flexibility over when and how you take income.
- ✓ Employer pension contributions are deductible and free of NI.
- ✓ Shares make succession and partial sales simpler.

Disadvantages

- ✗ Dividend tax rose by 2 points from 6 April 2026.
- ✗ 15% employer NI on salaries above £5,000.
- ✗ NHS Pension restrictions for performers working through a company.
- ✗ Higher accountancy costs, payroll and annual filings.
- ✗ Accounts are public at Companies House.

Side by side

	SOLE TRADER OR PARTNERSHIP	LIMITED COMPANY
Tax on profits	Income Tax at 20%, 40% or 45%	Corporation Tax at 19% to 25%
National Insurance	Class 4 at 6%, then 2%	15% employer and 8% employee on salary
Taking money out	All profit is yours, taxed as it's earned	Salary plus dividends at 10.75%, 35.75% or 39.35%
NHS Pension	Available	Available to contract holders, not to performers
Admin	Self Assessment, Making Tax Digital	Accounts, Corporation Tax return, payroll, confirmation statement
Privacy	Your accounts stay private	Accounts and directors are public

Practice owners and associates

Electric cars.

Fully electric cars remain one of the most tax-efficient benefits, though the rates are rising year by year.

Company car tax rates

TAX YEAR	ELECTRIC CAR
2026/27	4%
2027/28	5%
2028/29	7%
2029/30	9%

Petrol and diesel cars are taxed at up to 37% of list price.

Worked example

Your company buys a new £45,000 electric car for you, a 40% taxpayer, in 2026/27

Corporation Tax saved in year one (25%)	£11,250
Taxable benefit (4% of £45,000)	£1,800
Your Income Tax on the benefit	£720 a year
Company's Class 1A NI (15%)	£270 a year
Same car on petrol at 37%: your tax	£6,660 a year

What else to know

- **100% first-year allowance** on new zero-emission cars until 31 March 2027 for companies, or 5 April 2027 for sole traders.
- Electric cars have paid Vehicle Excise Duty since April 2025. The expensive car supplement starts at £50,000 for electric cars from April 2026.
- A pay-per-mile charge of 3p a mile is planned from April 2028.
- Leasing costs are deductible in full for zero-emission cars.

Buy, lease or hire purchase?

Buying or hire purchase lets the company claim the first-year allowance. **Leasing** spreads the cost: a £600 a month lease is £7,200 a year, saving £1,800 of Corporation Tax at 25%. As a sole trader you can claim too, in proportion to business use.

Working with us

How we work.

STEP 1**Gather**

We send a checklist. You upload statements, UDA and pension information, and receipts, or we collect them from your software.

STEP 2**Prepare**

We prepare your accounts and tax computation, claim every allowable expense and check reliefs such as pension contributions.

STEP 3**Review and file**

We go through the return with you, file once you approve, and tell you exactly what to pay and when.

Our fees

Associates, hygienists and therapists	£650 a year incl. VAT
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Practice owners	From £2,500 a year + VAT
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Payroll	£8.75 per employee a month
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Payroll minimum, up to 4 staff	£35 a month
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£50 off your first year as an associate, or £500 off as a practice owner. Refer a colleague and receive £100 when they join.

More guidance on request

- Inheritance Tax
- Pensions
- Student loans
- Tax codes
- Immigration and self-employment
- Maternity Allowance
- National Insurance gaps
- Business rates refunds

Book a free 15-minute consultation.

Speak directly to a Chartered Certified Accountant about your situation.

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Raei Alvin & Co Ltd, trading as Specialist Dental Accountants.
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