

Note on....

Non-GP partners' pension contributions and tax relief

This note has been produced by the General Practitioners Committee and the BMA's Pensions Department to help GPs and Local Medical Committees in understanding non-GP partners' pension contributions and the issue of tax relief.

Further to an exchange of correspondence with the Inland Revenue regarding a specific case, it is apparent that pension contributions made for non-GP partners are not eligible for tax relief.

The reason given for this by the Inland Revenue is that non-GP partners are self employed and thus are unable to obtain tax relief from paying contributions into the NHS Pension Scheme, an occupational pension scheme. By contrast, doctors and dentists have an Inland Revenue concession (the 'A9 concession') that allows them to claim tax relief on their contributions. However, non-GP partners who are not doctors (or dentists) they are excluded from this concession.

To confuse the matter, the BMA believes that some PMS non-GP partners are receiving tax relief on contributions. This is presumably through the discretion of the local tax officer or because this issue has not been specifically raised.

Following representations to the NHS Pensions Agency, the BMA has received confirmation of the Inland Revenue's position and it has been suggested that the BMA should approach the Inland Revenue directly.

In April 2006 tax law for pensions is changing and the A9 concession will no longer be required. Anyone will be able to obtain tax relief on pension contributions paid into any pension arrangement (subject to an annual limit, or inflow, of £215,000).

On this basis, it is the BMA's view that it is unlikely the Inland Revenue will be willing to make any amendments to the A9 concession during the interim period.

By definition, non-GP partners are not GPs and, indeed, are most likely not to be doctors and, as such, are not represented by the BMA.

Questions and answers

Q. I have just made my practice manager a partner and see that s/he is eligible to be pensioned in the NHS Scheme as a non-GP partner on the officer basis as a whole-time employee. What does this mean?

A. As your new partner is not a GP s/he will be pensioned on the final-salary method, the same as the rest of your practice staff, even though their earnings will be evaluated the same way as the rest of the partners. The Pensions Agency will assume that s/he is full time, regardless of the actual hours of work.

Q. Will their contributions qualify for tax relief in the same way?

A. No. As s/he is not a doctor s/he is not covered by the concession that allows self-employed doctors and dentists to claim tax relief on their contributions. We expect this to change in April 2006 when the whole of the tax regime for pensions is changing.

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