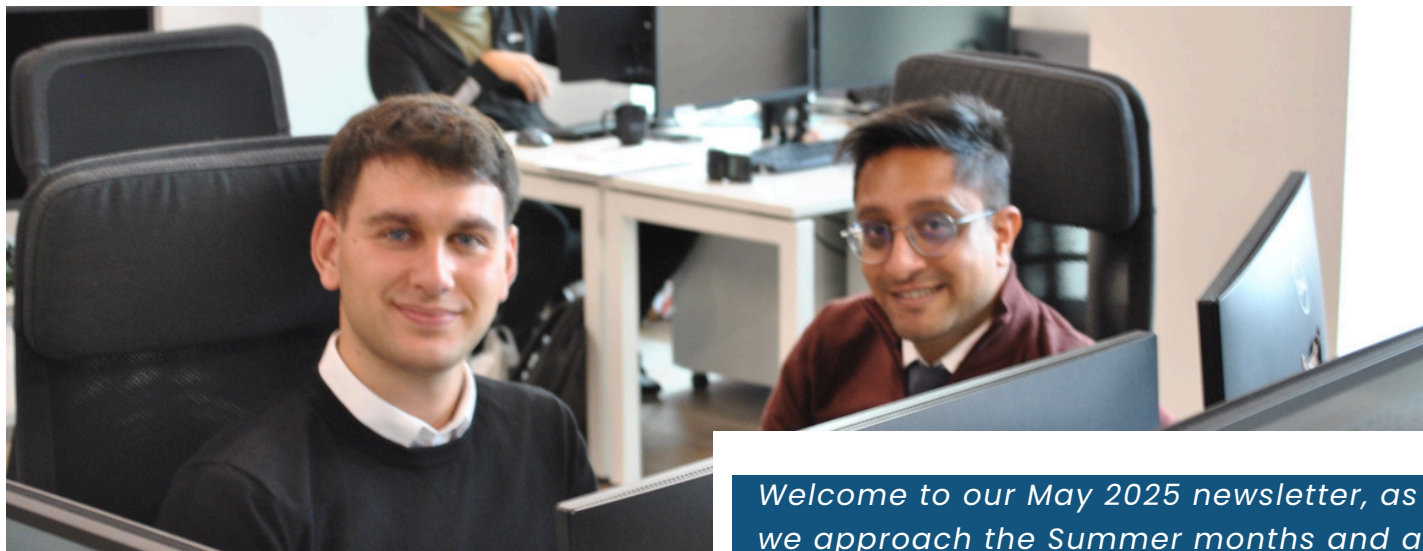




May 2025



VAT IN THE DENTAL WORLD – INVISALIGN

The dental industry continues to throw up VAT challenges, and a recent decision of the First-Tier Tribunal shows why professional advice is a must.

In the *Align Technology* case, the issue for consideration was whether Invisalign clear aligners and similar devices are exempt from VAT as dental prostheses. This followed a changed approach from HMRC, who were seeking to argue that these aligners should in fact be subject to VAT.

The Tribunal found in favour of the taxpayer, and held that, whilst not replacing missing teeth, the Invisalign aligners were “orthodontic appliances”, used to correct a dental

Welcome to our May 2025 newsletter, as we approach the Summer months and a time of change for many.

Recent developments in the dental VAT world have engaged a lot of interest amongst our clients, and we have included further details below. We would encourage you to reach out to us to discuss this point further.

In addition, Moxing Tax Digital changes affecting sole traders have also been a major talking point, with enquiries from across the board. Make sure to act now!

issue, and therefore met the definition of dental prostheses as interpreted in modern clinical use.

In light of this decision, there may be opportunities to recover VAT overpaid in the past and take a position on the VAT treatment going forward. It is important you take advice and fully consider the available options.

Please get in touch and we would be happy to explore this further with you.

MAKING TAX DIGITAL FOR INCOME TAX – WHAT YOU NEED TO KNOW FROM APRIL 2026

From 6 April 2026, Making Tax Digital for Income Tax Self Assessment (MTD ITSA) will begin to affect many self-employed individuals and landlords.

Who does it apply to?

In the first phase, anyone with gross income over £50,000 from self-employment and/or property (before expenses) will need to follow MTD rules. A year later, from April 2027, the threshold will drop to £30,000.

Income is assessed based on the most recent tax return submitted before the start date. So, if your 2024/25 tax return (due 31 Jan 2026) shows income over £50,000, MTD ITSA will apply to you from April 2026.

Note: Income from jointly owned properties is split – only your share is counted.

Who is exempt?

You won't need to join MTD ITSA if:
You don't have a National Insurance number by 31 January before the tax year.

You're digitally excluded (you'll need to apply for this exemption, once the process is confirmed).

Who is not yet included?

Individuals with income below £30,000 will remain on Self-Assessment for now, though those earning between £20,000–£30,000 are expected to be brought in by the end of the current Parliament.

Partnerships and LLPs are out of scope for now.

Limited companies are not affected by MTD ITSA – a separate digital process for Corporation Tax may be introduced in future.

What does MTD ITSA involve?

There are three main requirements:

- Digital record keeping
- You'll need to keep a digital record of your income and expenses (by date, category, and amount)
- You can use software or spreadsheets

Quarterly updates to HMRC

Every three months, you'll send a summary of your income and expenses. One update per business activity – so if you're a landlord and a sole trader, that's 8 submissions a year.

By default, the quarters will follow the tax year:

Q1: 6 Apr – 5 Jul → submit by 7 Aug

Q2: 6 Jul – 5 Oct → submit by 7 Nov
(etc.)

You can opt to align quarters to calendar dates (1 Apr–30 Jun, etc.) for ease.

Year-end digital declaration

This replaces the current Self Assessment return. It will pull in your quarterly figures, and you'll add any tax adjustments or extra income (e.g. PAYE, bank interest, capital gains).

Deadline: 31 January after the tax year ends, just like now.

Income covered by trading/property allowances or Rent-a-Room relief doesn't count towards the threshold, but if you're already in MTD, you'll still need to report it.

Will HMRC sign you up automatically?

No – you'll need to register yourself or we will do it together closer to the time. HMRC's sign-up service is expected to launch ahead of April 2026.

Our Plan of Action

We are currently working with Xero to add this service for each of you. The cost will likely be around £100 a year with our discounted rates. Naturally there will be an increase in accountancy fees from April 2026, however we are deliberating on how we can keep these to a minimal.

Your VPC Partner will be in touch soon to go over the details and your personal action plan.



HMRC LATE PAYMENT INTEREST RISES TO 8.5% – TAX COMPLIANCE UNDER SCRUTINY

From 6 April 2025, HMRC has increased its late payment interest rate to 8.5%, the highest level in decades. This change is part of a broader government strategy to close the tax gap, tackle avoidance and improve compliance, following rising fiscal pressures on both businesses and individuals.

With recent tax increases, this rate hike adds further financial strain.

In our experience, this change is part of a wider focus on increased investigations and campaigns, and it is imperative you take advice to protect your position.

FIRM AND TEAM NEWS

May has been a month of exciting progress and positive change at VPC Accountants. We've successfully transitioned to Paycircle, our new cloud-based payroll software. This move marks a major step forward in modernising our payroll offering and delivering a more seamless experience for our clients. A special thank you goes to Lauren Finer, whose dedication and tireless efforts have been instrumental in making this happen.

We're also pleased to share that VPC has secured several significant audit wins in the technology sector, further cementing our reputation in this growing and exciting space.

Looking ahead, the partners have committed to being more visible on social media, sharing relevant and timely tax insights to benefit all. Keep an eye out for our posts and feel free to engage with us.

And finally – in lighter news – our Co-Managing Partner, Vishal Patel, has officially been made a Lord. Congratulations, Vishal! Though we do spare a thought for him as he once again watches his beloved Arsenal end the season trophyless.

CLIENT SPOTLIGHT – LUME DENTAL

We're proud to spotlight our valued clients, Dr Gopinder Lalia and Dr Roshanay Javed, founders of Lume Dental – a forward-thinking dental practice built on a shared vision of innovation, care, and excellence. With a commitment to redefining patient experience, Lume blends clinical expertise with a calming, modern environment to deliver dentistry that is as compassionate as it is cutting-edge.

Dr. Gopinder Lalia and Dr. Roshanay Javed – known professionally as Dr. Rosh, are the visionary Clinical Directors behind LUME Dental in Wilmslow, Cheshire. With a shared passion for innovation and artistry in dentistry, they have established LUME as a destination for bespoke smile transformations. Dr. Lalia, an award-winning cosmetic dentist and finalist for the UK's Best Young Dentist award, is celebrated for his expertise in layered composite veneers, known as LUME Veneers, which offer minimally invasive yet lifelike results. Dr. Rosh brings a holistic approach to cosmetic dentistry, combining advanced clinical training with insights from psychology to deliver personalized, confidence-boosting treatments.

Together, they have cultivated a boutique practice where cutting-edge techniques meet compassionate care, attracting patients from across the UK seeking natural, radiant smiles. We sat down with this power couple for some thoughts:

When I first created LUME Dental, I had a clear vision. I wanted a modern, welcoming clinic where patients felt cared for. The year that followed was full of learning, growth, and challenges. It was also one of the most rewarding journeys I've taken.

I secured the right location and built an amazing team. I chose technology that shows our commitment to quality care. Every step was intentional. There were long days and lots of problem-solving behind the scenes. Shout out to Vish for keeping the numbers in check! He made the process of opening and running a squat clinic seamless.

Seeing the doors open and patients walk in with confidence made it all worth it. Today, LUME is more than a dental clinic. It's a place where smiles are restored, trust is built, and the community grows with us. This is just the beginning.

