

VAT : A NIGHTMARE WAITING TO HAPPEN?

Sage opinion from our own Financial Wizard; Fraser Robertson

The changes in the VAT rate are a fantastic sleight of hand. Reduce the VAT on everything sounds great in the papers but I predict that many small retailers will simply leave prices alone as the cost of re-pricing every product is just far too high.

Reduce VAT on fuel? All zero-rated supplies (food chain, farming) pay out no VAT to HMRC but of course were able to recover 17.5% on their fuel usage, now they can only recover 15%. The result? A net increase in revenue to the government!

Increase fuel duty? The result? A net increase in revenue to the government!

Then there was that "government leak" that after the next general election VAT goes up to 18.5% and income tax would be increased. In rugby they call that a "hospital pass" - to the next government!



But what about the optical market?

The shift in VAT rate, albeit temporary, does cause us some headaches. Do we change our prices for our customers? My considered opinion is this: Be Careful!

There are potential hazards here for the unwary, here is some:

- Will your customers be aware that only part of their payment for spectacles carries VAT? How do you answer that?
- How much will it cost you to re-price, re-label, alter computer system prices, catalogues etc?
- BE CAREFUL that the change in rate does not impact on your de-minimis calculation because this is based on the actual VAT amounts, not on the rate. If you are close to falling below the de-minimis limits it would be a very good time to review your apportionment.
- Should you change the Eyeplan collection amounts if you supply contact lenses?

My suggestions for dealing with each of the points above:

- From a PR point of view, let your customers know that your (inevitable) price rise that happens in January has now been postponed thanks to the change in VAT. So your prices haven't gone up after all.
- Don't do it!
- Use Eyeplan's relationship with Cowgill & Associates! With a wealth of specific experience in the optical market in respect of VAT they will be able to advise you.
- The saving for your customer will be absolutely tiny compared with the cost to you of implementing such a change. Time for a judgement call – will you actually lose any monthly-paying customers as a result?

Eyeplan

For Eyeplan Associates, most of the Eyeplan revenue will be fees, and therefore the impact of the VAT change will be minimal. From 1st December 2008, Eyeplan's collection charges will carry 15% VAT until 31st December 2009.

Eyeplan's VAT advisors are Cowgill and Associates.

Contact them at info@ccinternational.co.uk or telephone 08707 460810 and mention our name. The advice you get will be invaluable. We certainly recommend you speak to them before your next VAT inspection.



Contact Eyeplan : 01761 414142 or info@eyeplan.co.uk



Eyeplan Evening at Arbuthnots

Arbuthnots Opticians held an Eyeplan Evening on the 19th November at their practice in Barry, Wales. The evening featured sculpture by local artist Frankie Locke, eye makeovers from a local beautician and frame previews from Oakley, Christian Dior, Cazal and Fabio Capello. The evening was very successful with over 50 Eyeplan members and their guests visiting the practice.

Eyeplan helped with the event by designing and producing the invitations and handling the mail out. Eyeplan also helped with the refreshments. If you would like help organising your own Eyeplan event then please contact Chris or Tara.



Sparkling success



Ryley and Evans celebrated 50 years in business with an exclusive Eyeplan Evening. Douglas and Natalie Glass hosted the event which was supported by Silhouette, Swarovski, Nikon, OWP, Jaeger and Mexx, and of course Eyeplan, who assisted with producing the artwork for the invitations and provided champagne for the evening. Julie Dove and the staff at the Long Eaton practice were thanked for their tremendous efforts in putting together a wonderful event.



Eyeplan to Sponsor AIO Conference

Eyeplan are pleased to announce that they have agreed to sponsor the 2009 Association for Independent Optometry (AIO) Conference.

Eyeplan will be providing some financial sponsorship but will primarily be helping organise and manage the event. The venue and date have already been agreed and the conference will take place on the 9th, 10th and 11th of October 2009 in Wells, Somerset. In addition to CET credited lectures, the conference is a very sociable event and will feature a gala dinner on the Saturday night.

More details on the conference will be published in this newsletter in 2009 including how you can attend the conference.

In the meantime if you would like to learn more about the AIO visit www.afio.co.uk.

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