

## TWO WAYS TO EXTRACT TAX SAVINGS FROM YOUR DENTAL OPERATIONS

It is not news to anyone practicing in the dental field that technology is ever-changing. From the growing use of digital radiology to the use of lasers to treat tooth decay, there is always a new and often expensive technology to be evaluated. What may be news to those practicing in the dental industry is that *The American Recovery and Reinvestment Act of 2009* signed into law on February 17, 2009 presents small business owners, like you, with some significant opportunities to invest in their business.

If your business is considering an investment in new equipment or software, there are several reasons to act now on your business investment. Equipment and software purchased and placed in service prior to December 31, 2009 may qualify for Section 179 expensing, bonus depreciation or both.

- **Section 179** of the IRS Code allows a business to expense up to \$250,000 in equipment purchases immediately for either new or used equipment.
- **Bonus depreciation** allows for 50% of the cost of new equipment to be expensed immediately. Electing one of these two options can result in significant savings on your federal tax liability.

The example below shows the potential savings available under the current regulations:

In early February, XYZ Dentists identified the need to purchase a Digital X-Ray Machine to quickly assess the need for patients to have dental procedures performed and a WaterLase® system to assist in surgery. The total cost of this equipment amounted to \$56,996.

Purchase of new equipment	\$ 56,996
Section 179 deduction	\$ 56,996
Remaining 179 deduction available for use	\$ 193,004



From the example above, one can see that XYZ Dentists still have enough Section 179 allowance to purchase and completely expense management software that would help them keep track of appointments, patient records, accounts receivable, and sales.

If XYZ Dentists had not known about Section 179 depreciation, total tax depreciation on their new equipment would have been \$8,142, resulting in \$2,850 of tax savings. In this case, taking advantage of Section 179 resulted in \$19,378 of tax savings (assumes 35% tax bracket).

Considering the tax advantages discussed above and the current favorable interest rate environment, it may make sense to invest sooner rather than later as there is no guarantee these tax advantages in their current form will extend beyond December 31, 2009. Contact Gary Markey at 717-757-6999/800-745-8233 or via email at [gmarkey@stambaughness.com](mailto:gmarkey@stambaughness.com) for additional information regarding your specific circumstances.

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