



Items to Consider If Preparing Your Dental Practice for A Sale In 2021

- **Taxes** - Potential changes to current tax rates are a primary concern for sellers in 2021. Currently, dental practice owners would pay 20% capital gains tax on the sale of their intangible assets (goodwill). This can end up being in the area of 80% of the sale (depending upon your CPA calculation). The elimination of the capital gains benefit could potentially increase your tax rate to 39%. On a million-dollar practice sale your tax rate on the sale would increase by approximately \$ 152k (.19 X \$ 800k = \$ 152k). This could result in a significant change to your retirement plan.
- **Production** - Declining dental practice production/gross revenues can result in reduced offers. Many practices experienced this in 2020. On one hand, Covid-19 caused a drop for most dental practices and many want to return to prior levels before selling. This will require the ability to show 6 to 12 months of current production at prior levels before the sale. On the other hand, many dentists nearing retirement want to slowdown or are finding their patient base remain hesitant to come in. Allowing the practice to decline prior to the sale will cost you dearly. Each dentist needs to time the sale of their practice with the maximum production they can generate based on how hard they want to work.
- Be realistic in your **asking price**. Industry professionals understand market conditions. Excessive asking prices can result in lost opportunities.
- Try to keep **overhead expenses** low. Potential buyers really want to see your profitability.
- **Facelift** - Consider making aesthetic, lower cost enhancements to the practice. Avoid major upgrades & expense.
- Review your **Accounts Receivables**. Utilize resources to clean up outstanding A/R.
- Organize & document any **loans** (PPP/EIDL/SBA). When funded? How much? To whom? Outstanding Liens can delay closings.
- Review **local procedure fees**. Consider moderate increases to your fees, based upon your area.
- If you have plans to sell your dental practice **real estate**, you should consider having a current appraisal of the property.
- Review your **schedule**. Potential buyers like to see a busy hygiene schedule & know you are booked out into the future.
- Make sure your **website** is current & not displaying outdated information.

*Please contact: jq@dentalpracticesalesllc.com