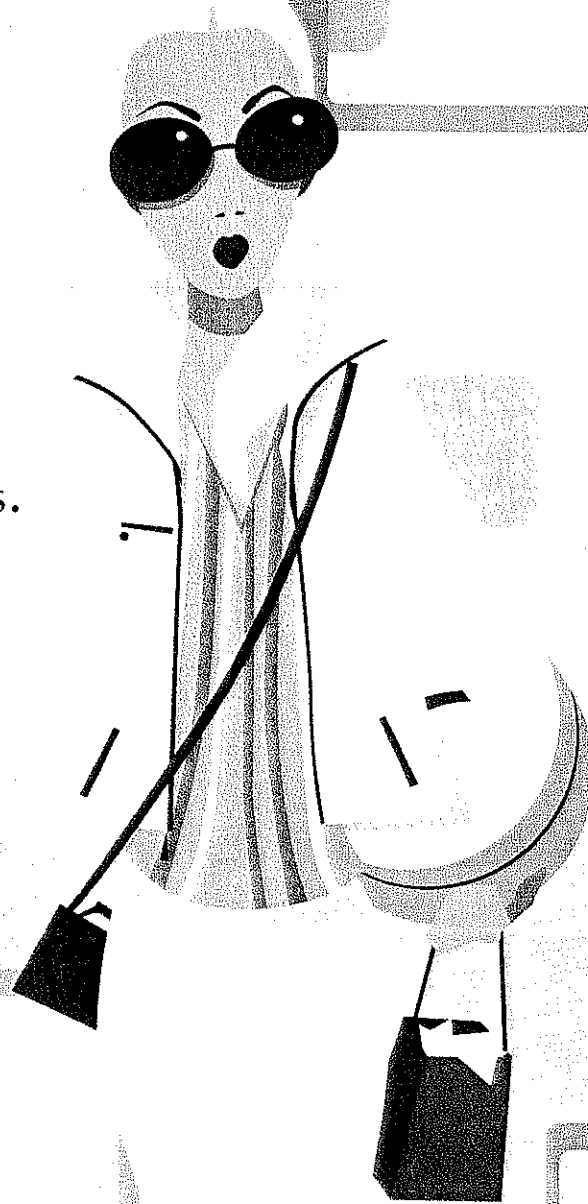


Find business bargains.

Shop 'til you drop. Bargain sales. Discounted, today only! Women have the reputation, earned or not, of being thrifty and savvy buyers. And let's face it, most of us like a bargain.

So how do you obtain discounts when you purchase business equipment? Maybe your supplier will bargain with you a bit. Maybe you can negotiate a lower interest rate for those big purchases. Maybe the government will help you. What?



Shop

'Til you drop

Your accountant has probably been telling you that you can receive an immediate write-off for the first \$100,000 of equipment you buy this year. In addition, you can also deduct 50 percent of the remaining cost of all new equipment exceeding the first \$100,000. This means if you have a sole proprietorship, an S corporation, or a partnership, you will be able to reduce your taxable income by subtracting the equipment depreciation. You will have immediate savings on federal taxes of up to 35 percent. (State taxes generally work differently, so I will not be discussing them in this article, but rest assured that this creates an extra tax savings. Check with your accountant.) The bottom line: For every dollar you spend on business equipment, the federal government will pay up to 35 cents. Not a bad bargain.

So what should you buy? It makes no sense to buy equipment just because you want to save on taxes. Spending a dollar to save 35 cents does not make good business sense. You also can get carried away with "saving" money. Have you ever been shopping and found an outfit that was such a deal, you had to buy it? Once you got it home, you never wore it because it really wasn't "you?" The same principle applies. Don't buy equipment you don't need or won't use.

Let's discuss equipment in which you may invest. For simplicity's sake, let's divide it into groups — the minor, the major, and the need to finance big-ticket items.

Minor equipment (less than \$5,000) might include a new Cavitron SPS system, updating your curing lights, cassette systems for sterilization needs, electric motor handpieces, patient-education systems, new stools for your assistants, a set of loupes so you can see what's going on in your patients' mouths, new computer monitors or another computer, or an amalgam separator. Don't forget office equipment such as a new refrigerator for the break room or a new fax machine.

For purchases of more than \$5,000, look at lasers. They are high-tech, allow you to work faster, and they are lighter to use. This will improve the ergonomics for your practice. You might consider digital radiography, intraoral video cameras, practice-management software, and CAD/CAM technology.

For those big-ticket items, how about a CEREC machine or the new Evolution D4D (Sullivan-Schein Dental's answer to the CEREC coming out in October)? Or how about a new

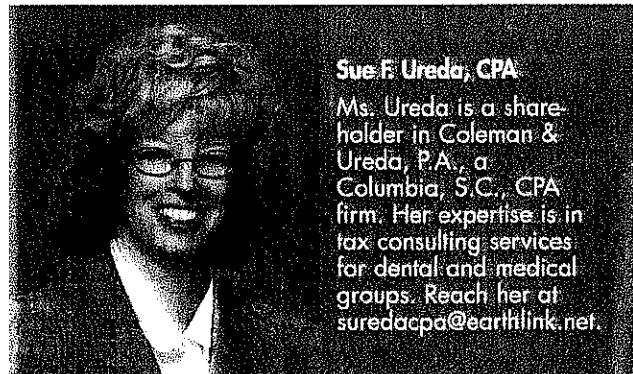
car or SUV? Maybe it's time to invest in a new operatory for your practice.

So let's say that a CEREC or Evolution D4D costs \$100,000. You talk to your Matsco rep or local banker, and the interest rate will be 6 percent. What's the net cost to you? We have to make some assumptions, so we'll assume you are in the highest tax bracket — 35 percent. You have no other equipment purchases, and you can use the entire \$100,000 deduction. The total interest paid on the loan over five years would be almost \$16,000. The net cost of the interest would be \$10,400. (Remember, the government is helping you.) If you persuaded your moneylender to give you a 5 percent loan instead, the net interest would be approximately \$8,700, a savings of \$1,700. The net cost of the equipment, excluding financing, would be \$65,000. Makes it a little more reasonable, doesn't it?

How do you get a better interest rate from your friendly lender? According to our local Matsco representative, Richard Armstrong, a lender will look at an experienced dentist's character and credit rating. Lenders use a scoring model called a FICO score. The better the score, the lower the interest rate. For a start-up dentist, rates will be higher because he or she usually doesn't have a business track record. A personal guarantee from a family member can improve the interest rate. Your accountant can help you put together a good business plan. In addition, having a good business relationship with your lender will help.

What if you need a new car? If you decide you want a big SUV (more than 6,000 pounds fully loaded), you can deduct the entire business amount of the car during the first year. Remember, you must be able to document at least 50 percent business use every year for the next five years. If a smaller car makes sense

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for you, you can still deduct up to \$10,710 this year, assuming 100 percent business use. Remember that the IRS is not happy about the SUV deduction, so keep good records of business vs. personal use for your car.

So what do women dentists look for in equipment? According to Joe Flumian, our local Sullivan-Schein Dental representative, women are concerned with ergonomics. How can they sit better, sit lower, and accommodate their bodies? According to Flumian, most dental equipment is designed for men. Women typically have longer legs

and shorter bodies, so it's important to find furniture and equipment designs that work for them. He says women typically complain about backaches. Talk to your dental equipment rep to make sure what you order will help, not hinder, your work.

If you attend state or national dental meetings, visit the exhibits. If you are willing to buy demonstration equipment, salespeople often provide discounts and throw in free shipping. Add that to your government discount, and you can save a significant amount. Happy shopping, everyone! ■