

# Ask the Broker

November 2012

## As the year comes to a close....

### Whether your candidate won or lost

in last month's presidential election, I am sure we are all glad that it is over. From California's election, one thing is certain...taxes will increase for most dentists! I mentioned in last month's feature that we would report back on a relatively new tax-deferred strategy known as the Deferred Sales Trust. An east coast firm specializes in setting this up for dentists and veterinarians. It is essentially an installment sale through the trust. Every accountant I consulted with about this strategy felt that it would not cut the muster with the IRS. I discussed the accountants' concerns with the representative for the firm. While he understood and addressed our concerns, the strategy really has not been fully tested and the investors/Sellers would need to understand the implications if the IRS ultimately ruled against the strategy.

#### Here is my year-end advice for Sellers

If your practice is currently on the market or you are contemplating selling your practice next year, finish the year strong!! Lenders and Buyers value your practice almost exclusively on the most current year-end P&L. Try **not** to take too much time away from the office until January. Make all of your December bank deposits on time and try to have them posted **before** January, as opposed to some accountant's advice for you to wait until January so that the tax burden is delayed for a year. If you are currently under contract, many accountants are advising their clients to close this calendar year due to the tax changes. In the past, most accountants advised their Sellers to close in January. If you are thinking of selling next year, begin the process now so that you are ready for what is traditionally the busiest time of the year for buyers coming into the market, which is usually late January.

#### Here is my year-end advice to Buyers

If you are under contract, work to close **this** year. Sellers are much more amenable to closing this year. If you are frustrated searching for the right opportunity, I believe that the inventory will start to pick up next year as compared to the past few years because many Sellers who have been holding on may decide that it is time to finally retire next year as they probably realize that taxes will only increase in the future.

To all of you, have a safe and happy holiday season!

Questions? E-mail [wps@succeed.net](mailto:wps@succeed.net)

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A graduate of Creighton University School of Dentistry (1983), he and his wife, Mona Chang, DDS (LLUSD 1984) were in private practice together for 15 years in Scottsdale, AZ, before establishing their home in Northern California.

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