

Goodman CPA

 Elevating Your Financial & Tax Position



7

Tax Strategies
To Implement
Quarterly for
Direct Care
Practices



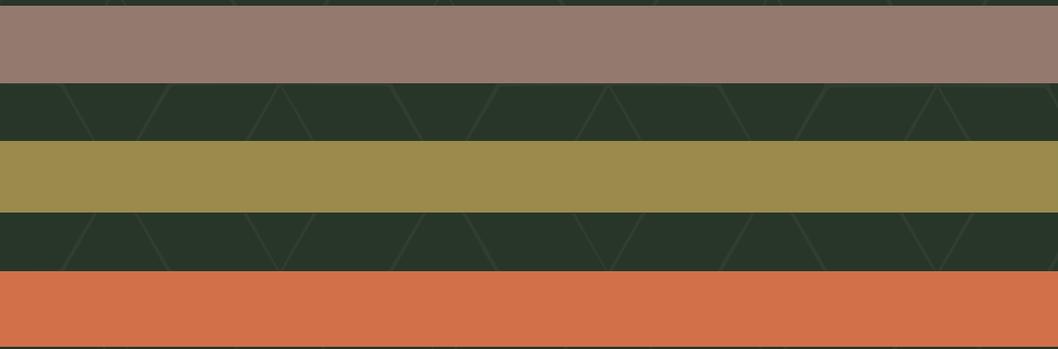
Start Saving On Taxes, Today!

**Thank you for downloading our 7 Tax Strategies
To Implement Quarterly E-Book – Direct Care Edition.**

For Direct Care physicians and practice owners, taxes aren't something you deal with once a year. Every decision – from purchasing exam room equipment, hiring new staff, or setting up a retirement plan – has a tax impact. This guide highlights 7 key strategies that can help you reduce taxes, free up cash flow, and reinvest into your patients and your practice.



Tax Strategy



1

Strategy #1

Home Office

Overview: To qualify for a home office deduction, you must use part of your home in one or more of the following ways:

- Exclusively and regularly as your principal place of business
- Exclusively and regularly to meet with patients or practice members in the normal course of business
- On a regular basis for certain storage use
- As a telehealth or administrative office

“Exclusively” means the area can only be used for your medical practice. “Regularly” means you use the space more than occasionally or incidentally. A home office qualifies as a principal place of business if it is used exclusively and regularly for administrative or management activities of your practice, and there is no other fixed location where you conduct a substantial portion of those activities.

For Direct Care physicians, this could apply if you chart patient records, conduct telehealth visits, or manage membership billing from your home office.

Requirements:

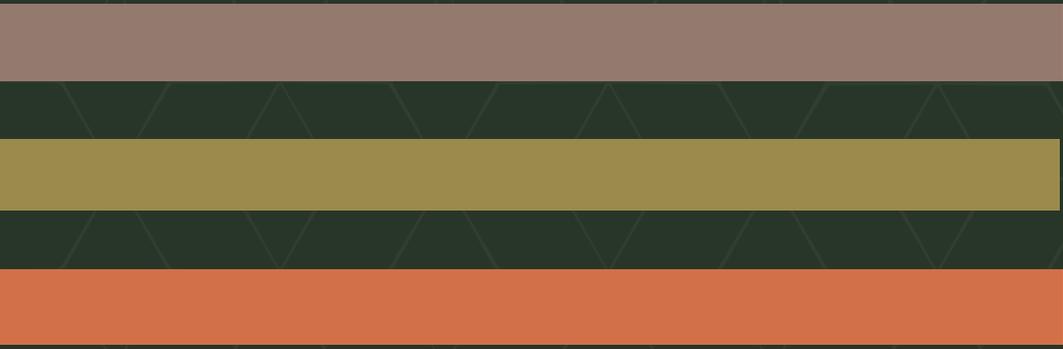
- The home office is the principal place of business for a Schedule C company.
- If the practice is not a Schedule C, these numbers can be used as part of an accountable plan.

Next Steps:

- Work with Goodman CPA to accurately design, develop, and implement this strategy for your current year taxes.



Tax Strategy



2

Strategy #2

Hiring Your Child

Overview: If you're a physician who owns your own practice, you can begin the wealth-transfer process and leverage a tax deduction by hiring your children as employees. For example, children can help with patient intake paperwork, scanning supply invoices, cleaning exam rooms, or managing your practice's social media presence. Payments must be reasonable and for legitimate services.

Requirements:

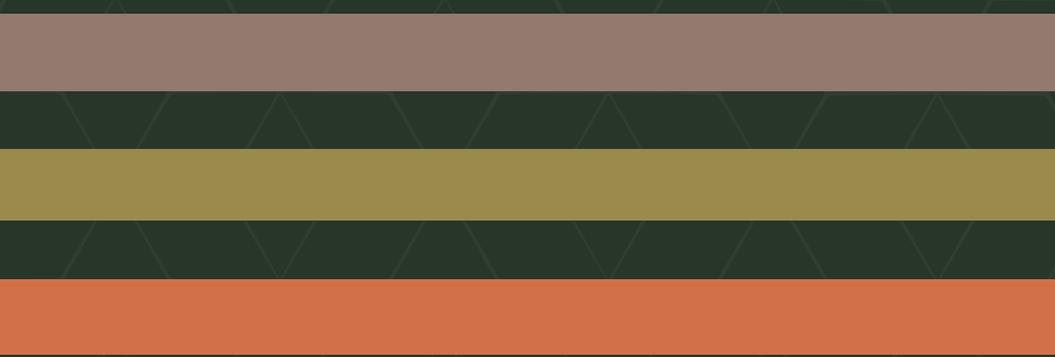
- Payments to children under 18 are not subject to Social Security and Medicare taxes if the practice is a sole proprietorship or spousal partnership.
- Payments to children under 21 are not subject to FUTA taxes.
- Wages must be based on a market rate of pay and be paid in exchange for legitimate services rendered to the practice.
- All payments are subject to income tax withholding.
- Wages paid through corporations or partnerships with non-spouse partners are subject to payroll taxes.

Next Steps:

- Work with Goodman CPA to implement this strategy with proper payroll and documentation.



Tax Strategy



3

Strategy #3

Employee Achievement Award

Overview: In general, awards given by employers to employees, whether paid in cash or property, are deductible to the employer. Certain gifts of tangible personal property can be excluded from the employee's income.

For medical practices, this could include gifting your medical assistant a high-quality stethoscope, ergonomic chair, or a massage package. This is a great way to recognize and reward staff without creating additional tax liability.

Requirements:

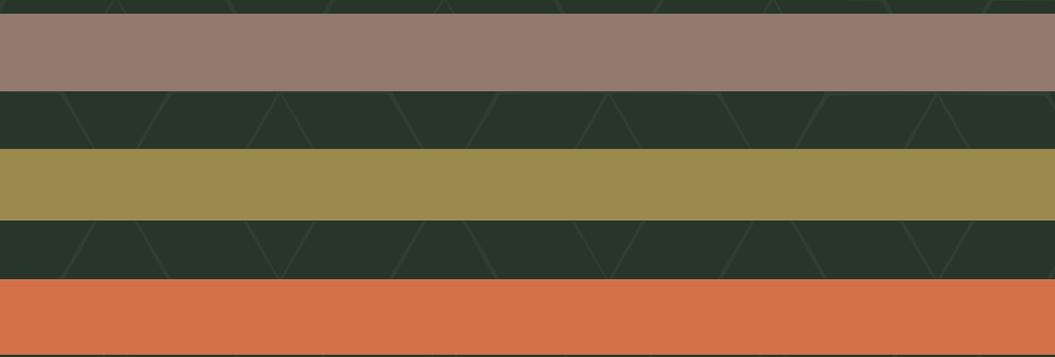
- Awards must adhere to the written plan document that outlines the qualifying rules and requirements.
- All employees must be eligible (except S corporation owner-employees).
- Awards must be tangible personal property, not cash or cash equivalents.
- Awards must not exceed an average of \$400 per employee per taxable year (\$1,600 total maximum).

Next Steps:

- Implement an employee recognition plan and document qualifying gifts to your practice staff.



Tax Strategy



4

Strategy #4

Accountable Plan

Overview: An accountable plan allows employees, including owner-physicians, to be reimbursed for expenses paid out of pocket. The expenses become deductions to the practice, and the reimbursement is non-taxable to the employee. Without an accountable plan, the payments could be considered taxable wages by the IRS.

For Direct Care practices, reimbursable expenses could include CME conferences, malpractice insurance, exam room furnishings, diagnostic supplies, or EMR subscriptions.

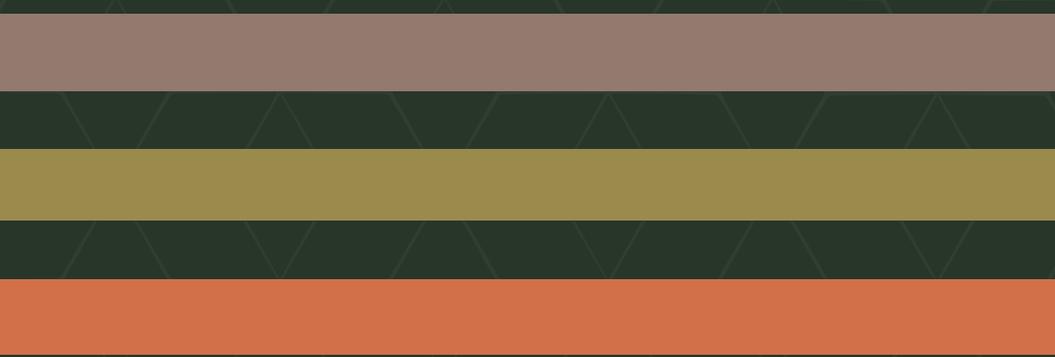
Requirements:

- The expenses must have a business connection.
- Employees must adequately document the expenses and report them within a reasonable time.
- Employees must return any excess reimbursements within a reasonable time.

Next Steps:

- Create a written accountable plan that outlines reimbursable expenses and submission requirements.

Tax Strategy



5

Strategy #5

Retirement Planning

Overview: Retirement planning allows practice owners and staff to save for the future while reducing taxable income today. By contributing to tax-advantaged accounts, you can lower your current tax bill and set aside funds for retirement.

Options include:

- SEP IRA – Flexible, simple plan allowing contributions up to 25% of compensation.
- Solo 401(k) – Great for solo physicians or physician + spouse practices; allows both employer and employee contributions.
- SIMPLE IRA – Best for smaller practices with up to 100 employees; easy to administer and helps attract staff.

Requirements:

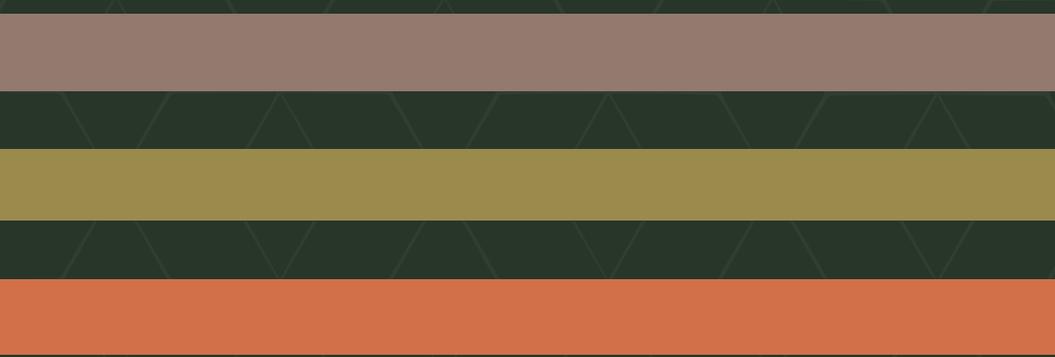
- Contributions must align with plan rules and limits.
- Employer matching requirements apply for SIMPLE IRAs.
- Compliance with IRS contribution limits is required.

Next Steps:

- Work with Goodman CPA to evaluate which retirement plan best fits your practice and implement it before year-end.



Tax Strategy



6



Strategy #6

Cost Segregation for Medical Practice Buildings

Overview: When you purchase a building for your practice, you can accelerate depreciation through a cost segregation study. Instead of depreciating the entire property over 39 years, cost segregation identifies components that qualify for shorter depreciation lives (5, 7, or 15 years).

Examples for physicians include exam room cabinetry, specialized plumbing, waiting room furnishings, and improvements for diagnostic equipment.

Requirements:

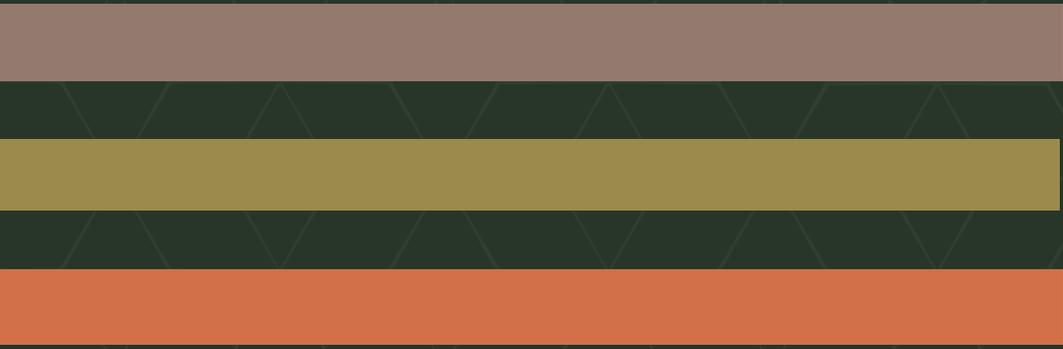
- You must own a commercial building or office condo used for your practice.
- A professional cost segregation study must be performed.
- Identified assets must be properly categorized for depreciation.

Next Steps:

- Engage Goodman CPA to determine if a cost segregation study is beneficial for your building purchase.



Tax Strategy



7

Strategy #7

Augusta Strategy

Overview: Business owners can rent their personal residence to their practice for up to 14 days each year. The rental income is excluded from your taxable income, while the practice can deduct the expense.

For Direct Care physicians, this could be used for quarterly practice planning sessions, patient education workshops, or staff appreciation events.

Requirements:

- The rental must not exceed 14 days per year.
- A written lease agreement and documentation of fair rental value must be in place.
- Eligible for S corporations, C corporations, or partnerships, but not sole proprietors.

Next Steps:

- Work with Goodman CPA to establish fair rental value and lease documentation for your practice.



Direct care physicians face unique opportunities to reduce taxes and strengthen their financial position. By implementing these 7 strategies, you can create savings, improve cash flow, and reinvest into your patients and your practice.

Ready to take the next step in growing your Direct Care practice and elevating your financial position?

Reach out to Goodman CPA today!

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