

ROI for a Laparoscopy Suite in Year One

ASSUMPTIONS		
A. Equipment cost*		\$ 35,950
B. Interest rate on loan		6%
C. Average billed/procedure		\$ 500
D. Loan term (in months)		60
E. Monthly procedures		4
F. Estimated tax bracket		35%
RESULTS	CALCULATION	
G. Loan payment/month	$B * A / 1 - (1 + B)^{-D}$	\$ 695
H. Billings/month	$C * E$	\$ 2,000
I. Gross profit/month	$H - G$	\$ 1,305
J. Break-even procedures/month	G / C ; expressed as a whole number	2
K. IRS Section 179 allowance	A; max. of \$500,000	\$ 35,950
L. Bonus depreciation	N/A	\$ -
M. Tax benefit of first-year MACRS depreciation above \$25,000	$((A - 25,000) * 0.2) * F$	\$ -
N. Total tax savings in Year 1	$K * F$	\$ 12,583
O. Equipment cost after Year 1 tax savings	$A - N$	\$ 23,367
P. Year 1 cash-on-cash return	$(H * 12) / O$	103%

Section 179 provisions effective for U.S. practices for purchases made on or after January 1, 2016

* Equipment cost based on purchase price of EndoDiagnostic+Surgical Suite (EDSS) from Biovision Veterinary Endoscopy