

ROI for Biovision NeedleView Arthroscopy Suite (Micro-Invasive Arthroscopy)

ASSUMPTIONS		
A. Equipment cost		\$ 14,775
B. Interest rate on loan		6%
C. Average billed/procedure		\$ 1,000
D. Loan term (in months)		60
E. Monthly procedures		1
F. Estimated tax bracket		35%
RESULTS	CALCULATION	
G. Loan payment/month	$B * A / 1 - (1 + B)^{-D}$	\$ 286
H. Billings/month	$C * E$	\$ 1,000
I. Gross profit/month	$H - G$	\$ 714
J. Break-even procedures/month	G / C ; expressed as whole number	1
K. IRS Section 179 allowance	$(A; \text{max. of } \$25,000) * F$	\$ 5,171
L. Bonus depreciation	No longer allowed	\$ -
M. Tax benefit of first-year MACRS depreciation above \$25,000	$((A - 25,000) * 0.2) * F$	\$ -
N. Total tax savings in Year 1	$K + M$	\$ 5,171
O. Equipment cost after Year 1 tax savings	$A - N$	\$ 9,604
P. Year 1 cash-on-cash return	$(H * 12) / O$	125%

IRS Section 179 provisions effective for U.S. practices for purchases made on or after January 1, 2013