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NEWSLETTER

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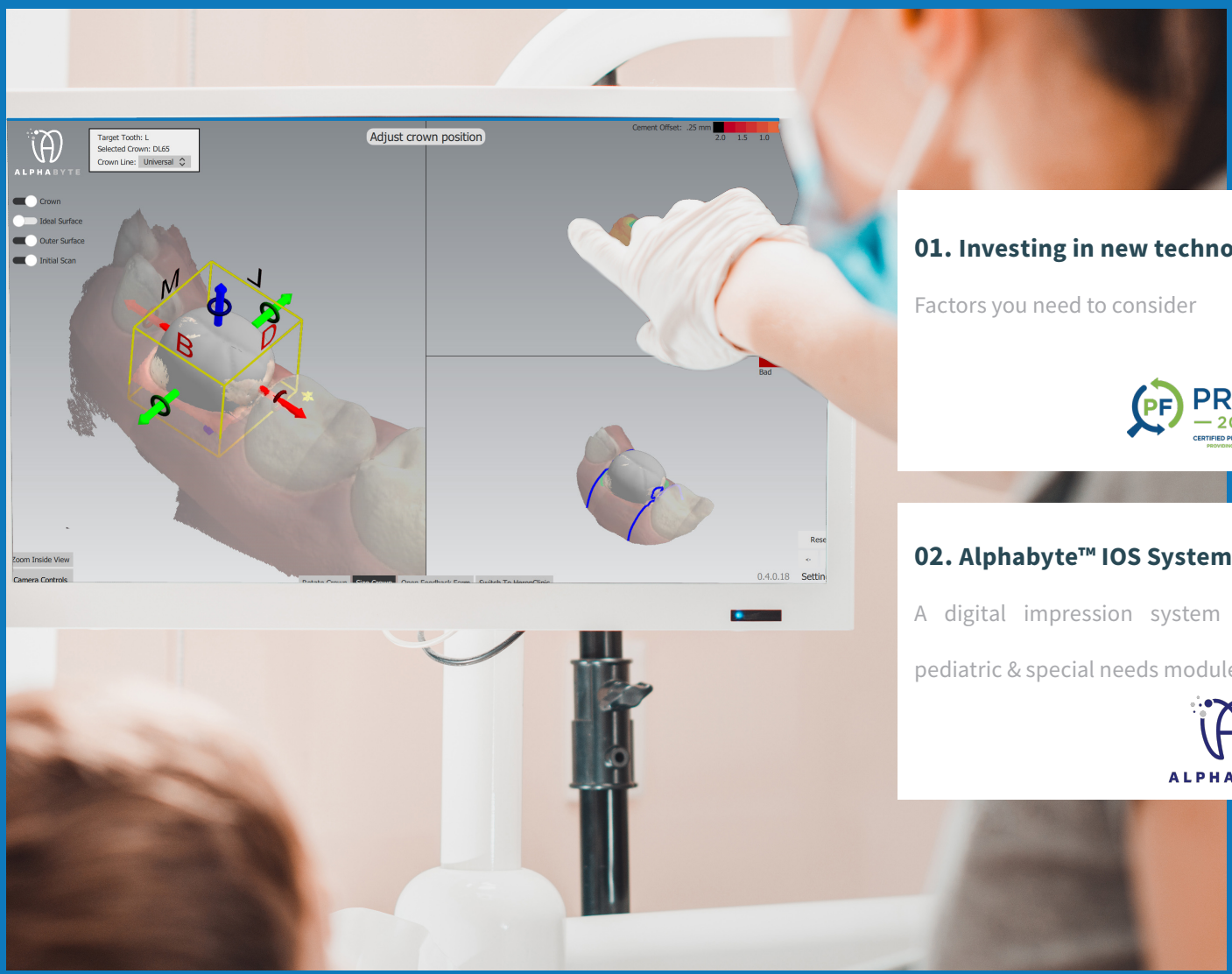

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Factors you need to consider

02. Alphabyte™ IOS System

A digital impression system with a pediatric & special needs module

Investing in new technology

Factors you need to consider

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As Dental CPAs, one of the most common questions we are asked is, "How much will I save in taxes if I purchase new equipment for my dental practice?" Acquisition of new dental equipment, such as the Alphabyte Pediatric & Special Needs Scanner, has many tax and non-tax advantages. One of the oldest sayings in the tax world is, "Don't let the tax tail wag the investment dog!" Given that we are a Dental CPA firm, you might think all our solutions are centered around tax. While we are heavily focused on minimizing a business owners' tax liability, we believe non-tax objectives of a business owner should also be considered. Tax is only one piece of the puzzle, and it is not the entire puzzle. Yes, there are tax advantages that we will explore in detail later in this article.

We believe there are many factors you need to consider when investing in new technology for your dental practice. Aside from questions surrounding clinical standard of care,

You should be asking yourself:

- How much will this new technology increase revenue or decrease expenses?
- How much time will this new technology save us to improve our efficiency?
- What is my projected Return on Investment (ROI) and how long will it take to achieve?
- How long will it take to implement and who will be accountable?
- What will it cost for staffing and implementation?

Cutting edge technology and equipment can also provide psychological benefits for your team and your patients. Modern technology conveys to parents that you care enough to have the most up-to-date equipment for their child's oral health-care services.

Implementing new technology may increase revenue and/or decrease ongoing expenses in various ways. For example, the proper use of Alphabyte can help your team speed up your cases 4x faster than before. Completing cases faster with the same or better standard of care reduces chairside time, thereby increasing your profit margin per case. Reduced chair time per patient also increases your scheduling capacity, thereby increasing your revenues if you fill the open chair time with new patients.

So, you may be wondering, what are the tax advantages from the purchase of new dental equipment? Depending on your business entity type and specific situation, the amount of depreciation allowed in any given year may be different from

Investing in new technology cont.

our examples below. Please consult your tax advisor on your specific situation.

First, to get any benefit in 2022, the equipment must be placed in service by December 31, 2022. This means the equipment must be delivered, installed, and ready to be used in your dental practice by that date. Since most dental practices operate on the cash basis of accounting, the equipment invoice must be paid — either with a check or financing or a credit card charge — dated Dec. 31, 2022, or earlier.

There are three main ways to recover the cost of your new equipment using tax depreciation:

- Section 179 expensing
- 100% additional first-year bonus depreciation
- Regular depreciation

Each method has its own advantages and disadvantages. Let's take a quick look at them now.

Section 179 expensing allows you to write off (depreciate) the entire cost of equipment in the year of purchase. For 2022 , the maximum expense write-off is $1,080,000.

100% additional first-year depreciation (also called bonus depreciation) is your second option. Unless your dental CPA elects out of it, you must take bonus depreciation on all eligible acquisitions in the year of purchase. Unlike Section 179, bonus depreciation is "all or nothing" based upon the recovery year class (typically three, five, or seven years). Current tax regulations require you to take it or elect out of it.

After that, the following phase-down will occur:

- 80% for property placed in service after December 31, 2022, and before January 1, 2024
- 60% for property placed in service after December 31, 2023, and before January 1, 2025
- 40% for property placed in service after December 31, 2024, and before January 1, 2026
- 20% for property placed in service after December 31, 2025, and before January 1, 2027

There is no limitation on the amount of bonus depreciation you may claim. Under the Tax Cuts and Jobs Act, first-year bonus depreciation at 100% will remain in effect until January 1, 2023.

Regular depreciation spreads the depreciation deduction over the life of the asset. Five-year assets are depreciated over five years. Seven-year assets are depreciated over seven years. Unlike Section 179 and the 100% bonus depreciation, there is no large deduction in the year of acquisition. However, you do get a tax deduction in each year until the equipment is fully depreciated. By spreading the depreciation deduction over the life of the related asset, you are spreading the tax savings over the life of the asset.

Investing in new technology cont.

Below is an example of all three methods, assuming you acquire $100,000 in dental equipment during 2022. To compute your tax savings on your 2022 dental equipment acquisitions, use this chart to assist you.

	Regular Dep	100% Bonus	Section 179
Dental Equipment Cost	$ 100,000	$ 100,000	$ 100,000
Tax Bracket (assume 40%)			
Tax Deduction	$ 20,000	$ 100,000	$ 100,000
Tax Savings	**($ 8,000)**	**($ 40,000)**	**($ 40,000)**

As you can see, depreciation is not one-size-fits-all. You could write off as much as $100,000 of the $100,000 cost in 2022. Please be careful when choosing the depreciation methodology, as most states do not conform to federal tax law, so your tax deduction at the state level may differ from the federal deduction. As noted above, under the current tax law, acquiring equipment in 2023 will reduce your tax deduction by 20% if you utilize Bonus Depreciation.

We have outlined the three major methods of depreciating the cost of acquiring dental equipment during 2022 in your dental practice, along with the estimated income tax savings. For more information on your specific situation, contact your Dental CPA or visit Pro-Fi 20/20 Dental CPAs at www.profi2020.com.

Alphabyte™ IOS System

A digital impression system with a pediatric & special needs module

Kinder Krowns joined forces with 3Disc and Seikowave to create Alphabyte—the world's first intraoral scanning system (IOS) with a preformed zirconia pediatric crown workflow. The Alphabyte software module is multifaceted and helps the provider with a host of functions to increase procedural efficiency, accuracy, tooth conservation, and ultimately patient and provider confidence.

At the AAPD Annual Meeting in Chicago this year, we gave a sneak peek at the system in its development stage. The interest was high, especially considering the scanner itself offers the same wide-ranging capabilities of other contemporary IOS devices. In fact, Alphabyte was intentionally built to operate within 3Disc's Heron IOS platform for that reason. For example, many Kinder Krowns customers prescribe orthodontic appliances, such as clear

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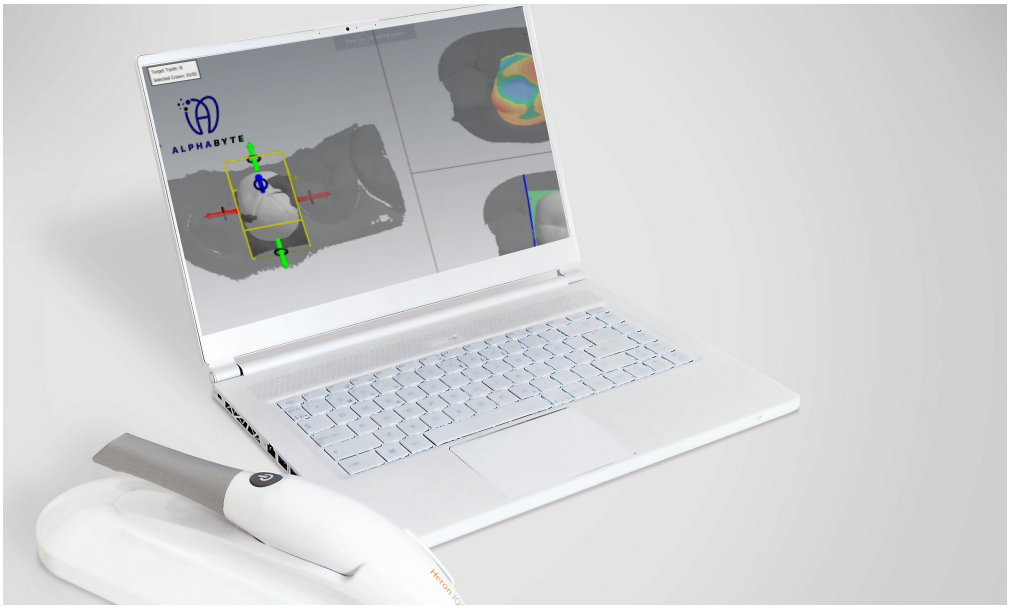
Alphabyte™ IOS System cont.



such as clear aligners and custom crownswhich the Heron IOS was already capable of performing. This truly is an all-in-one, complete system that will allow you to add additional services to your practice.

How it works

1. Optical Digital Impression System

The first step of the process is to take a pre-operatory scan. The Heron IOS functions similarly to most intraoral scanners in terms of optical digital impressions. Fortunately, for preformed crowns, you do not need to have to scan very many teeth, nor do you have to allow the computer to post-process and send the data anywhere. This saves significantly on procedural time. Usually, in under 10 seconds, you can acquire enough data about the treatment tooth and a few neighboring teeth to run the semi-autonomous treatment guidance.

2. Digital Preformed Crowns

Then, the Alphabyte™ software module runs automatically from the Heron Clinic software after the initial scan. After identifying the treatment tooth, the patent-pending algorithm automatically cycles through all the libraries of crown forms **(exclusively Kinder Krowns®)** and proposes the best fit digital crown, which corresponds to the crowns you have in your local inventory. It also allows the provider to adjust and modify the crown position and size proposal per their discretion.

3. Preparation Guidance

The module automatically identifies the tooth reduction requirements necessary to accomplish the crown

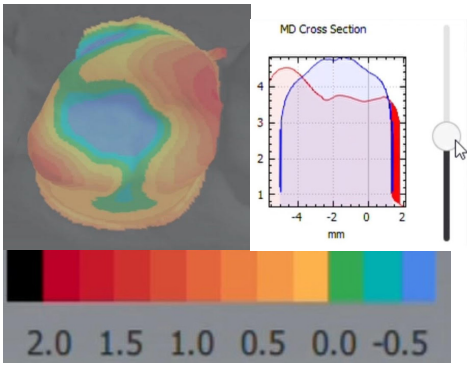
QUICK SCAN
In under 10 seconds, you can acquire enough data for AI-driven crown selection and preparation

PREP GUIDE
Patent-pending, heat-mapped tooth reduction guide

REFINEMENT GUIDE
Scan your initial prep for an updated guide

MINIMAL REDUCTION
Conserve valuable tooth structure, avoid pulps

Alphabyte™ IOS System cont.



Patent-pending, Preparation Guide

necessary to accomplish the crown suggested. A real-time, color mapped reduction depth chart illustrates reduction requirements on all surfaces of the tooth. Which means you can now be much more conservative with your preparation approach. There are often surfaces of unprepared teeth that require zero preparation whatsoever. With your cheat sheet for preparation, you are much more likely to achieve a passive fit on the first attempt.

Preparation Refinement (only if necessary)

Particularly for new-to-zirconia and infrequent users, clinicians are likely to leave areas of under reduction. Knowing exactly what is causing a crown to bind and not fully seat is a completely subjective, and usually something corrected by experience alone – this is no longer the case. By simply using the scanner and passing it over your initial preparation attempt, Alphabyte will re-run the automated algorithm. It will analyze the preparation form and in mere seconds we can pre-answer those questions. Often, providers would blindly refine a tooth circumferentially until it fit. Now we can see exactly where the tooth is under reduced. This minimizes risking secondary pulpotomies and over-reducing certain areas.

About the scanner

The Heron IOS is a digital 3D imaging solution brings simplicity to the beauty of your work as a medical professional. One of the most ergonomic and easy to use scanners on the market, the Heron weighs in at 150 grams with a compact, streamlined design for more efficient scanning and increased patient comfort. Not to mention, the scanner tip is one of the smallest on the market and works great in the pediatric oral cavity. The HeronClinic software allows your team can easily navigate the intuitive, user-friendly interface to meet all your restorative, orthodontic, and implant needs. Whether it is in case creation, scanning or case integration, the Heron IOS with clear workflows and a cloud sharing platform, makes it easier than ever to create and browse patient cases, scan, and share with your lab of choice. It is worthwhile mentioning that Kinder Krowns (Mayclin Dental Studio) is the only full-service Certified Dental Laboratory (CDL) that manufactures pediatric dental crowns.

By combining all the advantages of practice economics, service marketability, cutting-edge technology, and premium materials, Alphabyte is a practical but powerful update for pediatric providers in the digital age. Welcome to the advent of digital pediatric dentistry!

TRAILBLAZER SPECIAL

For a limited time we're offering a trailblazer (early adoption) **discount of $8,000. Dropping the price to $19,900.**

Additionally, trailblazers get 1 year of support, a Zirconia Anterior Premier Kit (or posterior equivalent if preferred), and a training kit.

Scanner specifications

Scanner Type	Hand-held (chairside) scanner that creates optical impressions for dental restorations.
Design	Compact, lightweight, ergonomic - designed to be operated with little physical effort.
Base Dimensions	Size: L 306mm, W 98mm, H 72mm
Scanner Weight	150 grams
Scanner Size	L 256mm, W 43mm, H 43mm
Scanner Cable Length	2m
Power Requirement	DC 5.0V / 4A (Power supply included)
Scanner Tip	Reusable up to 250 times, sterilize using steam autoclave
Heating Element	Ventilated. Prevents formation of fog on optics
Acquisition Method/Imaging technology	Hybrid technology: active stereo imaging and structured light
Sensor technology	CMOS
Color Scanning	24-bit (8-bit per channel)
Scanning frequency	25-30 FPS
Imaging field-of-view	12mm x 14mm
Light sources	High-power LEDs

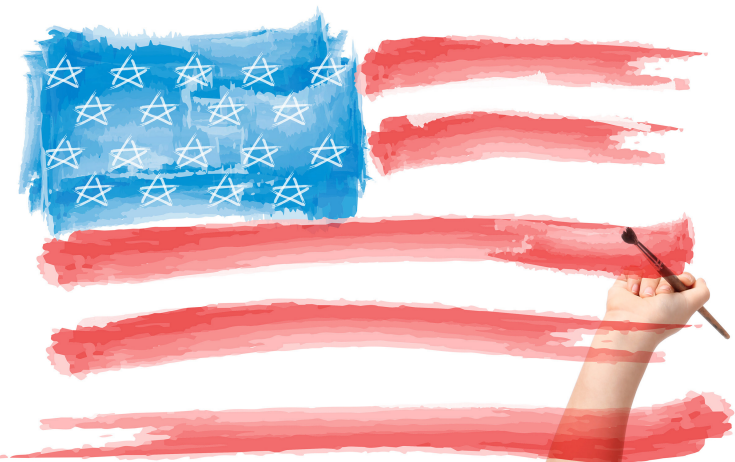
Software process and specifications

Tooth Preparation	No powder or spray required
Scanning Principle	Continuously scanning and stitching
Distance Scanner - Tooth	-1mm – 19mm
Operator accessible part	Wand
Possible contact	t ≤ 10 min
Patient accessible part	Tip (autoclavable)
Computer - Scanner Interface	USB 3.0

Indications

Preformed & Conventional Crowns
Mouthguards
Bleach trays
Bridges
Orthodontic aligners
Nightguards, Splits, Retainers
And more

Proudly Made in USA.



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