



Top-Dollar Medical Practice *Sale Guide*

S T E P S

Define exit goals and timeline.

1

2 Normalize financials;
document add-backs.

2

Pre-LOI: choose asset vs.
equity and target **Form 8594**
allocations (under IRC §1060).¹

3

4 People plan: retention bonuses
and patient communications.

4

5 Pre-diligence contracts,
compliance (Stark/AKS), and
malpractice tail.

5

6 Model taxes and working-
capital target (A/R, A/P).

6

7 Close with aligned documents
and a 90-day transition plan.

7



PITFALLS



Letting buyers control the story.



Ignoring tax allocations until the end.



Underestimating people risk.



Vague working-capital terms.



Missing assignment clauses and Stark/AKS considerations.²



Assuming non-competes are always enforceable. Rules vary by state, and the FTC's 2024 rule remains enjoined/under appeal **as of September 2, 2025**—coordinate with counsel.³



KEY FACTS



Goodwill is usually taxed at long-term capital-gain rates; equipment can trigger ordinary-income **recapture** (Form 4797).^{4,5}



Covenant-not-to-compete payments are generally **ordinary income** to the seller; goodwill is typically capital gain.⁶



Reference: **Form 8594** (allocation), **Pub 544** (asset sales).¹⁵

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DUE DATES & TIMING



Typical timeline: **90–150 days** from LOI to close.



Malpractice tail: quote and bind **before** closing.



Working-capital target: finalize **2–3 weeks** pre-close.

If you'd like help tailoring it to your situation,

BOOK A DISCOVERY CALL WITH MEDTAX.