

The Successful Dentist™

Dental Tax and Finance



Deadlines & Misc.



ESTIMATED TAX

Second Quarter Estimated Tax Payments are due by June 16th

2025 RETIREMENT PLANS

Deadline to establish a new Safe Harbor 401k for 2025 is October 1st (August 22nd for Guideline plans).

REMINDERS

- Tax Projections – We will be sending out info requests within the next 30 days. Please reply by July 21st.
- Unclaimed Property Due Diligence Letters must be sent out between May 1 and August 1 for unclaimed amounts over \$75.



CONTACT US

3015 112th Ave NE, Suite 210
Bellevue, WA 98004
425.216.1612 or 425.739.0300
mailecpa4dds.com

Helping Dentists Make Smart Decisions about Money

In this issue:

- Updates on Washington State and Federal legislation that impacts your business
- DAG Scholarship Recipients
- Retirement Plan Deadlines
- Unclaimed Property Reporting
- Annual Survey & more!

As summer time sets in we are ramping up our mid-year tax planning cycle. Please be on the look out for communications from our office regarding this matter.

As a reminder our office will be closed from July 3rd – 7th in observance of the Independence Day holiday weekend.

Washington Senate Bill 5351 Signed into Law

On May 12, Washington Governor Bob Ferguson signed WSDA's dental benefits reform legislation, Senate Bill 5351, into law. This bill marks a win for dentists and patients by making meaningful progress on the issues of same-day denials, virtual credit cards, dental loss ratio and non-network reimbursement fairness. Looking ahead, WSDA is preparing future legislation and other actions that will build upon this success.

Learn more: wsda.org/news/blog/blog-details/2025/05/13/governor-signs-wsda-s-dental-benefits-reform-bill-into-law

Earlier this year, the Dental Accounting Group helped provide the WSDA with written testimony in support of the bill. [Click here to read the full letter.](#)

We continue to be strong advocates for private practice dentistry! DAG is committed to helping improve your financial success.

Updates on the “Big Beautiful Tax Bill”

The bill passed the House on May 22, 2025 and is currently with the United States Senate. Potential provisions include:

- Increasing the Qualified Business Income Deduction from 20% to 23%
- Modifying the phase-out period to be more gradual between \$400k-\$500k of household taxable income
- Increasing the State and Local Tax (SALT) cap to \$40K, but limiting the Pass-Through Entity (PTE) tax workaround for higher income households.

We are keeping a close eye on this legislation and will provide updates accordingly.

Our DAG Scholarship Recipients

The Dental Accounting Group created the DAG Business Leadership Scholarship in 2024 with the vision of bringing awareness to and promoting private practice ownership. We want to encourage young dentists to learn the business of dentistry and pursue private practice ownership.

Each year we invite 4th year dental students & specialist graduate students to apply with a business plan. Starting in 2026 we will be expanding the scholarship to students outside of Washington State!

More information can be found here: DAGScholarship.com

CONGRATS!



Dr. Andrea Akabike
University of Washington School of
Dentistry, Pediatric Resident



Dr. Gregory Montgomery
University of Washington School of
Dentistry, Periodontics Resident



New Washington State Capital Gains Tax

2025 brings some notable changes to local taxes in Washington State.

Capital Gains Tax

The Washington capital gains tax has been in place for a few years now. Washington taxpayers are subject to a 7% tax on long-term capital gains that exceed an annual threshold (currently \$270,000). An additional 2.9% tax is now being added for taxable gains above \$1 million. This retroactively applies to any gains realized as of January 1, 2025.

With the annual exemption, this essentially means you must have long-term capital gains of \$1,270,000 before the additional tax applies. The first \$270,000 is still exempt, and gains from \$270,000 - \$1,270,000 are still taxed at 7%. Only the gains exceeding this amount are taxed at 9.9%.

There are no changes to the existing exemptions and deductions, such as gains on real estate, retirement accounts, and qualified family-owned small businesses.

New Washington State Estate Tax

Estate Tax

Many are aware of the increased federal estate tax exemption. When someone dies, they can leave assets to their heirs without paying any estate tax as long as the estate is under \$13.99 million (or \$27.98 for a married couple). This effectively means that very few people need to worry about the federal estate tax. (Note that this is currently scheduled to sharply decrease next year, although legislation is currently in the works that could extend it).

However, many states also have a state estate tax, including Washington. The state exemption is currently much lower, at \$2.193 million and has been unchanged for several years. It will increase to \$3 million on July 1, 2025, and it will be indexed to inflation each subsequent year. Note that unlike the federal exemption, this is not “portable” between spouses, meaning you cannot double the exemption to get \$6 million per couple. When the first spouse dies, everything can pass to the surviving spouse tax free. But when the second spouse dies, they will only be entitled to a \$3 million exemption, the same as someone who was never married.

While the increased exemption will allow more people in the state to avoid the state estate tax, once you are above that exemption, the rate at which you pay the estate tax is increasing. Similar to the federal income tax, the state uses progressive brackets where larger estates pay a larger percentage in taxes. The rates currently range from 10%–20%, but the top bracket will now increase to 35%.

Taxable Estate (amount above exemption)	Current Rates	Rate as of 7/1/25
<\$1m	10%	10%
\$1m - \$2m	14%	15%
\$2m - \$3m	15%	17%
\$3m - \$4m	16%	19%
\$4m - \$6m	18%	23%
\$6m - \$7m	19%	26%
\$7m - \$9m	19.50%	30%
>\$9m	20%	35%

Business owners can also take advantage of another exclusion, if the value of the business owned makes up over 50% of the taxable estate and has been actively operated by the decedent or a family member for at least five of the previous eight years. Currently, you can exclude \$2.5 million of the business from your total estate value. That amount is increasing to \$3 million.

However, if the business is later sold, or the business no longer qualifies within three years of death, the State can go back and assess tax on the business as if it had been included in the taxable estate.

Should you have any questions on these tax changes, or how you can best plan to limit your exposure, please do not hesitate to reach out to us.

Washington Saves Retirement Program: What Employers Need to Know

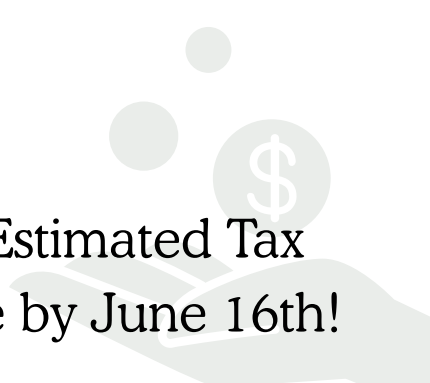
Starting in 2027 employers will be required to notify employees about this program or offer their own retirement benefit program.

Guideline has put together a great resource that outlines all of the details here: guideline.com/education/articles/washington-saves-retirement-program



Estimated Tax

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Unclaimed Property Report Reminder

Unclaimed property is money or other property owed to an individual. Property is considered unclaimed after it is held for an extended period of time with no owner contact and a “good faith” effort or due diligence has been made to locate the owner.

- Virtually all dental practices experience patient credit balances, uncashed refund or other checks. These represent the quintessential example of Unclaimed Property.

Washington State law requires businesses to review their records each year to determine whether they hold any funds that have remained unclaimed for the required dormancy or abandonment period (the time period you wait before reporting and remitting to the state). Holders must file an annual report and transfer the property to the state by October 31 of each year.

- The State has greatly stepped up enforcement of these rules!

A fiscal year of July 1 through June 30 is used to track unclaimed property. In most instances, including patient refund checks, the dormancy or abandonment period is three years. However, in the case of payroll checks, the dormancy period is just one year.

Unclaimed property from 7/1/21 thru 6/30/22 Must be reported by October 31, 2025.

Reporting forms are available from the Washington State Department of Revenue's Unclaimed Property Section at <https://ucp.dor.wa.gov/app/submit-a-report>.

Note: You cannot avoid these rules by simply failing to issue refund checks on credit balances or by simply writing off the credit balance. In fact, such actions could be illegal.

Recordkeeping

Make sure you are reviewing and dealing with your accounts receivable credit balances on a routine basis. Issuing timely refund checks when appropriate is the first step in minimizing the time and effort of the unclaimed property process.

When reconciling bank accounts if you come across a check older than 90 days, make sure you document how you researched the check. If the relevant records have been lost, writing the owner may be the only option. If you need to write to or call the owner, you should provide them the option of receiving the funds (of course you can also suggest scheduling diagnosed treatment!).

Resolve outstanding checks frequently and make notes if you void or reissue checks. A consistent procedure for handling unclaimed checks will provide a trail of your actions in the event of an audit.

The state considers a check to be a potential for unclaimed property after it remains outstanding four to six months.

Document your adjustments to remove outstanding checks.

Maintain a listing of the checks by payee, amount and by issue date, rather than the date removed or written-off.

We recommend that dental practices keep a file folder for each fiscal year (July 1 to June 30) in which all information regarding uncashed checks can be stored. This would include returned mail/checks and applicable correspondence including Due Diligence Letters. Unclaimed checks can be accounted for in QuickBooks – but this requires advanced bookkeeping ability.

Due Diligence Letters: For any items \$75 or greater, you must first send out “due diligence letters” between May 1 and August 1 of the remittance year to all owners with a valid address. The letter is intended to inform the owners that there is property being held for them which may be turned over to the Washington State Department of Revenue’s Unclaimed Property Section.

Twice Annual Reminder: You will want to review your file in late spring/early summer for Due Diligence Letters. You will then need to file your Unclaimed Property Report on or before October 31.

Possible Unclaimed Property

Uncashed refund checks are the most common unclaimed property in a Dental Practice. The next most common item would be an uncashed payroll check. Typically, these are reissued and cashed; however, occasionally we see checks to temporary or terminated employees go uncashed with no forwarding address.

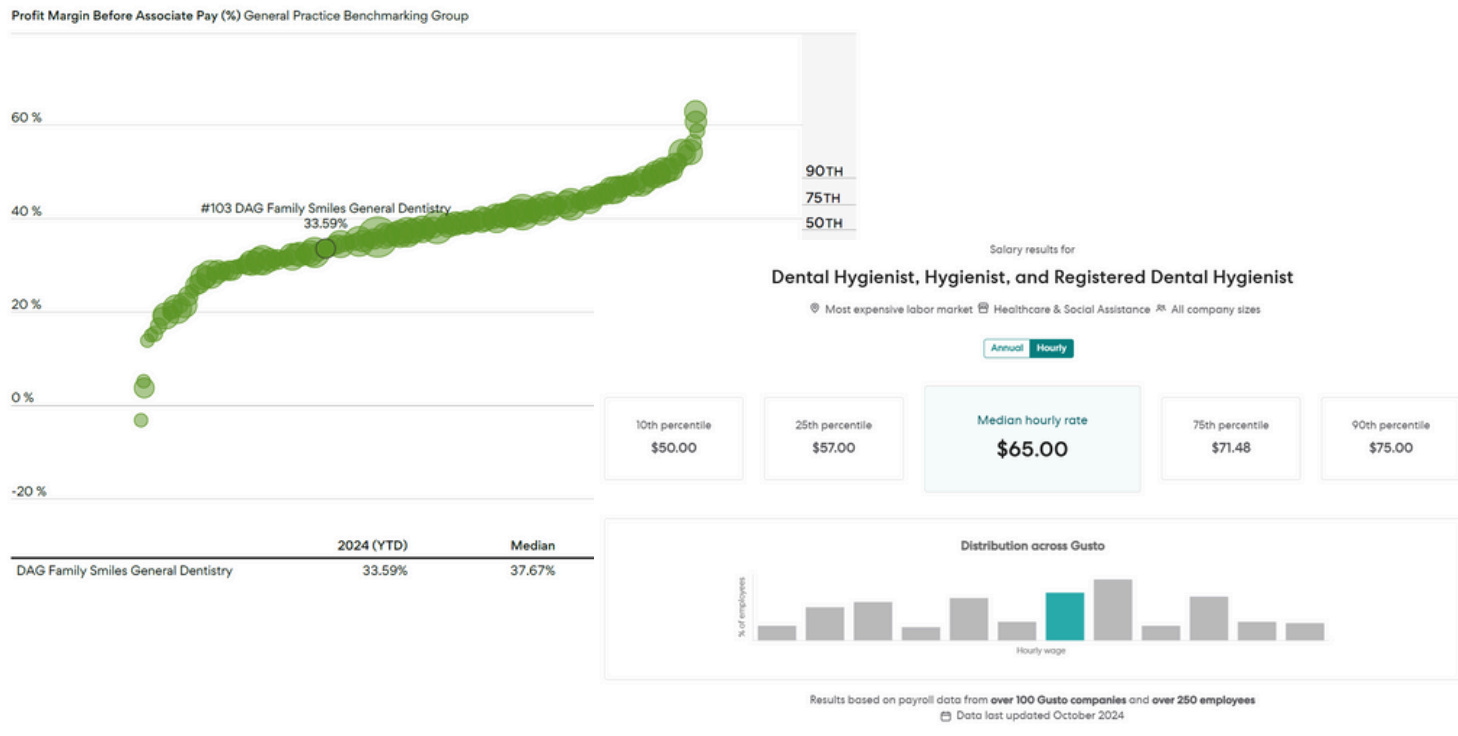
- Uncashed Payroll Checks are due after one full year (i.e. uncashed during July 1, 2023 through June 30, 2024 would be reportable and payable to the state with the October 31, 2025 report).

What Happens to the Money

Once reported to the Department of Revenue, unclaimed property is available for refund to the owner or their heirs indefinitely. A claim form is mailed to the last known address of each owner reported in the current reporting cycle for property valued at more than \$75. A database of names is available for searches on the state website at <http://ucp.dor.wa.gov>.

DAG Annual Financial & Salary Survey

We are in the process of compiling data and will be sending a separate communication soon! We are revamping our reporting to include more detailed salary & benefit information. Stay tuned!



WE ARE ACCEPTING NEW CLIENTS!

Do you know any colleagues that could benefit from working with an expert dental accounting team? Please send them our way! Referrals are greatly appreciated.

Send all new client inquiries to Kevin Bray:

Kevin@dentalaccountingpros.com

<https://dentalaccountingpros.com/contact/>

