VetCPA

Buying a Veterinary Practice

Asset vs. Share Purchases

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Helping Veterinarians focus on their goals

VetCPA is a full-service accounting firm that delivers specialized finance support for veterinary practices and locums. From cloud-based bookkeeping and accounting to tax planning and practice management support, we’ve got you covered!

Our Purpose

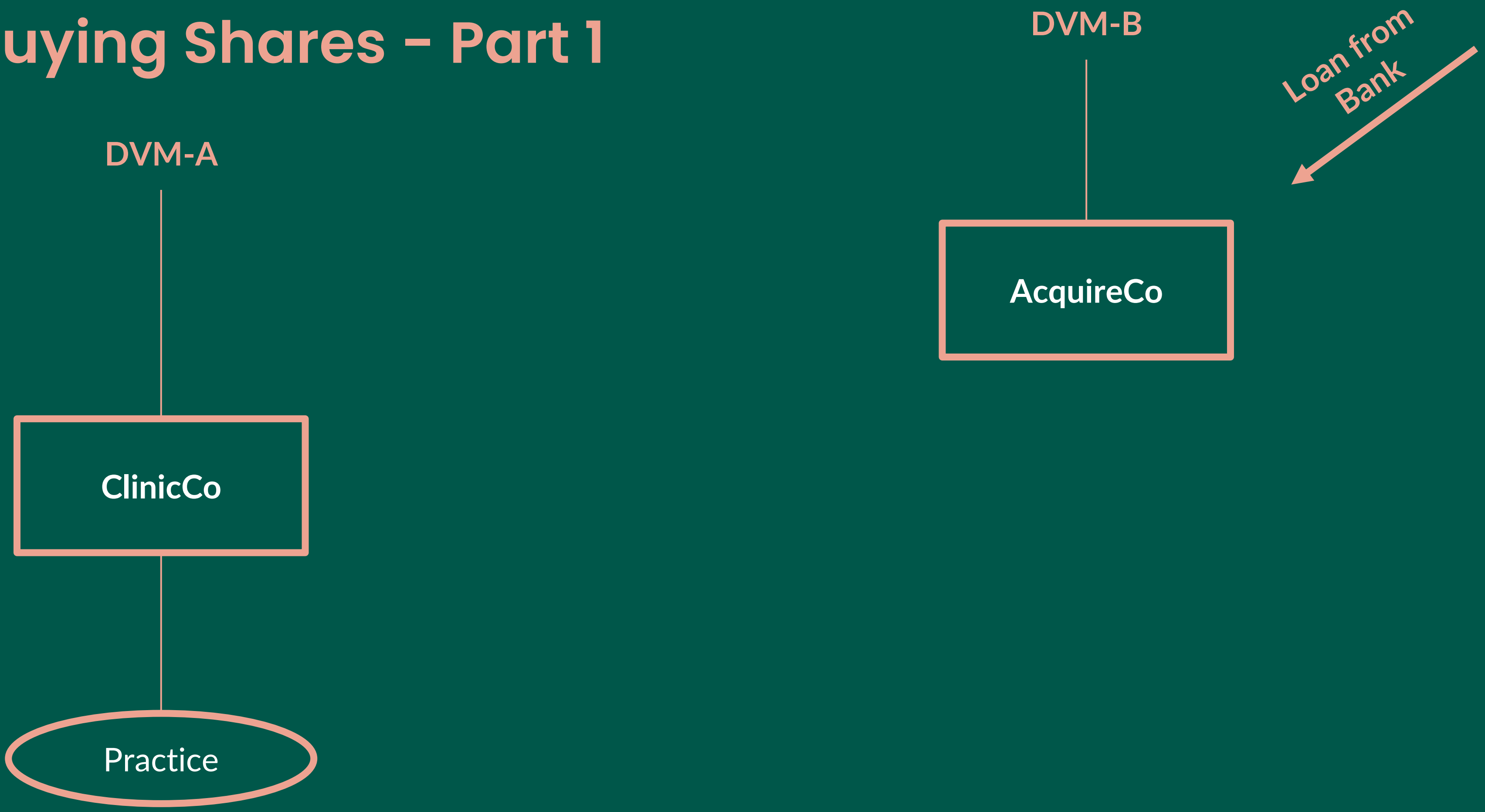
We help veterinarians realize their financial goals.

At the core of our mission lies a deep commitment to supporting veterinarians in realizing their financial aspirations. We understand the significance of their invaluable contributions to animal welfare and believe that they should be able to thrive financially while doing what they love.

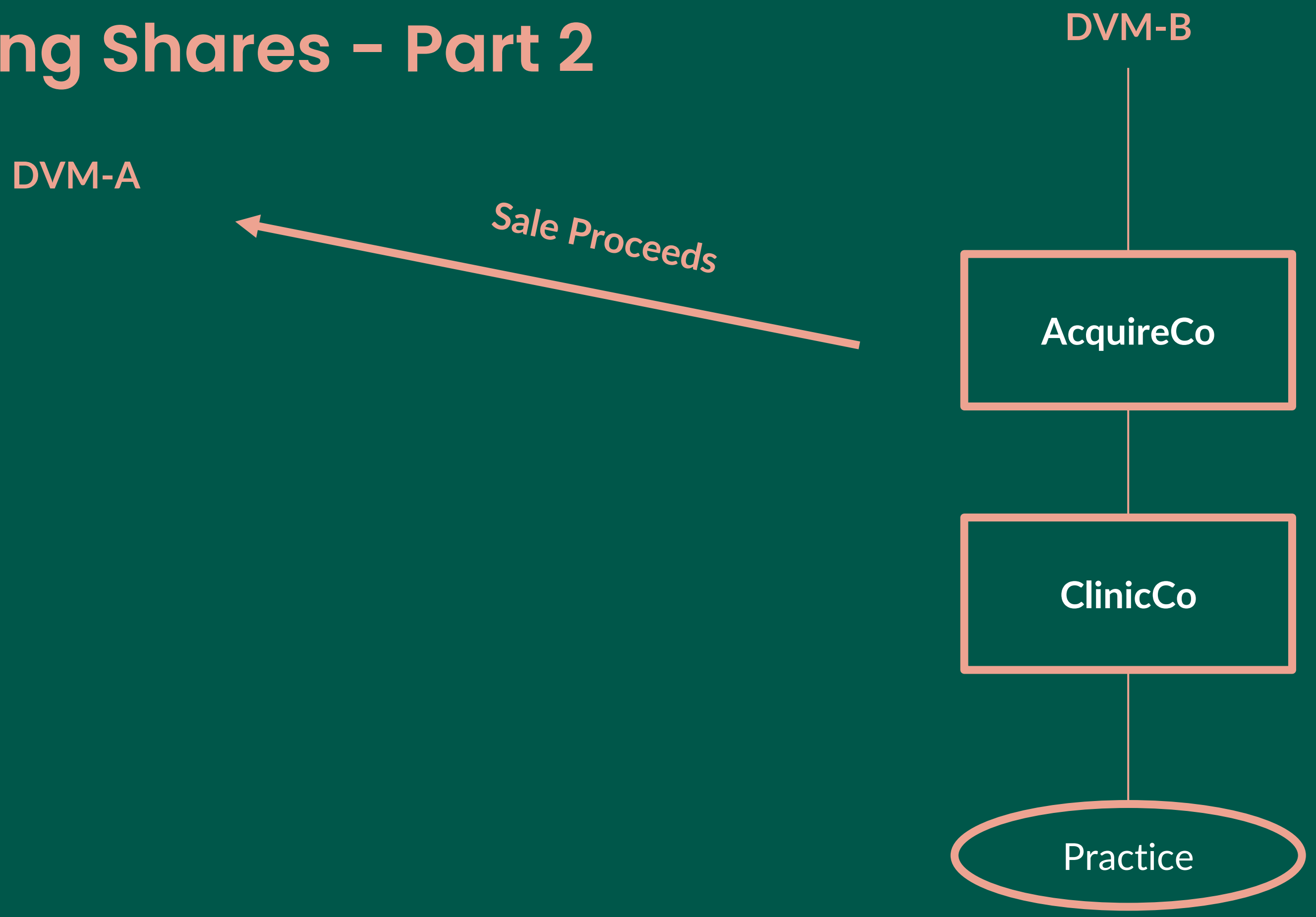
Share Purchase

- Buy the entire corporation (assets, liabilities, contracts)
- Usually simpler transaction for continuity (staff, leases, suppliers)
- Seller often prefers shares (capital gains exemption - 1.25M tax free)
- Buyer inherits risks (legal, tax, employment history)
- Better tax treatment for seller (25% tax rather than ~48%)

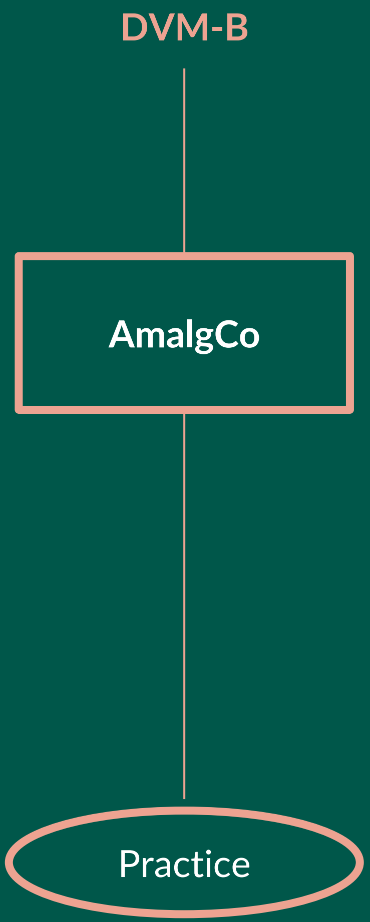
Buying Shares – Part 1



Buying Shares – Part 2



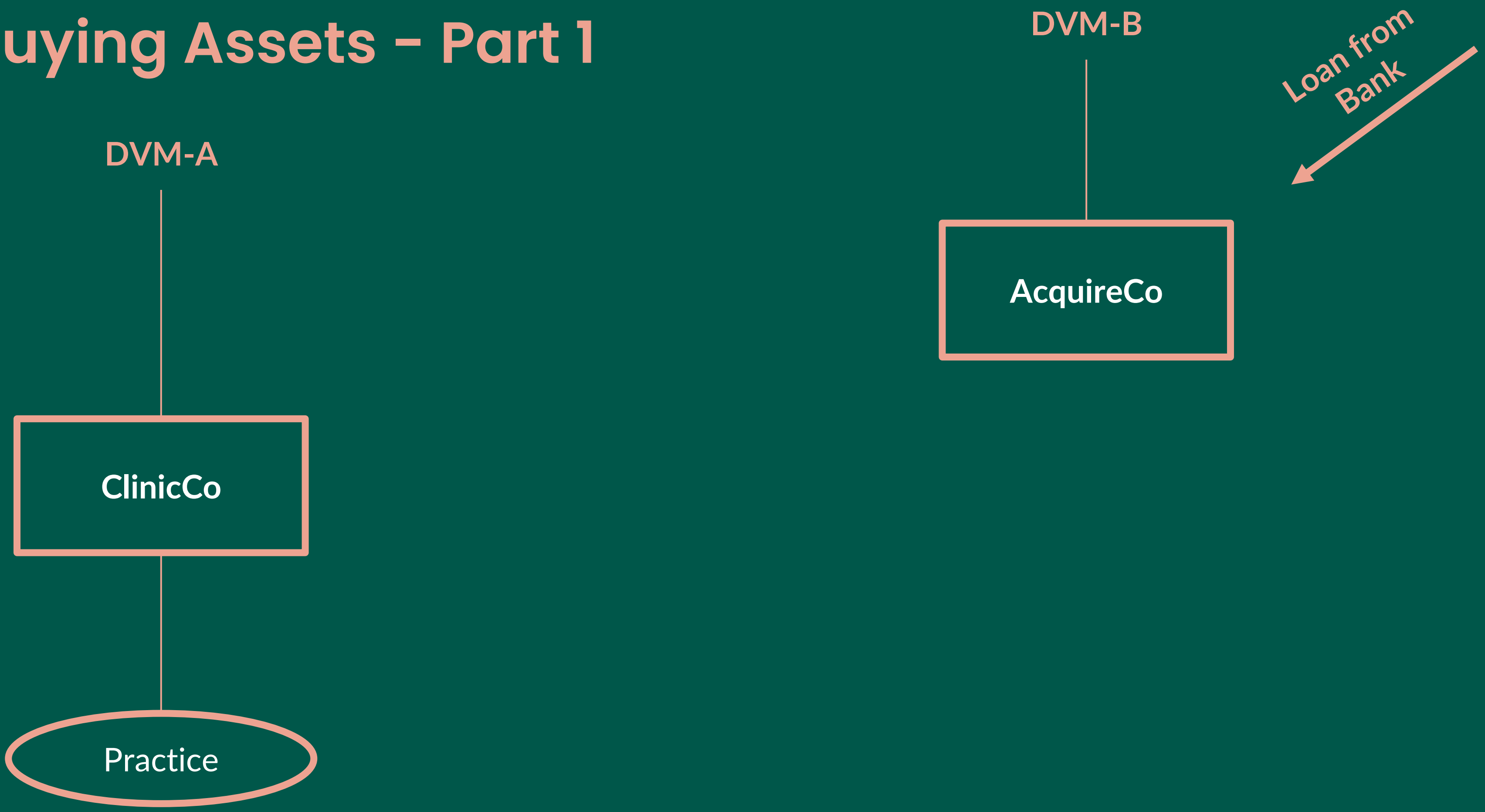
Buying Shares – Part 3



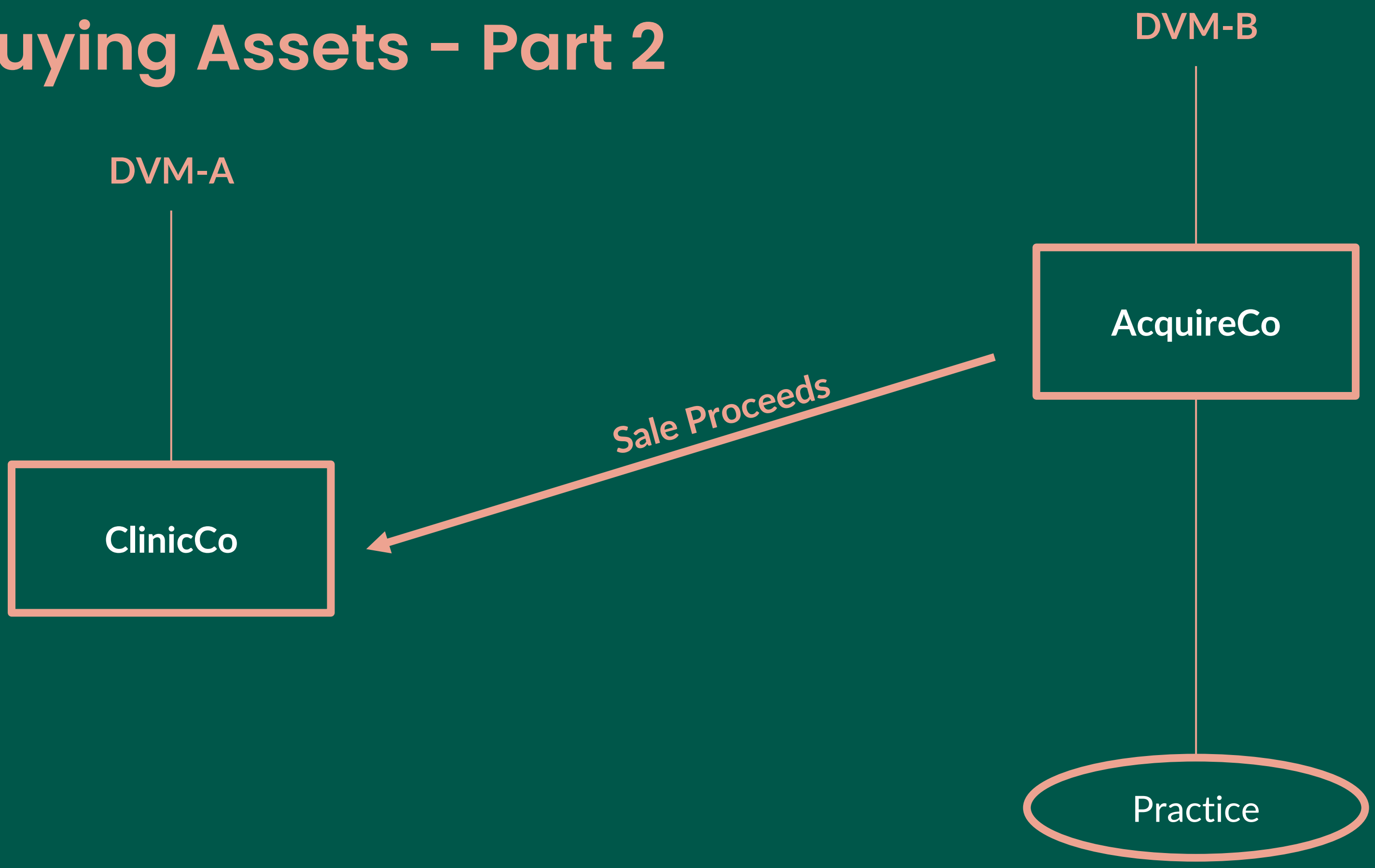
Asset Purchase (Buyer’s Viewpoint)

- Buyer chooses specific assets
- Higher tax deductions (CCA)
- Potentially lower risk: avoids unknown historical liabilities
- More complex - need to transfer contracts, licenses, employees

Buying Assets – Part 1

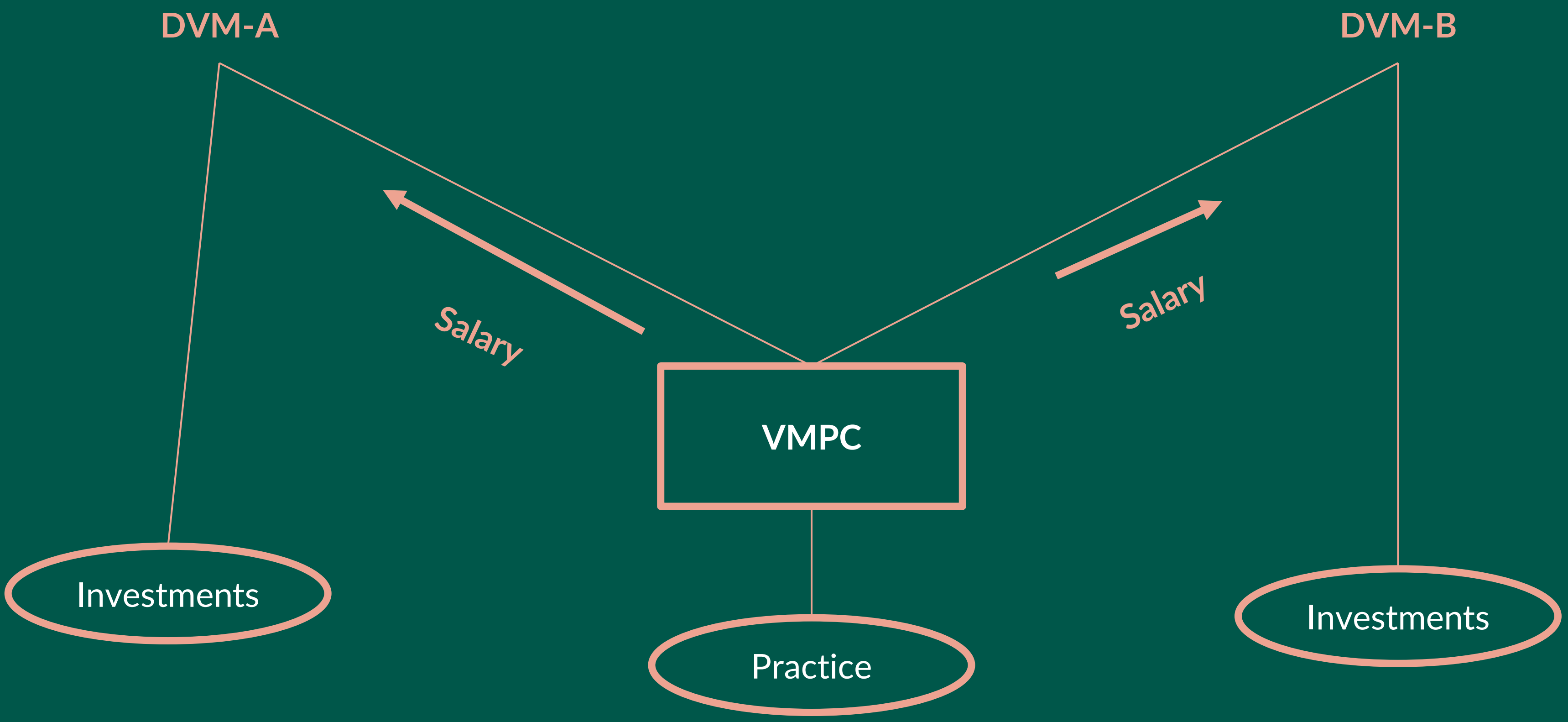


Buying Assets – Part 2



Buying Assets – Part 3

Bad Planning



Tax Implications (Buyer)

- Asset Purchase:
  - Deductible depreciation
  - No access to Seller’s Lifetime Capital Gains Exemption (LCGE)
  - May trigger GST and BC Property Transfer Tax if real estate is included
- Share Purchase:
  - No 'step-up' of asset values (less future tax sheltering)
  - Seller may reduce price expectations due to LCGE advantage
  - Often cleaner for GST purposes (no GST on shares)

What Every Veterinarian Should Know Before Buying

- Don’t just focus on the purchase price — look at structure & tax outcomes
- Build the right team early: accountant, lawyer, banker
- Understand your exit plan before you start
- A bad structure can cost $100,000+++ later

Case Example

- Practice valued at $1.5M
- Asset vs. Share purchase comparison:
  - Proceeds to seller after tax
    - Asset Deal: $900,000
    - Share Deal: $1,437,500
    - Difference: $537,500
- Make sure your practice is sale ready! - no skeletons allowed

Thank you!

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