

# Higher Taxes Are Coming... Are You Ready?

The odds are fairly good that tax rates will increase in 2013.

If Congress allows the *Economic Growth and Tax Relief Reconciliation Act of 2001* and *Jobs and Growth Tax Relief Reconciliation Act of 2003* to expire, we can expect the following:

- Income tax rates to increase from 33% to **36%** and 35% to **39.6%** for the two top tax brackets<sup>1</sup>
- Tax rates on qualified dividends to increase from 15% to **39.6%** for the top tax brackets<sup>2</sup>
- Federal long-term capital gains tax rates to increase from 15% to **20%** for the top tax brackets<sup>3</sup>
- And, an obscure provision will reduce the value of itemized deductions, adding another **1.2%** to the long-term capital gains tax rate<sup>4</sup>

In addition to the changes listed above, a new tax becomes enforceable with *The Patient Protection and Affordable Care Act* in 2013:

- New Medicare taxes associated with the healthcare bill will apply an **additional 3.8% tax rate to realized capital gains**, dividends, interest, rents and royalties<sup>5</sup>

Furthermore, there are other proposed tax changes which may or may not become law. Either way, tax rates are likely to increase.

If you are contemplating a partial or total liquidity event in the next couple years, it may be prudent to consider conducting a transaction this year. DW Healthcare Partners, a healthcare focused private equity firm with over \$450 million dollars under management, can be a timely partner, as we:

- Have capital available for investment
- Are flexible in how we structure deals
- Can quickly evaluate and make investment decisions
- Have knowledge and operational expertise across multiple sectors of healthcare
- Have a proven track record in helping our partners build shareholder value



## To Learn More

To learn how DWHP can help you realize a partial or total sale of your company today, and maximize your after-tax profit, please contact:

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*DW Healthcare Partners (DWHP) is a healthcare-focused private equity firm that invests in high-growth companies. DWHP provides both capital and strategic resources to accelerate growth and increase shareholder value.*

#### Footnotes:

1. Deloitte. "President Obama's proposed changes to individual taxes-considerations for high-net-worth taxpayers." 2009.
2. Investment Advisor. "Utilities Poised for Upside, Report Says, Despite Concerns on Dividend Taxes." March 27, 2010.
3. Deloitte. "President Obama's proposed changes to individual taxes-considerations for high-net-worth taxpayers." 2009.
4. The Washington Post. "Capital gains tax scheduled to rise sharply in 2013." By Suzy Khimm, January 25, 2012.
5. Bloomberg Businessweek. "New Health-Care Taxes Help Obama Spread the Wealth." March 22, 2010.



DW Healthcare Partners

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