

Leasing Services Group

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Lease vs. Loan Comparison

<u>Lease</u>		<u>Loan</u>	
Amount Requested	\$ 10,000.00	Amount Requested	\$ 10,000.00
Monthly Payments	\$ 321.32	Taxes	\$ 1,500.00
Taxes on Payment	\$ 48.20	Subtotal	\$ 11,500.00
Total Payment	\$ 369.52	Interest Rate	5%
Number of Payments	36	Total Payment plus Taxes	\$ 349.85
Total before Tax Deduction	\$ 13,302.65	Number of Payments	36
		Total before Tax Deduction	\$ 12,594.60
	<u>Tax Deduction</u>		<u>Tax Deduction</u>
	<u>Lease Payments are 100% Tax Deductible</u>		<u>Based on 20% Straight Line Balance</u>
		Interest	\$ 1,094.60
		Depreciation	\$ 6,000.00
Total Tax Deduction	\$ 13,302.65	Total Tax Deduction	\$ 7,094.60

Assume 53% Marginal Tax Bracket over Term

Total Savings on Deductions	\$ 7,050.40	Total Savings on Deductions	\$ 3,760.14
Total Cost	\$ 6,252.24	Total Cost	\$ 8,834.46

Gross After tax Benefit of Leasing \$ 2,582.22

Cost of Purchase Option \$ 10.00

Net Benefit of Leasing \$ 2,572.22

* This analysis is for discussion purposes only. Consult your accountant for details.