

Leasing Services Group

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Lease vs. Loan Comparison

<u>Lease</u>		<u>Loan</u>	
Amount Requested	\$ 200,000.00	Amount Requested	\$ 200,000.00
Monthly Payments	\$ 3,830.00	Taxes	\$ 30,050.00
Taxes on Payment	\$ 575.46	Subtotal	\$ 230,050.00
Total Payment	\$ 4,405.46	Interest Rate	5%
Number of Payments	60	Total Payment plus Taxes	\$ 4,555.27
Total before Tax Deduction	\$ 264,327.45	Number of Payments	60
		Total before Tax Deduction	\$ 273,316.20
<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	\$ 43,266.20
		Depreciation	\$ 100,000.00
Total Tax Deduction	\$ 264,327.45	Total Tax Deduction	\$ 143,266.20
Assume 53% Marginal Tax Bracket over Term			
Total Savings on Deductions	\$ 140,093.55	Total Savings on Deductions	\$ 75,931.09
Total Cost	\$ 124,233.90	Total Cost	\$ 197,385.11

Gross After tax Benefit of Leasing \$ 73,151.21

Cost of Purchase Option \$ 10.00

Net Benefit of Leasing \$ 73,141.21

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