

Leasing Services Group

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Lease vs. Loan Comparison

<u>Lease</u>		<u>Loan</u>	
Amount Requested	\$ 20,000.00	Amount Requested	\$ 20,000.00
Monthly Payments	\$ 642.64	Taxes	\$ 3,000.00
Taxes on Payment	\$ 96.40	Subtotal	\$ 23,000.00
Total Payment	\$ 739.04	Interest Rate	5%
Number of Payments	36	Total Payment plus Taxes	\$ 699.70
Total before Tax Deduction	\$ 26,605.30	Number of Payments	36
		Total before Tax Deduction	\$ 25,189.20
	<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	\$ 2,189.20
		Depreciation	\$ 12,000.00
Total Tax Deduction	\$ 26,605.30	Total Tax Deduction	\$ 14,189.20

Assume 53% Marginal Tax Bracket over Term

Total Savings on Deductions	\$ 14,100.81	Total Savings on Deductions	\$ 7,520.28
Total Cost	\$ 12,504.49	Total Cost	\$ 17,668.92

Gross After tax Benefit of Leasing \$ 5,164.43

Cost of Purchase Option \$ 10.00

Net Benefit of Leasing \$ 5,154.43

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