

**BUY OR LEASE - A COMPARISON**

**ASSUMPTIONS:** Capital Cost: \$12,000.00  
 Term: 36 Months  
 Corporate Tax Rate: 24%  
 Depreciation Rate: 15% First Year  
 30% Remaining Years  
 (declining balance)

<b>LEASING</b>	<b>BANK FINANCING</b>	<b>CASH PURCHASE</b>
Rate Factor = .03305		
Monthly Payment:	Monthly Payment @	Monthly Payment:
\$12,000. x .03305 = \$396.60	10% Interest Cost: \$387.21	\$0.00
Cost: 36x\$396.60 = \$14,277.60	Total Cost of Bank Financing: \$13,939.56	Total Cost of Purchase (not including tax): \$12,000.00
Buyout: 5% of \$12,000.= \$600.00	Depreciation Yr 1: \$1,800.00	Depreciation Yr 1: \$1,800.00
Total Cost of Leasing: \$14,877.60	Depreciation Yr 2: \$3,060.00	Depreciation Yr 2: \$3,060.00
	Depreciation Yr 3: \$2,142.00	Depreciation Yr 3: \$2,142.00
	Interest Expense: \$1,939.43	Interest Expense: \$0.00
<b>Total "write-off": \$14,877.60</b>	<b>Total "write-off": \$8,941.43</b>	<b>Total "write-off": \$7,002.00</b>
<b>Tax Savings:</b>	<b>Tax Savings:</b>	<b>Tax Savings:</b>
<b>24%x\$14,877.60 \$3,570.62</b>	<b>24%x\$8,941.43 \$2,145.94</b>	<b>24%x\$7,002.00 \$1,680.48</b>
		* Loss of Investment Income (after tax) on \$12,000. (@7%/yr) \$2,700.52
<b>Net Cost of Leasing: \$11,306.98</b>	<b>Net Cost of Bank Financing: \$11,793.48</b>	<b>Net Cost of Cash Purchase: \$12,373.32</b>

\* The amount of interest or other return on investment ("ROI") that you would expect to earn on your business' invested cash

**LEASING: THE BEST ALTERNATIVE!**

If Your Tax Rate is Greater Than 24%, Your Savings are Greater E. & O.E. Please Consult with Your Accountant