Auto Lease vs. Purchase Comparison

Client's Name: _____

Description of Vehicle: _____

Year of Purchase / Lease: _____

General

Federal Tax Bracket: _____   Business Use Percentage: _____

State Tax Bracket: _____   Assumed Savings Rate: _____

Self-employment Related: (Y / N)   AGI Limit for Employee: _____

Reduce SE Tax: (Y / N)   Annual Total Miles: _____

Operating Expense

Gas / Oil: _____   License Fees: _____

Repairs / Tires: _____   Other: _____

Insurance: _____

Total Operating Expense: _____

Purchase

Cost: _____   Loan Interest

Basis (if different): _____   Year 1: _____

Down Payment: _____   Year 2: _____

Payment: _____   Year 3: _____

Loan Interest Rate: _____   Year 4: _____

Months of Loan: _____   Year 5: _____

Home Equity Debt: _____

Estimated Value at End of Projection: _____

Lease

Deposit: _____   Lease Inclusion Amount

Payment: _____   Year 1: _____

Months of Lease: _____   Year 2: _____

Max Miles Allowed: _____   Year 3: _____

Excess Mileage Penalty: _____   Year 4: _____

Year 5: _____

Auto Lease vs. Purchase Comparison
Computation of Tax Savings Year _____ of _____

	Actual Expense for Purchased Vehicle	Mileage Rate for Purchased Vehicle	Actual Expense for Leased Vehicle	Mileage Rate for Leased Vehicle
1. Operating Expense **(1)**				
2. Interest			XXXXXXXX	XXXXXXXX
3. Depreciation		XXXXXXXX	XXXXXXXX	XXXXXXXX
4. Lease Payments	XXXXXXXX	XXXXXXXX		XXXXXXXX
5. Lease Inclusion Amount	XXXXXXXX	XXXXXXXX		
6. **TOTAL**				
7. Business Percentage				
8. Business Portion (line 6 x line 7)				
9. SE Tax Savings (line 8 x SE tax rate)				
10. ½ SE Tax Savings				
11. Balance of Interest **(2)**			XXXXXXXX	XXXXXXXX
12. AGI Limitation (for employees only)				
13. Subtotal (8-10+11-12)				
14. Combined Tax Brackets (Fed. + State)				
15. Income Tax Savings (line 13 x line 14)				
16. **Total Tax Savings** (line 9 + line 15)				

(1) For mileage comparison do not enter actual expenses, use the total annual miles driven times the standard mileage rate.

(2) Enter the amount of home equity debt interest that was disallowed by the business use percentage.

Auto Lease vs. Purchase Comparison
Results from Sale/Termination

		Actual Expense for Purchased Vehicle	Mileage Rate for Purchased Vehicle	Leased Vehicle (will be the same for both)
1.	Beginning Basis **(1)**			XXXXXXXXX
2.	Depreciation Allowed **(2)**			XXXXXXXXX
3.	Adjusted Basis (line 1 – line 2)			XXXXXXXXX
4.	Sale Price			XXXXXXXXX
5.	Gain (Loss) (line 4 – line 3)			**(3)**
6.	Combined Tax Bracket (Fed. + State)			
7.	(Tax Savings)/Cost (line 5 x line 6)			
8.	Cash from Sale			**(4)**
9.	Lost Interest			**(5)**
10.	**Net Result** (line 8 - line 7 - line 9)			

(1) Enter basis of business portion only.

(2) Enter business mileage taken life of projection times the applicable depreciation factor for the standard mileage rate.

(3) For Lease, enter the amount of the excess mileage penalty.

(4) Enter the amount of deposit to be returned at the end of the lease.

(5) Calculate the amount of interest that could have been earned on the down payment for Actual and Mileage columns and the deposit for the Lease column.

Auto Lease vs. Purchase Comparison
Summary Report

		Actual Expense for Purchased Vehicle	Mileage Rate for Purchased Vehicle	Actual Expense for Leased Vehicle	Mileage Rate for Leased Vehicle
Year 1	Expenses **(1) (2)**	_____	_____	_____	_____
	Tax Savings	_____	_____	_____	_____
Year 2	Expenses	_____	_____	_____	_____
	Tax Savings	_____	_____	_____	_____
Year 3	Expenses	_____	_____	_____	_____
	Tax Savings	_____	_____	_____	_____
Year 4	Expenses	_____	_____	_____	_____
	Tax Savings	_____	_____	_____	_____
Year 5	Expenses	_____	_____	_____	_____
	Tax Savings	_____	_____	_____	_____
	Results of Sale/Termination	_____	_____	_____	_____
	Net Cost	_____	_____	_____	_____
	Cost per month	___ /month	___ /month	___ /month	___ /month

(1) Expenses for Actual and Mileage should include total loan payments plus operating expenses. First year also include down payment.

(2) Expenses for Lease and Mileage Lease should include operating expense and lease payments only, except first year when you also include deposit.