

**A: (CD-Certificate of Deposit)**

@ 5.00%, for 5 years

After 5 years = US\$ 38,288.45

**B: Leasing**

\$30,000 for 60 months (5 years)

60 Payments of \$680.46 each

Total payments: US\$ 40,827.60 + US\$ 3,000.00 (10% Buyout option) = \$ 43,827.60

After 5 years = Equipment + 38,288.45 cash

**Important Tax Benefits:**

Payment of US\$ 680.46 for 60 months

Average Tax bracket of corporation 35% of US\$ 680.46 = US\$ 238.16 (amount picked up by Uncle Sam)

Actual payments will be US\$ 680.46 - US\$ 238.16 = US\$ 442.30

Total payments:

US\$ 442.30 x 60 months = US\$ 26,537.94 + US\$ 3,000.00 = US\$ 29,537.94 (Lower than the original value)

**C: Cash:**

Your investment US\$ 30,000.00

You get to deduct depreciation on a seven-year schedule

After 5 years you have equipment worth not much other than remaining depreciation. + "No cash"

**D: Investment if you Lease:**

You could invest \$30,000 in a CD, inventory, cash flow, etc.

You pay monthly the payments for the equipment

You deduct 100% of the payment on your income statement

You can deduct 100% of the payment as tax deduction

You use your future sales and profits to pay for the fixtures

You get to keep \$38,288.45 after 5 years in cash if invested in a CD at 5.0%, or higher

You get equipment that are paid up after 5 years, and which have still has some depreciable value