



LEASING VS. PURCHASING EQUIPMENT CHECKLIST

Answer the following questions to help you determine whether it is better to lease or purchase equipment for your business in terms of cost, cash availability, tax benefits and obsolescence

COST

Down payment required for:	Lease _____	Purchase _____
Length of:	Lease _____	Purchase _____
Monthly payment of:	Lease _____	Purchase _____
Balloon payments of:	Lease _____	Purchase _____
Amount of balloon payments:	Lease _____	Purchase _____
Cost of an extended warranty:	Lease _____	Purchase _____
Total cost of: (including maintenance and warranties) over its lifetime?	Lease _____	Purchase _____

CASH AVAILABILITY

Is there sufficient cash flow to handle the monthly lease or loan payments?	Lease _____	Purchase _____
Maintenance costs in:	Lease _____	Purchase _____
Maintenance costs associated with item?	Lease _____	Purchase _____
Insurance costs included in:	Lease _____	Purchase _____
Estimated insurance costs associated with the item?	Lease _____	Purchase _____
If business is seasonal, does the lease or loan fit periods of sufficient cash flow better?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

TAX BENEFITS

Can the item be depreciated for tax purposes in a:	Lease _____	Purchase _____
Depreciable life of the item?	Lease _____	Purchase _____
Estimated depreciable expense of the item over its depreciable life?	Lease _____	Purchase _____
Amount of other tax benefits associated with this item?	Lease _____	Purchase _____

OBSOLESCENCE

Operable lifetime of item?	Lease _____	Purchase _____
Total cost of the item spread over this lifetime (divided cost by lifetime)?	Lease _____	Purchase _____
Technological lifetime of item?	Lease _____	Purchase _____
Will the item need to be replaced due to technological advancement?	Lease _____	Purchase _____
Total cost of the item spread over the technological lifetime (divide cost by lifetime)?	Lease _____	Purchase _____