

Advice that counts

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Quick Facts: Should You Buy or Lease a Car?

Generally speaking, if you are eligible to deduct automobile expenses from either your business or employment income the deductions available over time are the same. Deciding whether it's better to buy or lease hinges on the timing of your purchase, the type of car owner you are, and your overall financial circumstances:

- Timing. If you buy a vehicle, your tax deduction is the same whether you bought it January 1st or December 31st. If, on the other hand, you started making lease payments early in the year then you will have paid more in lease payments--and thus will be eligible for a high deduction in that year. If you leased the car in December, your first payment is not made until the following calendar year--and thus there is no deduction available for that year.
- What kind of car owner are you? You may be a person who doesn't anticipate putting lots of kilometers on the car, and you simply enjoy driving a new car. In that case, it's probably in your interest to lease.

•	Overall financial circumstances. If you are financing a car and you plan to keep it, you should
	always buy. In the long run, borrowing costs less than leasing.

LEASING		BUYING	
Price	\$25,000	Price	\$25,000
Down payment	0	Down payment	0
Monthly payment	\$ 500	Monthly payment (@ 0%)	\$ 694
Total spent after 3 yrs	\$18,000	Total spent after 3 yrs	\$25,000
Cash required to buy out	\$10,000		
Total vehicle price	\$28,000	Total vehicle price	\$25,000

SNAPSHOT: LEASE V. BUY

Pros:	 Lower monthly payments and 	Pros:	V F
	lower maintenance costs		
Cons:	🗴 No equity, limits on mileage,	Cons:	XH
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down payment is deductible BUT ONLY if the combined monthly amount is under the allowable limit An asset for which you have no mileage limitations
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In a nutshell, leasing is a lifestyle choice and buying is a financial choice. If you can handle monthly payments but need to finance a car, then leasing is probably the way to go. If you have the cash to buy and plan to keep the car, then buy it. Either way, you may be eligible to claim a portion of your car expenses if it's used for business.

Information is current to January, 2017. This information is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we do our best to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Please consult a professional accountant. No one should act upon this information without appropriate professional advice.

more repairs as it gets older