

BENEFITS OF A MOTOR VEHICLE LEASE

1. Provides the shareholder a framework for creating a valuable tax deduction when allowing the corporation to use the shareholder's vehicle in the business.
2. Provides a framework for the creation of tax-free money received by the shareholder paid by the corporation.
3. Defines the exact monthly rental paid by the corporation to the shareholder for use of the vehicle.
4. It documents the actual commencement date and length of the lease agreement and allows for automatic renewals of the lease agreement to avoid additional lease preparation costs in the future.
5. Provides the corporation with a framework for valuable tax deductions, that is, the deduction of the amount paid to the shareholder.
6. It is a legally binding, written lease agreement between the corporation and the shareholder for use of the shareholders vehicle.
7. In case of any litigation against the corporation, it prevents the vehicle from being in jeopardy of judgment creditors, writs of execution or attachments.

HERE'S HOW IT WORKS:

1. You lease the automobile or truck that you currently own to the corporation.
2. The corporation pays you rent each month for the use of the vehicle used for business purposes and the corporation assumes responsibility for maintenance and insurance for the vehicle.
3. The rent paid by the corporation is a business expense and tax deduction for the corporation.
4. The rent you receive from the corporation is personal income and reported on your individual tax return.
5. However, this personal income to you is easily offset by expenses you incur with the vehicle, such as the interest and depreciation.

Another feature is that by keeping the vehicle in your name, you will probably continue with a much lower insurance rate on the automobile or truck as opposed to steep commercial insurance rates.

If you have any questions, please call any Spiegel & Utrera office listed below:

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