Equipment Lease vs. Buy Worksheet

Price the lease, total the real cost, and sort the tax treatment before you sign

Use this worksheet with the free equipment lease calculator at clearlegaltips.com/equipment-lease-calculator/. Fill in the deal, run the payment, total what the machine costs end to end, then decide whether you are looking at a true lease or a disguised purchase. The math is an estimate; your signed quote and contract control the real numbers.

EQUIPMENT LEASE WORKSHEET

1. The Deal

Equipment (make / model / year): ____

Equipment cost (sticker price): ____

Down payment / cash up front: ____

Term (number of months): ____

APR (annual percentage rate, %): ____

End-of-lease structure ($1 buyout / 10% residual / fair-market-value option / other): ____

2. The Payment (from the calculator)

Enter the five inputs above into the equipment lease calculator, then copy the results back here.

Monthly payment: ____

Total of all payments (monthly payment times number of months): ____

End-of-term buyout or residual owed to keep the machine: ____

End-to-end cost (down payment plus total of payments plus buyout): ____

3. Lease vs. Buy the Same Machine

Now price the other path so you can compare the totals, not the monthly payments.

Cash purchase price if bought outright: ____

Financing cost if you borrow to buy instead (interest over the loan): ____

Section 179 first-year expensing question for your CPA (yes / no / ask): ____

Difference (lease end-to-end cost minus cash price): ____

4. Which Deal Is This? (the tax fork)

A true lease with a real buyout is usually deducted as rent. A $1 or nominal buyout is usually treated by the IRS as a conditional sale, meaning you are the buyer and Section 179 may be on the table. This is general information, not tax advice.

Is the end-of-lease buyout nominal, like $1? (yes / no): ____

If a true lease, note the rent deduction on Schedule C line 20a: ____

If a conditional sale, note the Section 179 / depreciation question for your CPA: ____

CPA name and the date you asked: ____

INSTRUCTIONS FOR USE

This worksheet is general information, not tax or legal advice. The payment figures are estimates; the numbers on your signed quote and lease contract control. The line between a true lease and a conditional sale turns on the substance of the deal, especially whether you can buy the machine for a nominal price, and it can be genuinely close on real contracts. Section 179 lets a business expense qualifying purchased equipment up front; for tax years beginning in 2025 the maximum deduction is $2,500,000, and that cap is inflation-adjusted in later years. Whether your deal qualifies, and whether it beats deducting rent, is a question for a CPA before you file. Full guide and official sources: clearlegaltips.com/equipment-lease-calculator/