

Automobile Purchase Decision Tree

Business Name: _____ Your Name: _____

These questions allow us to help determine if you should hold title for your upcoming automobile purchase as an individual or as a business entity. Generally, economic new or used automobiles (under \$40,000) should be owned as an individual where mileage is reimbursed by the business. On the opposite end, a new luxury automobile (above \$80,000) should be owned by the business (assuming you can justify 100% business use).

1. Do you have another automobile available for personal use?
2. Please tell us how much you intend to spend, and the year, make and model of the automobile you are considering. Do you have pictures that we can be envious of?
3. Please tell us how many business miles you anticipate driving each year.
4. Please describe your automobile buying habits; do you buy an automobile every 2-3 years or every 5-7 years?
5. Do you intend to finance or lease? Generally leasing luxury automobiles (above \$80,000) is bad for two reasons; the residual value at the end of the lease is much lower than market value, and the capitalization rate (interest rate) can easily be 8% to 10%. Leases also have mileage restrictions.
6. Click on the automobile that you believe to be a smart choice as a business acquisition-

