

Another Good Reason to Finance Your Boat Purchase

Financing your boat purchase may earn you a major tax deduction

By: The Sales Team at Sterling Acceptance Corporation

Did you know your boat loan may qualify for the same IRS tax advantage you receive for the interest paid on your home loan?

That's right – choosing to finance your boat purchase may qualify you for a major tax deduction!

According to H&R Block, the single biggest tax deduction you can receive for buying a boat is the mortgage interest deduction.

The Internal Revenue Code (IRC) section 163(h)(2) states that a taxpayer may deduct any qualified interest on a qualified residence. A qualified residence is defined as a principal residence and one other residence owned by the taxpayer for the purpose of deductibility for the tax year. In accordance with IRC section 163(h)(4), a boat will be considered a qualified residence as long as it offers basic living quarters to include cooking facilities (the galley), sleeping space (berth), and a toilet (head).

If you are considering paying for your boat with your home equity line of credit, keep in mind the tax deduction for home equity loan interest is capped at \$100,000, an amount that could be less than what you've borrowed for the boat purchase. You may, instead, decide to leave the equity in your home for expenses that are not tax deductible like vacations, college tuition, and unexpected repairs.

Borrowing against a stock portfolio is another common way to buy a boat, however, since the interest expense deduction is limited to interest paid on loans that are secured by the boat this method does not allow for the tax advantage. Once you've determined financing your boat purchase is a viable tax savings for you, please contact your Sterling Acceptance Corporation representative for the best programs and most efficient service!

For further clarification on your specific financial situation, and whether you may qualify for this deduction, contact your financial advisor.

Contact us TODAY! Applying is quick and easy!

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