



## 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 may qualify for the same IRS tax advantage of deductible interest expense on the mortgage as your home? 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).



You may consider paying for your boat with your home equity line of credit. Keep in mind home equity loan interest is capped at an amount that could be less than what you've borrowed for the boat purchase, so you won't get the full benefit. In addition, leaving the equity in your home for expenses that are not tax deductible like vacations, college tuition, and unexpected repairs may be what you decide is best for you.



Borrowing against a stock portfolio may offer another way to buy a boat, but the interest expense deduction is limited to interest paid on loans that are secured by the boat. Please consult your tax preparer to confirm your eligibility for this tax savings.

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!

Visit us at [www.sterlingacceptance.com](http://www.sterlingacceptance.com)

References:

<http://www.discoverboating.com/buying/financing/taxdeduct.aspx>

<http://blogs.hrblock.com/2013/07/31/boats-and-taxes-everything-you-need-to-know-while-you-stay-afloat>