Interest, Taxes, Insurance and Housing

Interest, taxes, insurance and housing are also annual fixed costs independent of amount of use. The cost for a particular year is found by multiplying the total charge (11-percent) by the machine’s average "as is" value during that year.

Interest is estimated at 8-percent and reflects either the rate paid if money is borrowed or the return that could be obtained if the money were invested otherwise. Taxes are assumed to be 1-percent, insurance 1/2-percent and housing (including a service shop), 1-1/2 percent of the average value during the year.