



3 Most common forms of equipment finance to consider



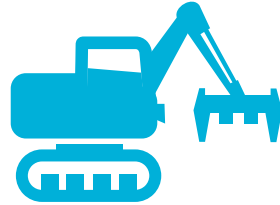
1. Chattel Mortgage Equipment Loan

About: This product is a very popular option for businesses. This is an agreement where you purchase equipment / vehicles and allow the financier to take a charge of the equipment.

Ownership: You own the asset and the financier holds it as security.

Treatment of GST: As you are the owner of the equipment, you should be able to claim GST as an Income Tax Credit in your next BAS.

Tax deductibility: The interest component of the repayments and depreciation is generally tax deductible. Always check with your accountant.



2. Hire Purchase

About: This is an agreement to purchase equipment or vehicles subject to payment terms.

Ownership: The financier owns the asset until the agreement has been paid in full. Ownership is transferred to you once the equipment has been paid in full.

Treatment of GST: As you are the owner of the equipment, you should be able to claim GST as an Income Tax Credit in your next BAS. A notable difference between this product and a Chattel Mortgage is that under a Hire Purchase - GST is payable on any fees and interest in addition to the purchase price of the asset.

Tax deductibility: The interest component of the repayments and depreciation is generally tax deductible. Always check with your accountant.



3. Lease

About: The financier purchases the asset at your request and rents it to you for an agreed period of time.

Ownership: The financier owns the equipment under the product.

Tax deductibility: The rental payments and generally tax deductible. Always check with your accountant.

Which is the best option for me?

Your accountant or professional advisor will be best placed to advise on the right product for you. Your professional finance partner can also be of assistance, using their industry knowledge and expertise.

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