Equipment & business finance
Financial planning & superannuation
Direct marketing & lead generation
Personal mortgages, loans & insurances

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Difference between Rental & Lease Facilities

Lease

A lease is less flexible than a rental, however there is the security of knowing you own the goods at the end of the contract, for a price agreed upon at the beginning of the contract.

- ✓ Ownership belongs to the lessee at the end of the term
- ✓ Fixed repayments for the term of the contract
- ✓ Is capitalised on the business balance sheet
- ✓ Totally tax deductible, but only if structured correctly

However there are problems with a lease facility which the client needs to be aware of:

- ✗ There is no flexibility for the client to upgrade the equipment, or to add to the lease during the term of the lease
- ✗ May affect current credit limits with trading banks
- ✗ The facility must be incorporated into an asset register and managed
- ✗ There may be extra costs at the completion of the contract due to involvement of disposal.

Rental

A rental facility is by far the more flexible option for the client:

- ✓ Able to fund all products, including hardware, software, maintenance, insurance, service contracts, minus equity, sale & rent back
- ✓ Totally 100% tax deductible for client
- ✓ May update equipment at various stages within a contract without penalties
- ✓ May be added to by increments of agreed upon amounts
- ✓ May be structured to progressively draw down a facility and combine to one repayment package
  (can pay up to 13 months in one payment)
- ✓ Removes the obsolescence fear and eliminates the problem of Commercial Reality
- ✓ Removes the risk of ownership at the end of the contract
- ✓ Does not interfere with current retail banking facilities (i.e. credit limits etc)
- ✓ Qualifies as off balance sheet funding
- ✓ Does not need to be placed on an asset register

At the end of the term the client has three options:
1. Return the equipment to the funder, and the rental ends
2. Re-rent the asset (or upgrade to the latest equipment and continue renting)
3. Offer to purchase the equipment at the fair market value

Priority Funding
YOU are our Priority

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Facility Comparison

	Lease	CHP	Rental
Can fund tangible and intangible products	×	✓	✓
No major outlay	✓	✓	✓
Made to meet Cash Flow	✓	✓	✓
Does not interfere with Balance Sheet	×	×	✓
Can do progressive draw downs	✓	×	✓
Can exchange equipment without Penalty	×	×	✓
Must be placed on own Asset Register	x	✓	×
Can be separated and billed to different departments	×	×	✓
Is a non-capital expense	×	×	✓
Removes Obsolescence Fear	✓	×	✓
Options at the end of the Contract	✓	×	✓