

Equipment Finance Options

with Classic Funding Group

	Rental Agreement <i>Also known as Operating Lease</i>	Secured Loan Agreement <i>Also known as Chattel Mortgage</i>
Purpose	Typically for rapidly depreciating equipment (with up to 5 years life span)	Typically for equipment with long performance life and low depreciation
Ownership	Financier retains ownership. You have the option to purchase at the end of term	Your business owns the equipment. Financier takes mortgage over the equipment
Flexibility	Highly flexible - upgrades and add-ons at any time	Less flexible - upgrade possible by taking out a new contract and paying out the old one
Tax treatment	Monthly payments may be 100% tax deductible with business use*	Interest component of loan and depreciation of equipment may be tax deductible*
Residual risk	No residual risk obligation	Final balloon payment is an option
Accounting treatment	Repayments treated as an operating expense and may not appear on the Balance Sheet	Commitments may be noted on the Balance Sheet as capital expenditure
GST treatment	Rental payments include GST (Input Tax Credit may be claimable in your BAS)*	GST inclusive cost of the equipment is financed. Repayments do not attract GST*
End of term options	Various - Continue to rent, purchase, return or upgrade to new equipment	None - Your business owns the equipment
Responsibility for equipment disposal	Finance provider	Your business
Bearing the risk of obsolescence	Finance provider	Your business

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* We do not provide financial advice. You should obtain your own financial advice on the tax and accounting treatment of any finance solution you choose. Approval is subject to normal credit requirements. Terms & conditions apply.



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