

# Frequently Asked Questions About Equipment Finance



[www.tfgparramatta.com.au](http://www.tfgparramatta.com.au)

## Why Rent?

An operating lease or equipment rental agreement is a smart way for your business to:

- Minimise major capital outlays and retain working capital
- Keep up to date with the latest technology
- Make 100% of your equipment outlays tax deductible within the current financial year
- Not to be left with out of date or obsolete equipment.

When you rent your equipment you enter into an agreement with the leasing firm to pay a set amount per month for a fixed term. This method allows you to fix your operating costs and more effectively manage your precious funds.

At the end of the term you can either:

- Return the equipment to the finance company
- Replace or upgrade the equipment with the latest technology and enter into a new agreement to rent
- Purchase the equipment at its current market value
- Extend the term of the agreement and continue to rent the equipment.



## How does an operating lease work?

Step 1) Choose the equipment you would like to purchase

Step 2) Contact Finance Consultant via The Finance Group Parramatta to obtain your finance approval (online enquiry preferred, visit [www.tfgparramatta.com.au](http://www.tfgparramatta.com.au), go to contact us/enquiry).

Or contact Jason on 0407900113

Step 3) Use your normal procurement process to obtain the goods

Step 4) Provide our Finance Consultant with the details of your supplier

Step 5) Take delivery of the goods

Step 6) Commence your operating lease.

## What happens at the end of term?

You have five end-of-term alternatives:

- Extend the rental period.
- Upgrade or replace with new equipment.
- Make an offer to purchase the equipment at fair market value.
- Return the equipment with no further payments required.
- Or any combination of the above that best suits your requirements.

# Frequently Asked Questions About Equipment Finance



## **Can I upgrade my equipment during my rental / operating lease term?**

Yes you can! Contact us to discuss how you can either:

- Increase the rentals without extending the term; or
- Extend the rental term to maintain a similar quarterly rental as per your existing rental agreement.

## **Can I add extra equipment to my rental agreement?**

Yes you can. Simply contact us with details of the new equipment. We can arrange to either:

- Increase the rentals without extending the term; or
- Extend the rental term to maintain a similar quarterly rental as per your existing rental agreement.

## **Can I cancel the arrangement before the end of the term?**

Yes, but cancellation of a rental contract in its first term requires you to pay for the balance owing. A more cost-effective solution is to upgrade to new equipment and execute a new rental agreement.

## **What is the effective interest rate?**

An operating lease and rental are known as interchangeable terms, as the arrangement is not a loan but a “rental” so there is no interest rate.

You are paying rental for the use of the equipment over a pre-determined period. You are not repaying a loan.

## **Are my payments tax deductible?**

Yes – up to 100% depending on the proportion of usage for business purposes (please check with your accountant or financial advisor).

## **What happens if the equipment is damaged?**

Most equipment is covered by the manufacturer’s warranty (check with your supplier). Beyond that, you are responsible for repairs and maintenance and to keep the equipment in good working order and insured at all times.

## **What types of equipment can I arrange finance for?**

We can arrange finance for a wide range of equipment, including computer software and hardware, furniture, machinery, motor vehicles, security systems, point-of-sale systems, kitchen equipment, etc.

If you have any other questions, please contact;  
Wes on 0406904092 or Jason on 0407900113