

Car and Equipment Loans

Hire Purchase

The Hire Purchase Agreement is simply a contract where the lender allows the client the right to possess and use an item of equipment in return for regular payments.

When the final payment is made, the title of the goods is transferred to the customer. This product is designed for businesses wishing to finance the purchase of motor vehicles and trucks, industrial plant and equipment, business and professional equipment.

Features and benefits include:

- Repayment schedules can be structured to suit a customer's cash flow.
- Can be arranged with no deposit or an amount that suits the customer.
- Flexible repayments allow for accurate capital budgeting.
- Balloon payments at the end of the term can be arranged.
- Client gains automatic ownership at end of term.
- Interest and depreciation are tax deductible if business expense.
- Client can repay the contract before the term ends.

Finance Lease

Here the lender purchases the plant, equipment or vehicle required by the client (the lessee). The lender then leases the goods to the customer under a lease agreement.

When the lease expires the lessee can either:

- Return the equipment to the lender who can sell it elsewhere. If the net sale is less than the residual value, the customer must make up the shortfall
- Refinance the residual value
- Pay out the contract
- Make an offer to purchase, which may be accepted by the lender.

Novated Lease

As an employee of a company, a client leases a car using a Finance Lease. They then sub-lease the car to their employer via an operating lease. The employer enters an agreement which makes it responsible for meeting the payments. This is the ideal arrangement for those who have the option of receiving a car as part of their salary package and who use the vehicle for work purposes.

Features and benefits include:

- The vehicle can be purchased without any capital outlay
- The client has complete choice in what they buy and where from
- If the client changes company, the vehicle remains theirs
- The employer pays the lease rentals directly
- Repayments are normally in advance
- The car does not appear on the employer's balance sheet
- There are numerous tax benefits to the employer.

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