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Rental	Lease	Hire Purchase
<p> May qualify for off Balance Sheet reporting.</p> <p> Simple accounting if the equipment is 100% for business use then the payment is 100% tax deductible</p> <p> Preserves Working Capital. Paying a monthly rental on the asset as it is used to earn income</p> <p> No residual value liability.</p> <p> Flexibility to upgrade to new technology anytime during the period of the agreement (certain criteria applies) through a simple variation of the contract.</p> <p> Flexibility to add on options and/or upgrade components of the equipment during the period of the agreement through a variation of the contract as above.</p> <p> Maintenance, software, installation and other intangible items can usually be included.</p> <p> Reduces risk of equipment obsolescence with ability to upgrade.</p> <p> Flexible end of term options.</p> <p> GST paid with your payments can be claimed on your Business Activity Statement</p>	<p> Needs to be shown on the Balance Sheet as both an asset and liability.</p> <p> More complex accounting maybe required. Equity accounting as per AAS17 may be necessary.</p> <p> Preserves Working Capital. Paying a monthly rental on the asset as it is used to earn income.</p> <p> Residual value liability.</p> <p> Contract has to be paid out in full if the client is wanting to upgrade to new equipment.</p> <p> Not flexible. Any add ons would have to be financed or paid for separately from this contract with possible complications of ownership. If a component of the lease needed to be upgraded, the entire lease would probably need to be paid out.</p> <p> Normally for hardware items only. Any intangible items will probably require a cash payment by the client.</p> <p> Risk of obsolescence.</p> <p> Minimal end of term alternatives.</p> <p> GST paid with your payments can be claimed on your Business Activity Statement.</p>	<p> Needs to be shown on the Balance sheet as an asset, showing the reduction in cash reserves or increase in liability in overdraft.</p> <p> Yearly accounting requirements of calculating the depreciation on the asset and the relative balance sheet adjustments will be required.</p> <p> Reduces Working Capital. Having to pay completely for the asset today.</p> <p> No residual value liability.</p> <p> To upgrade to new technology the client would need to trade in or write off the old equipment and then find the funds to purchase new equipment.</p> <p> Add ons and upgrades will be paid for in full by the client, which again reduces working capital.</p> <p> Client pays cash. Reduction in working capital again.</p> <p> Risk of obsolescence.</p>