



In2leasing

Finance Lease

All finance methods fall within two categories: Owning (On Balance Sheet) or Hiring (Off Balance Sheet), Finance Lease is a HIRING method.

Finance Lease is ideal for customers who want to have all the benefits normally associated with owning a vehicle whilst maximising tax efficiencies and minimising the initial outlay (ie. LOW DEPOSIT!!). Importantly, you should note that, for income tax purposes, finance lease is still classed as a hire agreement, which means that you get 100% tax relief on your payments to offset against your taxable profits.

With Finance Lease, you pay VAT monthly and claim it back quarterly.

You simply have to agree a monthly payment and contract period, which can include an acceptable final payment, often called a "Balloon" or "Terminal Rental" (the Balloon quoted above is based on CAP Monitor, 3yrs , which will have the effect of keeping your payments to a minimum. Payments are made monthly by Direct Debit throughout the contract term. You can terminate the agreement early, although there are of course early settlement charges but they are not as harsh as they tend to be on contract hire.

Finance Lease is very flexible, and at the end of the contract you have several options:

You can sell the vehicle to a third party, and use the sale proceeds to make the final balloon payment, *if* one has been included. Any sale proceeds over and above the balloon are profit, which is shown on your books, therefore taxable.

Most of our customers, however, choose to part exchange the vehicle, and take delivery of a new one, as you retain 95% of the part exchange value. This allows you to use any surplus monies as your deposit on the new vehicle.

Alternatively you can keep the vehicle for as long as you want as long as you pay an annual nominal sum called a peppercorn rental to the leasing company. Even this payment is 100% allowable against taxable profit.

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