

# 7 quick facts you need to know about equipment finance in 2022

After 30 years of financing equipment in all manner of civil industries, we thought we'd share a few facts to assist business owners in getting the best outcomes on equipment purchases & finance in 2022.

## 1. Spreading your equipment debt over a number of financiers instead of your bank can pay big dividends

Often your bank will have a mortgage over your business, known as General Security Agreement (GSA). They will likely consider exposure they have on equipment finance when assessing whether they will provide extra working capital as your business grows. Often banks refuse to provide increased home loans or additional overdraft limits, due to the level of exposure you have on equipment finance.

If you want to change banks, the departing bank will typically want to see you pay out all equipment loans prior to releasing securities required by the incoming bank. These payouts incur a penalty on early discharge. You would not have to do this if your equipment finance was with another provider.

### SPREADING DEBT =

More competitive rates & terms for you

You're building a broad base of supporting lenders to provide additional finance

A quicker & more cost effective way of growing your fleet of machines

## 2. Used equipment is as easy to finance as new equipment

Quality used equipment (purchased at auction or via a dealer) is a viable

alternative to new, especially in this current environment where supply of new equipment has significant delay in delivery.

## 3. Private sales of used equipment can easily be financed

Competitive equipment finance is easily available where the used equipment is being purchased from a Private Vendor.

Private sales require extra steps such as inspection of goods & ownerships checks. Using a skilled broker means they will complete these steps for you.

## 4. Interest rates can vary by as much as 2%, so it pays to shop around

Interest rates on equipment finance are open to competition between Banks and Finance Companies. It pays to shop around or use a finance broker who will save you time & will do it for you.

A 2% interest rate saving on a \$300,000 loan, over five years, will save you \$330 a month (\$20k over the entire term).

## 5. Finance under \$1million can be completed without financials

Most finance under \$1 million, can be arranged without the need to provide financials and without increases in interest-rates. This is

known as Low Doc, Matrix, Easy Upgrade Products.

## 6. You can take advantage of a 100% tax write off on new or used equipment

### DO I QUALIFY FOR THIS?

- Turnover less than \$50m
- New or used equipment
- Equipment installed by June 30 2023
- Loan is Chattel Mortgage or Commercial Hire Purchase

This is a once in a generation opportunity for companies to expand.

## 7. You have the ability to claim a 100% tax write off on your existing fleet

Any company using the Simplified Tax System for Depreciation & with a turnover less than \$10mil has an ability to claim a full 100% tax write off on their existing fleet. The loss created can be carried back to prior years (up to 2019) to obtain a tax refund on any tax paid during that term. If you still have tax losses after that, you can carry those forward to offset future years trading profits.

To learn more on items (6) & (7) simply scan the QR code



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to THERE

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