

ASM Money Finance Options Explained

	Rental	Finance Lease	Chattel Mortgage
Ownership of asset	Financier purchases the equipment on your behalf and rents it to you for an agreed period, making fixed monthly repayments.	Financier purchases the equipment on your behalf and leases it to you for an agreed period, making fixed monthly repayments with a fixed residual or balloon payment.	Financier advances the total sale price of the solar system and installation to you and your business owns the asset at the time of purchase and makes fixed monthly repayments to pay off the loan. The financier then registers their interest over the equipment.
End of term	At the end of the term you choose whether to continue renting, return the asset or make an offer to purchase for not more than 3 months payments.	\$1	At the end of the term after the final payment, clear title of the asset is transferred to your business,
Balloon payment	See End of Term	\$1	N/A for Solar
Ongoing tax benefits*	Full rental payments may be 100% deductible for income tax purposes.	Full rental payments may be 100% deductible for income tax purposes.	Only interest and depreciation may be deductible for income tax purposes.
GST*	If your business is registered for GST you may be entitled to claim input tax credits in relation to the rental payments	If your business is registered for GST you may be entitled to claim input tax credits in relation to the lease payments	If your business is registered for GST you may be entitled to claim input tax credits upfront (on next BAS) on GST amount included on the invoice.
Term	Solar PV systems - 84 month term Energy efficient lighting - 36 month term	Solar PV systems - 84 month term Energy efficient lighting - 36 month term	Solar PV systems -84 month term Energy efficient lighting - 36 month term
Balance Sheet	Not normally included on balance sheet unless business is a reporting entity	Not normally included on balance sheet unless business is a reporting entity	Included on balance sheet and can affect future borrowings.
Early Payout	Full amount of the agreement is paid regardless of early payment	Full amount of the agreement is paid regardless of early payment	Discounted rate of interest on balance for early payment.

Comparison Chart

Solar: \$36,364 ex GST ex-STC / \$40,000 inc GST ex-STC's

	Period	Deposit	Fees	Monthly	Tax Benefit	5 year After Tax investment
Rental	60 months	0%	\$220	\$732	\$13,237	\$31,073
Finance Lease	60 months	0%	\$220	\$767	\$13,886	\$32,401
Chattel Mortgage	60 months	0%	\$425	\$849	\$4,934	\$43,104
Bank Loan	60 months	0%	\$425	\$760	\$2,727	\$39,682

Comparison of the main forms of funds used to finance solar projects. For \$40,000 inc GST, the after-tax position is better using a rental option assuming the company is a tax paying individual or company. Other options may be more effective for non-profits, incorporated bodies and government agencies.

*This information is presented as general advice only. Prior to making a decision to secure finance we recommend you speak with your accountant about depreciation & GST implications for your business. Rates are current as of 5 July 2019. Tax benefit assumes a company tax rate of 30%.