

Finance Lease

A **finance lease** is an attractive finance option for sole proprietors, partnerships and companies that use the 'cash' method of accounting for the Goods and Services Tax (GST). Under the cash method, the vehicle is financed excluding the GST component of the acquisition price of the motor vehicle (or other asset) that is claimed back by the financier. This means you are financing the ex GST price, reducing the amount borrowed, however GST is then charged on your monthly payments which can be claimed back on the entity's next Business Activity Statement over the term of the finance contract.

During the term of the lease agreement the lessee pays the rental and does not obtain ownership or equity in the vehicle. The lessor retains ownership of the vehicle, while the lessee assumes the risk of the residual value.

At the end of the lease the lessee has the option of:

- Returning the vehicle to the lessor (and make up any shortfall in the residual that may occur).
- Paying out the residual and obtain ownership of the vehicle.
- Refinancing the residual for another lease term.

Under a finance lease, the lessee is responsible for all maintenance and running costs of the vehicle. Finance lease rentals are subject to GST, as is the residual value of the motor vehicle.

Flexibility

A finance lease allows the lessee to select a lease term and repayments to suit their cash flow. Lease rentals and residual values can be negotiated within an appropriate range to allow more flexibility in budgeting.

Tax Benefits

Where the vehicle is used for business purposes, the lease rental will be tax deductible. The extent of the tax deductibility will depend on the business percentage of use and whether or not the motor vehicle cost price exceeds the Luxury Car limit (\$57,009 in 2005/2006).

The lessee (where registered for GST) will be entitled to claim back the GST paid on the lease rentals.

Other Benefits

Other benefits of a finance lease include:

- There is no initial outlay required from the lessee as finance is for 100% of the value of the vehicle.
- The vehicle does not appear on the lessee's balance sheet.
- The term of the loan ranges from 12 months to 60 months.

To obtain a Finance Lease quotation tailored for you, please complete our attached finance enquiry form, alternatively call our friendly finance consultants on [1300 132 725](tel:1300132725).

Contact Details:

Southgate Fleet Management Pty Ltd/Southgate Financial Services Pty Ltd

Telephone: 1300 132 725

E-mail: support@southgatefinancial.com.au

Website: www.southgatefinancial.com.au

Disclaimer: We recommend that prior to entering into any financial arrangement that you seek independent financial advice. The information contained herein is of a general nature only and does not take into account your personal circumstances. Southgate Financial Services Pty Ltd, its agents, employees and lenders accept no responsibility for any loss that may arise.

NEW VEHICLE AND/OR LEASE QUOTATION REQUEST

Contact Person: _____

Date: _____

Company/Organisation: _____

Phone: _____ Fax: _____

Delivery State: _____ Delivery Suburb: _____

Vehicle is to be registered in the name of an: Organisation (Specify: _____) Individual

New Vehicle:

Make & Model: _____

Body: Sedan Wagon Hatch 3 Door Hatch 5 Door Other _____

Transmission: Automatic Manual

Fuel: Petrol Diesel LPG

Engine: 4 Cyl 6 Cyl 8 Cyl

Engine Capacity: _____ Litres

Required Options:

- | | | |
|--|--|---|
| <input type="checkbox"/> Air Conditioning | <input type="checkbox"/> Mud Flaps F & R | <input type="checkbox"/> Window Tint |
| <input type="checkbox"/> Metallic Paint | <input type="checkbox"/> Mud Spats F & R | <input type="checkbox"/> Headlight Protectors |
| <input type="checkbox"/> Cruise Control | <input type="checkbox"/> Floor Mats F & R (Carpet) | <input type="checkbox"/> Bonnet Protector |
| <input type="checkbox"/> ABS | <input type="checkbox"/> Floor Mats F & R (Rubber) | <input type="checkbox"/> Tow Bar (_____ kg) |
| <input type="checkbox"/> Air Bag - Driver | <input type="checkbox"/> Weathershield - RH | |
| <input type="checkbox"/> Air Bag - Passenger | <input type="checkbox"/> Weathershield - LH | |

Other: _____

Trade In Vehicle (if applicable):

Make & Model: _____ Registration Number: _____

Contact Person: _____ Phone: _____

Location: _____

Date (if applicable): _____ Time (if applicable): _____

NOTE: Where a date or time is specified, it is recommended that at least 3 business days notice is given to ensure valuers can set aside the requested date or time.

Finance/Leasing:

If you require assistance in choosing the appropriate lease type/term, please check this box.

Operating Lease

- Fully Maintained
 Non Maintained

Term (years/total klm's): _____

Term (years/total klm's): _____

Term (years/total klm's): _____

Finance Lease

- Finance Lease# Novated Finance Lease#
 CHP# Fully Maintained Novated Finance Lease#*

Chattel Mortgage# # Term (years/residual): _____

* Term (total klm's): _____

Specialty Product (Organisations at Government Pricing Only)

- 12 Months Interest Only 9 Months Interest Only