

# Lease versus Own



*The foundation for success...*

**A common challenge for all businesses is how to pay for the equipment needed to perform their services. Even among experts and professionals, opinions will often vary. The one thing you must recognize is that each business is unique and there are no standards that work for everyone. Only you know what your capital reserves are and what type of reserves your business will require from month-to-month. While some businesses are more sophisticated than others, only you have access to the full spectrum of your financial position today and the forecast of what responsibilities there are to come. It is not only essential that you prepare yourself adequately; it's crucial.**

**In the beginning, one of the first professionals you should confer with is a Tax professional. This person can view your company in its totality and then match your company's needs with the proper tax plan. It is an accepted belief that proper tax planning is the primary step to a successful business. Upon properly identifying your needs, it's now time to strategize your method of operation. To assist you with that method, we've compiled a simple list of the advantages and disadvantages of leasing equipment versus that of buying it. This list is generic but reveals the industry norms of features and benefits. As you review, apply these characters to your business and see how it measures up. Good luck!**

## **Own**

- 1. When you decide what equipment to use, you are of course purchasing it. The equipment is yours to do with as you please.**
- 2. By purchasing the equipment, you have immediately created an asset to your company profile.**
- 3. Depending on what your equipment is and how your company is structured; you may be entitled to certain tax benefits such as writing off the expense in the first year. (Check with a tax professional)**
- 4. There are no payments. (You own it.)**
- 5. Now that you own the equipment, you have the option to resell it. (At a lesser price)**

## **Lease**

- 1. The first benefit is that if you don't have the reserves to purchase, a lease is a viable option.**
- 2. If you were going to purchase with a bank loan, then the bank would likely require a 20% down payment. By leasing the equipment, the standard is that you are required one or two month's payment upfront and that's it.**
- 3. Although you are leasing the equipment, it is still an asset to your company.**
- 4. Even though you have a monthly payment, you also have the option to upgrade the equipment prior to it becoming obsolete.**
- 5. When you acquire assets, you want assets that will appreciate in value not depreciate. With many equipment materials needed to function, they will depreciate after the first year of usage.**
- 6. By leasing all of your equipment, you may be able to fully write-off up to 100% of your payments as a business expense. (Check with a tax professional.)**
- 7. Most items can be leased such as phones, furniture and computers, not just heavy machinery.**
- 8. Choosing a lease allows you the flexibility to maintain capital reserves for payroll and miscellaneous expenses that may occur.**
- 9. There are numerous types of leases that can cater to your business profile and your company's needs.**
- 10. Lease rates are 'fixed' and range in term from 12 to 60 months.**

**As you can see, the features of leasing far outweigh that of purchasing or owning the equipment for many businesses. Eight out of ten businesses prefer leasing over that of buying. The list you just reviewed points out the key components to both options but with further investigation, you'll find that leasing offers many more opportunities to fulfill your desires.**

**Please speak with an equipment leasing professional to locate the proper lease for your company. It's good business!**

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***"The only good is knowledge and the only evil is ignorance."***  
***~Socrates~***