

Benefits of Leasing

Management of cash flow

Mismanagement of cash flow is a major reason why businesses fail. With leasing, businesses know the amount and number of lease payments over the life of the leasing period, so that businesses can accurately forecast cash requirements for equipment and hedge against inflation.

Tax Advantages

Leasing can help minimize tax liability through two ways. Depending on the structure, lessees can either deduct the entire lease payment or take advantage of the same tax benefits as ownership.

Preserve credit lines and working capital

Leasing enables companies to utilize 100% financing while preserving valuable bank lines and precious working capital. That means companies are able to reinvest their free cash on their core business maximizing their return on their capital

Off Balance Sheet Financing

Companies often need to maintain certain debt-to-equity ratios or comply with debt covenants. With an operating lease, lease payments are recorded as operating expenses. Lessees are then able to keep the asset and matching liability off its balance sheet improving debt and productivity ratios.

Convenient, fast and flexible

Leasing can allow you to respond quickly to new opportunities with minimal documentation and red tape. Many leasing companies can approve your application within one or two days and you can have your equipment very quickly. In addition, lessees are able to customize a program to address specific needs and requirements - cash flow, budget, transaction structure, cyclical fluctuations, etc.

Protection against obsolescence

A lease allows equipment to be returned to the lessor at the end of the lease. Businesses can then upgrade equipment without having to manage disposal and other ownership burdens. With leasing, companies can ensure that they attain the most advanced technology, rather than having obsolete equipment.