

FEATURES	CHATTEL MORTGAGE	FINANCE LEASE	OPERATING LEASE
What is it?	You take ownership of the item at purchase but the lender takes a charge over the item until all rentals are paid in full	You lease the item for use for a set period in return for rental payments. You can make an offer to buy the item at the end of the term	You lease the item for use for a set period in return for rental payments. At the end of the term you return the item to the financier
Can I finance 100% of the cost?	Yes	Yes, this is mandatory	Yes
Is the GST payable?	On the cost of the item	Payable on rental	Payable on the rental
Can I have flexible repayments?	Yes	Yes	Yes
Fixed interest rate?	Yes	Yes	Yes
Is there guaranteed ownership at the end of the term?	Borrower owns the item from the outset	No	No
What is the accounting treatment?	On balance sheet	On balance sheet	Off balance sheet
Can I have residual capital value?	Yes - Optional, called a balloon payment	Yes - Set to ATO guidelines	No
Who owns the equipment during the contract?	Ownership is with the borrower	Legal ownership is with the financier	Legal ownership is with the financier
What can be claimed as a tax deduction?	Borrower may be able to claim interest and depreciation as a tax deduction if the item is used for business purposes	Lessee may be able to claim lease rentals as a tax deduction against assessable income if leased item is used for business purposes	Lessee may be able to claim lease rentals as a tax deduction against assessable income if leased item is used for business purposes

Please Note: Tax treatment and accounting can be a complex area and varies depending on your individual situation; we recommend you consult your tax advisor for full advise.

For more information please visit
<http://www.agcofinance.com>