



why lease?

*creating freedom, to help you do more business*

tower

There is a good reason why just under 30% of all fixed capital investment is made using the leasing option. In fact, there are several good reasons and collectively they make a compelling case for lease finance being an excellent alternative to outright cash purchase.

- Equipment when you need it, not only when budgets allow
- Safeguard cash with a tailored payment plan rather than making one substantial outlay
- Make budgeting simpler with fixed payments for the term of the lease
- Offset 100% of the rentals against your tax liability to maximise tax efficiency
- Secure the payment profile that best meets your budgetary and cash flow requirements

Utilise the flexibility inherent within the solution to effortlessly upgrade equipment during the lifetime of the lease

Preserve banking facilities and other lines of credit

Today, blue-chip companies, SMEs and professionals appreciate the huge benefits to be had from lease finance. Over 90% of The Times Top 100 use this option when procuring equipment – why should they reap all the rewards?

# lease vs buy

## The financial facts

One misconception that leasing still suffers from is that it is not cost-effective, in addition to the benefits leasing brings it competes very well in simple monetary terms. Customers need to understand that leasing can indeed prove its case on cost-effectiveness grounds.

### Example:

Company A is looking to purchase new equipment for its business. The supplier has offered them two options, either to buy the equipment outright or to utilise a lease

### Assumptions:

Equipment Price: **£7,374**

Lease Period: **3 Years**

Frequency: **Monthly**

Company's Tax Rate:

### Cash Purchase

Tax relief is only available on the capital allowances on the equipment.

Year	Capital Allowance	Tax Relief
1	25% of £7,374 = £1,843	Less 30% = £553.00 2
	25% of £5,531 = £1,383	Less 30% = £415.00
3	25% of £4,148 = £1,037	Less 30% =
£311.00 Total tax relief:		<b>£1,279.00</b>

### Lease Rental

Tax relief is available on all rentals in this case at a rate of 30%.

Year	Capital Allowance	Tax Relief
1	12 rentals of £252.00	Less 30% = £908.00 2
	12 rentals of £252.00	Less 30% = £908.00
3	12 rentals of £252.00	Less 30% =
£908.00 Total tax relief:		<b>£2,724.00</b>

Equates to:

	Cash Purchase	Lease Rental
Total tax relief:	<b>£1,279.00</b>	<b>£2,724.00</b>

By choosing to lease, Company A would gain over **£1400** more in tax relief when compared with a cash purchase.

# why lease?

In a pressurised, fast moving business climate, leasing gives you the flexibility to acquire the equipment you need to react and respond to internal and external demands. It is accessible, affordable and adaptable, a dynamic springboard for innovation and improvement.



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## Why Tower & Ocean Telecom?

In the world of leasing, think of Tower as a business ally - a staunch supporter that works harder for our customers to help them acquire the equipment they want when they want it. Our recognition by and reputation amongst Funders means that we can provide our customers with optimal financial solutions

– flexible packages that can stimulate operational progress and commercial growth. Rich in experience, rich in returns, that's why Tower is increasingly the first choice for lease finance.

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