

Summary Table for Car Financing Arrangements (Effective 1/7/2012)

	Hire Purchase	Chattel Mortgage	Lease
Title	Remains with financier until option to purchase is exercised or final instalment paid	Purchaser takes title from time of purchase	Title in goods remains with financier
Capital Outlay	No capital outlay	No capital outlay	No capital tied up
GST	Pre 1/7/2012 – claimed over period of repayments Post 1/7/2012 - claimed upfront	Claimed upfront	GST claimed on 1/11 th of repayments
Security	Vehicle is security	Mortgage over chattel	Vehicle/plant is security. May require director guarantee
GST on interest and Fees	Pre 1/7/2012 - No Post 1/7/2012 – Yes claimed quarterly on BAS	No	n/a
Period	Usually between 12 & 60 months	Usually between 24 & 60 months	Usually between 24 & 60 months
Balloon	Optional	Optional	Residual value can be varied. Can choose to refinance
Tax Deductions	Interest, running costs & depreciation tax deductible	Interest, running costs & depreciation tax deductible	Interest, running costs, repayments tax deductible
Stamp Duty	Stamp duty on payments	Yes - up front cost	Can include 'on-road-charges'
Interest Rate	Fixed interest rate	Fixed interest rate	n/a
Other			Can include a 'Deed of Novation' for salary packaging

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.

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