



# Commercial Hire Purchase

A Commercial Hire Purchase (CHP) is generally suitable for organisations using the 'accruals' method of accounting for the Goods and Services Tax (GST), or for individuals who use their motor vehicle for business-related purposes. Under the accruals method, the GST component of the acquisition price of the motor vehicle (or other asset) can be claimed back on the entity's next Business Activity Statement, rather than claiming the GST over the term of the financial contract.

## Flexibility

Flexibility is an attractive feature of a CHP. You can either finance the total purchase price, or use a deposit or trade-in to reduce the loan payments. You can even use the GST refund to contribute towards paying off the loan, thereby reducing the amount financed and the interest paid over the term of the loan.

## Tax Benefits

Unlike a chattel mortgage, under a CHP arrangement you do not become the owner of the motor vehicle until all monies owed under the arrangement are paid. However, you can still claim a tax deduction for the depreciation on the motor vehicle as well as the interest component of the loan repayments where the motor vehicle is used for business related purposes.

In addition, GST is not payable on the loan repayments.

## Other Benefits

- The repayments are fixed over the term of the loan
- The term of the loan ranges from 9 to 60 months
- You can structure the repayments with or without a balloon payment at the end of the term of the loan to tailor your repayments to suit your cash flow.

To obtain a Commercial Hire Purchase quotation tailored for you, please complete our attached finance enquiry form. Alternatively, call our friendly finance consultants on 1300 132 700.

### Contact Details

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