



GoldChip Finance

S E P T E M B E R 2 0 0 3

Welcome to the September edition of GoldChip Finance news. I hope you find the content of this edition informative and relevant.



Monthly tax tip

Did you know that Leases and Hire Purchases are treated differently for both income tax and GST purposes. Their differences may influence your decision as to whether you should lease or hire purchase your new income producing asset.

Leases

- Lease payments on income producing assets are deductible in full when they are incurred; and
- A lessee that is registered for GST can only claim the GST paid on each lease payment in the period that the lease payment is made.

Hire Purchase

- The interest portion of the hire purchase payments and depreciation on the asset are deductible; and
- A hire purchaser that is registered for GST is able to claim the GST paid on the cost of the income-producing asset in the period that the asset is purchased.

Luxury Car Leases

- Luxury car leases are treated the same as hire purchases for income tax purposes i.e. interest and depreciation are deductible;
- Deductions for luxury car leases are limited to the car depreciation limit, which is \$57,009 for the 2004 financial year; and

- GST input tax credits on luxury cars are limited to the luxury car depreciation limit i.e. \$5,700.90 (\$57,009 x 10%).

Businesses registered for GST would have a cash flow benefit by choosing a hire purchase over a lease i.e. the input tax credit is claimable upfront.

For additional assistance with the tax and GST differences between leases and hire purchases, please contact Jared Balkin or Stuart Boyers of SME Business Solutions Pty Ltd on (02) 9411 2644. SME Business Solutions Pty Ltd is a strategic alliance of GoldChip Finance.



Monthly rate update

Whilst most lenders had already factored in a rate cut by the RBA during August, rates remained unchanged after the RBA's meeting. Consequently this has resulted in lenders increasing their rates.

Motor Vehicles (includes Novated Leases) from:	7.20% pa
Luxury Motor Vehicle Financing from:	7.25% pa
Trucks from:	7.10% pa
Manufacturing equipment from	7.50% pa
Computer hardware from	7.30% pa
Office equipment from	7.30% pa

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