Making the Right Choice with Equipment Financing

Your choice of how to acquire and pay for an asset has a tremendous impact on how well the equipment can meet your operational needs as well as the total operating cost. Leasing has become the preferred equipment finance solution for many Canadian businesses and can provide numerous benefits including:

Avoid large cash outlays. Leasing often enables customers to finance 100% of the acquisition cost and does not require upfront settlement of sales taxes. Without the need to accrue funds for a down payment, leasing often enables businesses to acquire equipment sooner.

Flexibility. Leasing allows customers to acquire equipment for a fixed term, with the option to return or purchase the equipment as their needs dictate. Payment plans can be customized to match irregular cash flows (ex. seasonal businesses), projects, and other considerations.

Preserve bank facilities. Leveraging the manufacturer's capital to finance equipment preserves your bank lines for operating needs, new opportunities, and other high ROI applications.

Simplify the budgeting process. Selecting a fixed rate lease crystalizes your payments for the term of the contract, providing budget setters with a predictable operating expense. Maintenance agreements can often be bundled with the lease so that your enterprise has one constant payment for guaranteed uptime.

Hedge against inflation. In today's rising interest rate environment, a fixed rate lease can protect your business against the rising cost of borrowing.

Below we briefly compare different options for financing:

Capital Lease	Operating Lease	Term Loan
• Suitable for startups and established businesses • Low initial cash outlay • Build equity in your equipment • Flexible structures • End of term options below fair market value down to $10 • Rights & responsibility of ownership • Advantageous tax deductions (consult your accounting professional)	• Geared towards established businesses • Low initial cash outlay • Flexible structures • End of term option at fair market value • None of the rights or responsibility of ownership - similar to a rental • Advantageous financial reporting (consult your accounting professional)	• Suitable for startups and established businesses • Often requires a down payment • Build equity in your equipment • Less flexibility • Equipment paid out by end of term • Rights & responsibility of ownership • Take advantage of investment tax credits

Whatever your needs, Toyota Commercial Finance Canada will recommend the best financing solution to maximize the value of your equipment acquisition.