

Equipment Leasing

For close to a decade now, we have offered equipment leasing to our customers. We can provide lease financing for a multitude of equipment including computers, construction equipment, machine tools, medical equipment and telephone systems to name a few. There are two types of equipment leases that we can offer you, a “Capital Lease” or an “Operating Lease”.

A capital lease allows you to obtain equipment without a down payment and provides a low monthly lease payment to enable you to preserve your capital for other business purposes rather than investing it in equipment. A capital lease for accounting purposes is typically treated as an installment purchase with a portion of the lease payment expensed as depreciation and a portion expensed as implicit interest. At the end of the lease, title to the equipment automatically transfers to you.

An operating lease is similar to a capital lease but with additional benefits. An operating lease allows you to pay only for that portion of the equipment you plan on using. As an example, if a piece of equipment has a useful life of 7 years and you only want to lease it for 4 years, an operating lease can be structured for a term of 4 years. At the end of the lease term you have the option of returning the equipment to the lessor (with no further obligation on your part), purchasing it, or renewing the lease. In addition, since you are only financing the portion of the equipment you will be using, your monthly lease payment is less than it would be under alternative financing scenarios. Under an operating lease, the entire lease payment can be claimed as a tax deduction.

We also offer added flexibility through a skip lease where the lease payments are structured to meet your specific seasonal needs. If your business is slow in the winter or in the summer, we can structure a lease so that you have either a minimal or even no monthly lease payment for those months when you need to preserve capital for the coming year.

If you have any questions regarding equipment leasing, please contact any one of our business bankers who can help you identify the financing solution that best meets your needs.

Please note that the information contained herein is general in nature and may not apply to your specific situation. Please work with your tax and other advisors for accounting and legal guidance to determine how these products will impact you.