



**AUTOMATION HUB**  
360° OFFICE SOLUTIONS



## WHY RENT

### 1) INCOME TAX ADVANTAGES

*The rental is considered as an operating expense and therefore the rentals are fully tax deductible and Vatable*

### 2) VAT IMPLICATIONS

*Savings in VAT is achieved because the tax is not capitalised up front on the total investment, but rather paid with each rental. The VAT on the rental will be regarded as an input tax and may be set off against any output tax collected.*

### 3) OFF- BALANCE SHEET FINANCING

*Rental agreements structured in terms of accounting code AC105 are not capitalised on the balance sheet, thus improving liquidity, profitability and insolvent ratios.*

### 4) CONVENIENCE

*Savings in accounting costs. No requirement for fixed asset registers and/or records reflecting capital and interest arising on financial leases.*

### 5) CONSERVATION OF WORKING CAPITAL

*As no deposits are required, rental offers low entry level of costs, reducing the use of working capital.*

### 6) DIVERSIFICATION OF FINANCIAL RESOURCES

*Rental facilities offer the end-user a new source of finance, therefore existing credit facilities from the bank sector are not affected.*

### 7) OBSOLESCENCE HEDGE

*Rapid technology obsolescence places a burden on the owner of Hi- Tech equipment. With Rental agreements the end user may upgrade the equipment at any stage.*

### 8) FLEXIBILITY

*The restraints of the Usury Act do not affect rental agreements, thus payment structures are structured according to the economic life- span of the equipment and the end-user's budgetary constraints.*

### 9) AFTER TAX NET PRESENT VALUE OF COST

*With relatively high levels of inflation, structures that defer costs will result in reducing present value costs after inflation cost accounting.*