

CHARLES HURST RENAULT SOLUTIONS FOR YOUR VAN

ARE YOU VAT REGISTERED?

YES YOUR FINANCE OPTIONS ARE

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BUSINESS CONTRACT HIRE

This is one of the most popular ways to funding your vehicle and essentially involves hiring rather than owning the car. This can be a tax efficient option for many businesses and provides peace of mind through fixed monthly charges for the duration of the contract. In this case, rentals are either fully or partially deductible against corporation tax and depending on the level of personal usage, at least 50% of the VAT is reclaimable.

LEASE PURCHASE

With a Lease Purchase arrangement you agree an end of contract balloon payment which is normally based on the anticipated re-sale value of the vehicle. This is then subtracted from the initial vehicle price before monthly payments are calculated. In essence, you are then financing the depreciation rather than the purchase of the vehicle. Please note that when using this finance method, VAT can only be recovered on commercial vehicles.

PERSONAL CONTRACT HIRE

This is very similar to regular contract hire but is designed for private individuals. You pay a fixed monthly sum for the duration of the contract and then hand back the vehicle to the leasing company and either walk away or choose a new vehicle. Remember, this method does include VAT, although this is not reclaimable by private individuals.

PCP / CONTRACT PURCHASE

This can apply to both businesses and private individuals alike and involves paying a fixed monthly payment throughout the duration of the contract. At the start of the agreement an end of term value is agreed, which gives you the option to buy the vehicle outright, refinance the remaining amount or simply hand the vehicle back and walk away. Using this method, there is no VAT payable in relation to the finance payments; however VAT is applied to any optional services such as maintenance

HIRE PURCHASE

This is perhaps the most well known form of financing any asset that you do not wish to pay for outright. When choosing this option, you are taking out a loan to pay for the vehicle which you then settle through regular monthly payments covering the cost of the vehicle together with the agreed interest on the loan. Businesses choosing a HP arrangement should note that VAT is only recoverable in relation to commercial vehicles.

FINANCE LEASE

When you choose a Finance Lease, you get a tax efficient solution which gives you the ability to finance the entire cost of the vehicle, including any relevant interest payments, over a fixed contract period. Alternatively, you can pay lower monthly payments and then a final 'balloon' payment on completion of the contract. As with Contract Hire, at least 50% of the VAT is recoverable, depending on the amount of personal usage.

