Vehicle Leasing Excellence
Est. 1989

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Honesty - Integrity - Communication- Knowledge

Business car leasing - vs- buying

If you're unsure if it is best for your business to lease or buy its next new car, van or minibus or instead to buy it, please read on.

We have summarised everything you need to know before you make this important decision.

Benefits of leasing business vehicles

- Only pay for the period of usage, not the whole vehicle
- No large up-front payment
- Monthly payments usually fixed and fairly low (so affordable for all sizes of business)
- No risk of financial loss (as the business neither owns nor has to sell the vehicle)
- Avoid the expenses of depreciating vehicles
- Affordably update your vehicles more frequently
- Affordably access more premium vehicles (great for brand image, staff engagement and retention)
- Road tax and breakdown cover included. Servicing, repairs and maintenance can also be added
- An on-going business paper-trail is provided (so less admin)
- Leasing makes it easy to fulfil 'duty of care' legal responsibilities
- Monthly lease VAT payments 50-100% reclaimable
- 100% of VAT on a maintenance package is reclaimable

Considerations

- The business doesn't own the vehicle so has nothing to sell
- Exceeding predicted mileage can attract fees
- Consider company car tax for high CO2 band vehicles
- Permitted modifications are limited
- Ending the agreement early may attract termination fees

For a free consultation, please get in touch with
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Benefits of Buying Business Vehicles

- No monthly payment commitments if vehicle is bought outright
- The business owns and may sell the vehicle and money can be put back into the business
- A suitable method for those wanting to own well-sought-after-vehicles that may be set to appreciate in value
- No mileage limit
- You can treat the vehicle as you wish (however, vehicles not cared for depreciate faster in value)
- No modification restrictions

Considerations

- VAT will need to be paid on the purchase price & can only be reclaimed if the vehicle is never used for any private mileage
- New vehicles lose a high percentage of their value in the first 2-3 years
- If bought outright the full value of the vehicle must be found at the time of purchase and this sum is tied up
- If financed using a loan, up-front and on-going repayments can be high (generally much higher than lease repayments)
- If purchasing via a loan, only interest is deductible from profits
- The vehicle must appear on business accounts as a liability
- The business must organise and pay for Road Tax, breakdown recovery and MOT (the first two are included as part of the contract in the case of a lease car)
- Owning and running a company car can be time consuming: MOT, road tax, breakdown cover, servicing, repairs and maintenance all need to be arranged and paid for (if leasing, most admin/paperwork is done by the lease company)
- Selling can be time consuming (not so leasing, where the car is simply handed back at the end of contract)

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