

Contract Purchase

- 🌀 **Low initial payment**
- 🌀 **No capital investment**
- 🌀 **Capital allowances on full vehicle cost**
- 🌀 **All advantages of ownership**
- 🌀 **Budgeted transport costs**
- 🌀 **Full maintenance**
- 🌀 **No disposal problems**
- 🌀 **Improved cash flow**
- 🌀 **Minimised administration**
- 🌀 **No VAT on finance payments**

Low initial rentals

On a typical Contract Purchase Agreement, the initial payment required is normally equal to just a few months' rentals.

No capital investment

Switching customer expenditure to revenue budget means off balance sheet financing and no capital investment.

Capital allowances on full vehicle cost

Under Contract Hire Agreements part of the rental on vehicles costing more than £12,000 is permanently disallowed for corporation tax purposes. This pitfall is avoided with Contract Purchase as two separate agreements are entered into – one for finance and one for the maintenance. As the vehicles are being purchased (rather than leased) capital allowances may be claimed on the full cost of the vehicle.

All advantages of ownership

Contract Purchase gives you all the advantages of ownership and unrestricted use of the vehicle without the administration costs and the risk of depreciation.

Budgeted transport costs

A Contract Purchase Agreement enables you to forecast your transport costs. The desired amount of control of further costs can be determined by the services required.

Full maintenance available

A complete maintenance package designed to suit the particular needs of your business.

No disposal problems

Built into the agreement is a guaranteed buy-back facility and an option for you to purchase the vehicle(s) should you so choose. With a buy-back facility we assume the financial risk of disposing of the vehicle without any cost to yourselves.

Improved cash flow

The availability of variable length contracts and the low initial payment required enables an improved cash-flow to be obtained.

Minimised administration

Contract Purchase can reduce routine administration tasks such as invoice checking, operating cost records, buying, selling and maintaining fleet.

No VAT on finance payments

Since the agreement is essentially based on a purchase scheme, VAT is not chargeable on the finance payments.