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EQUIPMENT BUYING VS LEASING

	Equipment Lease	Equipment Loan
Requires down payment	No	Yes. Usually 10-15%
Requires collateral	No. Equipment serves as collateral.	Yes. Assets are required.
Can claim tax deductions	Entire lease payment can usually be claimed.	May claim for depreciation and interest.
Impact on balance sheet	Operating lease does not show as an asset.	Shows as an asset and liability.
Impact on cash flow	Payments are spread out over time.	Large down payment and repayment schedule impacts cash flow.
Who takes on the risk when equipment becomes obsolete?	The lessor (leasing company)	The end-user (business applicant)