

## Equipment Finance Provides What Your Business Can't Survive Without

Equipment finance is one of several options available to businesses seeking start up or growth capital. It is a highly attractive finance option because it can provide exactly what a business needs in order to survive. This could include machinery, software, computers, or even office furniture. Businesses will also find that equipment financing tends to not tie up cash, receivables, or credit cards. Overall it can reduce the amount of cash a business will need, and the best part is that it can be written off at tax time.

One particular form of equipment finance is a general equipment loan. This option can be valuable because the majority of equipment that is acquired is not likely to become obsolete as fast. The technology and medical industries would have to worry about the equipment becoming outdated. In general an equipment loan is a wise choice because there is low obsolescence. Ownership and equity are other reasons why equipment loans are a good choice. You get the same benefits as if you owned the piece of equipment, and it also allows you to use equity to go after more working capital down the road if needed. The main benefit to an equipment loan is that a business can expense up to \$25,000 worth of new equipment for the first year it is purchased. This adds up to decrease the final purchase cost. Any amount of equipment loaned over \$25,000 would be depreciated over the next several years for an ongoing tax deduction.

Equipment leasing allows a business to get the most tax benefits possible while saving cash at the same time when compared to other forms of equipment finance which are available. The lease of course must be returned at the end, but often times the lessor will give a business the opportunity to buy the item for "Fair Market Value" at the end of the lease. That final total is often determined after the lease has already expired. The monthly rental payments can be tax deductible, but it is advised to speak with your accountant before taking out an equipment lease. With the lease you are simply paying a straight rental payment with no interest on the item. It can be difficult to locate equipment leasing companies, but researching the top search engine results from the phrase "funding directory" will return a valuable, free option for getting in touch with equipment leasing companies.

A relatively new concept for businesses trying to raise quick capital is through an equipment sale and leaseback. With this option a business can obtain up to 70% of the original purchase price against equipment they own. This money earned through the sale can be used for startup funding and business expansion needs with no restrictions. After being sold the item would remain on the seller's property, and they would lease back the item from the source purchasing the asset. Businesses really like this option because there are no restrictions on how the money is used and of course no collateral is needed. Other lines of credit are also not affected by a business doing an equipment sale and leaseback. The other aspect is that the monthly payments are 100% deductible.

Equipment finance is just one of many methods available for obtaining business financing. There is commercial finance, small business loans, venture capital, equity investments, and more. It is also good to work on establishing your business credit, ensuring that you separate your personal credit from your business credit. With good business credit scores obtaining large loans and other forms of capital is very simple, and you won't be one of the 97 percent that actually have a loan application denied. One other strategy that is easy to do and beneficial to a businesses quest for business capital is to use a free business capital search engine to locate potential lenders.

Source: <http://www.articlecircle.com>

### About the Author

Corey Pierce is the CEO of BusinessFinance.com a business capital search engine with the funding criteria of 4,000+ sources for business capital. Visit <http://www.businessfinance.com> to search the funding directory for free.