AGRICULTURAL EQUIPMENT LEASING FINANCING

FINANŢAREA ÎN LEASING A ECHIPAMENTELOR AGRICOLE

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Abstract: *Consider agricultural equipment leasing when you need new machinery to stay competitive, but don't have the cash needed for down payments and sales tax. Agriculture leasing frees up cash for other purposes and helps you budget your costs better.*

Leasing companies has a dedicated agriculture team that works closely with our customers in the farming community, and because the relationship managers in the team specialize in agricultural equipment funding, they have an in-depth understanding of the unique financial challenges that face farmers across the world.

Key words: *Resources, Leasing, Equipment, Agriculture, Farm*

INTRODUCTION

If you work in the farming and agricultural industries, you know the important of having solid, reliable equipment that you can count on. One way to make sure you stay on top of your industry standards and maintain access to the latest and greatest equipment your industry has to offer is to consider agricultural equipment leasing instead of purchasing the equipment outright.

Every agricultural activity is unique in its own way and every one of these activities must be aware of the impact that it has on the environment. This awareness reflects down upon the chance to benefit economically and socially from implementing and personalizing an ISO standard.

Agricultural activities are the most common activities worldwide not only because is among the most important type of activity but also because

it represents the basis of food stock and reserve of almost everybody on the planet, because the population is increasing the pressure.

Purchasing resources for agricultural equipment leasing

There are financial advantages to leasing instead of buying as well, depending upon your tax liability and the size of your agricultural enterprise. The initial benefit to leasing rather than buying comes from the amount of cash flow needed at the time you pick up your new equipment. If you're purchasing the equipment, you'll need to pay the dealer up front, either from your savings or by obtaining a loan. When you lease the equipment, you'll pay a significantly lesser amount. It is also possible to lease agricultural equipment with an option to buy at the end of the lease for a predetermined amount that could be based upon fair market value of the equipment.

Agricultural equipment leasing could be a viable alternative to buying your own equipment provided you take into consideration the tax liability and other benefits. To learn more about opportunities to lease agriculture equipment, you may want to utilize the link on the left side of this page, which have been compiled by Business.com for your convenience.

The economics of leasing versus buying farm equipment

All types of equipment, from copy machines to airplanes, are commonly leased in the business world. In agriculture, however, leasing traditionally has been used only to acquire use of additional land for pasture or crop production. But with today" s financial problems farmers are also beginning to look at leasing farm equipment. Because leasing is a relatively new procedure, many farmers are not aware of the analytical steps necessary to make a lease versus buy decision[101].

The lease versus buy decision can be made quickly for some farmers. Generally, those with high income tax liability will find no economic advantage in leasing. Here is why. A leasing company is presumably profitable enough to take full advantage of the tax savings offered to purchasers of farm equipment. The leasing company buys the

[101] Achim, M Leasing -*o afacere de succes: concept, derulare, contabilitate, eficienta*; Ed Economica 2005, Bucuresti

equipment not for farming; the company leases the equipment it owns to farmers.

Many farmers have higher after-tax costs for buying equipment than those faced by the leasing company, allowing the leasing company to pass some of its savings to farmers and still make a profit.

Whether the leasing company is transferring enough of its savings to make leasing economically attractive can be determined by a three-step method:

1) Compare purchase price and lease payments;
2) Compare income tax effects;
3) Compare present values.

RESULTS AND DISCUTION

Agricultural equipment leasing

Find the best source of agricultural equipment leasing for your business.

When farming is your business, you need to keep going when conditions are optimal. Being down for repairs at a crucial time during planting or harvesting can cost you part or all of your crop and profits. Older machinery has a propensity for breaking down at critical times, as you are pushing hard to get the job done.

Consider agricultural equipment leasing when you need new machinery to stay competitive, but don't have the cash needed for down payments and sales tax. Agriculture leasing frees up cash for other purposes and helps you budget your costs better. Set up lease payments to coincide with expected sales of crops, for even greater budgeting flexibility. At the end of the lease, you have options of extending the lease, buying the equipment at the residual value or simply returning the equipment. Read the fine print in your lease agreements and be sure you understand each clause before signing.

The following advantages may convince you to lease your agricultural equipment:

1. Greater access to machinery technological advances.
2. Less down time for repair work.
3. Increased productivity resulting in higher profits.
4. Reduced repair costs.
5. Entire lease expense may be tax-deductible.

Decide if you should lease or buy your farm equipment:

There are many useful sites on the Internet to help you decide whether you should lease or buy.

Try: John Deere has a comprehensive manual to help you decide on farm equipment financing methods. Deere & Co. is also an ag. leasing company. Go to All Options for great information on ag. equipment leasing versus buying.

Get quotes for agriculture equipment leasing from several online sites.

Choose reputable companies that have been in the agriculture equipment leasing and farm equipment financing business for a number of years.

Try: Find the equipment you need, and then fill out an online application at Allison Leasing Company. Use the equipment lease calculator at Tiger Leasing to decide if leasing is the right option for your farm equipment financing. In addition, try Leasource.com for competitive quotes for agricultural equipment leasing.

Consider available payment options;

Set up your payments to coincide with seasonal inflows to free up your company's cash and credit.

Try: View payment options for agricultural leasing at Capital Funds Leasing. KISCO Leasing offers flexible payment options for agriculture leasing.

Look for used equipment and compare financing;

You may decide you would rather own the farm equipment you are using. Consider used equipment and agricultural equipment finance sources.

Try: C.H. Brown Co. has a selection of used farm machinery and offers financing to qualified candidates from all over the United States. Tractor House offers used equipment and agricultural equipment financing in cooperation with Wells Fargo Equipment Finance, Inc.

Put together a balance sheet and business plan before filling out loan or lease applications for farm equipment leasing or purchasing purposes.

Ask for customer references, from each agriculture leasing company you are considering and check them before leasing.

Leasing company mission to you:

Is to provide the services to connect farmers worldwide with the equipment they need on the foundation of trust and personal responsibility. As a company, our actions consistently reflect this mission and the values that make it possible.

Leasing companies – values that have made us

Integrity

We strive to do everything in an upright and honest manner. Trust and personal responsibility is the foundation and core to our relationship. We guarantee to provide clear and accurate description of the equipment. From our employees that disassemble your equipment, to our office workers, to our President, everyone at CEI is held to a high standard.

We live what we say and believe.

Excellence

We provide international farmers best equipment at the best price. We expect excellence of our employees and management. We have the necessary staff and equipment to service your needs. Our company is continually looking at possible improvements, so that we can serve you better.

Accessibility

When two are a world's distance apart, accessibility is critical for trust. We want to make ourselves our time, available to you, in order to provide a foundation for trust, in any way we can. We send pictures of each step of your equipment order process from searching for the right piece of machinery, to disassembly, to loading. Locating and loading your equipment is only part of our job; being clear and transparent in our dealing is another.

Responsibility

We will take responsibility for our actions, and strive to do right while expecting the same of our customers. We will carefully load your equipment to and from our loading center in Noble, Illinois.

We hold ourselves responsible to all of our values so that we may have a great relationship. We are dedicated to your success.

The right financing, for farm business

Leasing companies has a dedicated agriculture team that works closely with our customers in the farming community, and because the relationship managers in the team specialize in agricultural equipment

funding, they have an in-depth understanding of the unique financial challenges that face farmers across the world.

Benefits of leasing agriculture finance:

Financial solutions are supported by detailed knowledge of the cash flow issues facing famers and an understanding of the impact of seasonal payments.

Leasing companies can fund almost any tangible farm asset, whether you are thinking of replacing a combine harvester or setting up a new milking parlous.

Flexible solutions that give you control over your cash flow.

CONCLUSIONS

Variable payment structures that can be tailored to suit your farm's payment cycle, whether lower monthly payments and a lump sum to tie in with a single farm payment, or spreading the cost through quarterly payments.

Unlock capital that already exists in your farm's assets through sale and leaseback and free up cash for reinvestment

Variable rate contracts, that allows for payment of lump sums or early repayment, without penalty. This enables you to renew equipment regularly and to optimize your farm's efficiency.

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