



Home Loans
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Asset Finance



Fact Sheet: Chattel Mortgage

What is a Chattel Mortgage?

A Chattel Mortgage is a commercial finance product where the customer takes ownership of the vehicle (chattel) at the time of purchase.

How does a Chattel mortgage work?

Under a Chattel Mortgage the financier advances funds to the customer to purchase a vehicle, and the customer takes ownership of the vehicle (chattel) at the time of purchase.

The financier then takes a "mortgage" over the vehicle as security for the loan, by registering a Fixed and Floating Charge with ASIC. Once the contract is completed, the charge is removed giving the customer clear title to the vehicle.

Benefits of a Chattel Mortgage

- Flexible contract terms ranging from 24 to 60 months (two to five years)
- A residual value (balloon) can be applied to the contract enabling the monthly repayments to be tailored to a budget
- Fixed interest rates
- Monthly repayments are fixed
- Costs are known in advance
- Deposit (either cash or trade-in) may be used
- A tax deduction is available when the vehicle is used for business purposes
- A customer who is registered for GST can claim the GST contained in the vehicle price as an input credit on their next Business Activity Statement (BAS)
- No GST is charged on the monthly repayment or the contract balloon amount
- The finance is secured against the vehicle, allowing lower interest rates

Who does a Chattel Mortgage suit?

A Chattel Mortgage is suitable for those companies, partnerships and sole traders who use the cash method of accounting (they record business income and expenses as and when they occur) as it allows them to claim the GST in the vehicle's price up-front.

Tax Implications of a Chattel Mortgage

GST is charged in the purchase price of the vehicle but not the monthly rental or the contract balloon (final instalment).

Where the customer is registered for GST, they can claim some or all of the GST contained in the vehicle price as soon as they lodge their next BAS, rather than over the term of the loan. Under a Chattel Mortgage the customer can claim the interest charges on the contract and depreciation up to the Depreciation Limit as a tax deduction.



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So why choose a Professional Lending Specialist over dealership lending?

- **We specialise in Lending – That is all we do!**
- **Significant experience in the position.**
- **You the client are the boss, not the bank.**
- **You can build a long term relationship with the same specialist**
- **We have access to all of the asset and equipment funding options from most lenders in the country.**
- **Flexible, we can work in with you to make it happen.**
- **We own our own business, so we need to make sure you have a great experience.**

Remember, we are professionals with many years experience in the finance industry, and our business is all about giving you total satisfaction. We understand how banks think, and therefore take the stress out of dealing with them directly. We become your personal advocate with the lender to ensure that your experience is a great one.

We are also here for you when you need to ask a question. Anytime!

What our clients say:

"I have used Jon personally for my lending requirements.... I can highly recommend him and his associates.....I particularly like that he is local and understands the local market, but brings professionalism and expertise that he has developed over his career. Jon is an expert in his field having worked for one of the big four banks for numerous years.... I have no hesitation in recommending Jon for your lending requirements" **Wayne Staal - Noosa**

"I have known Tammy for over five years both on a professional and personal basis. I have always found Tammy to be competent, ethical and personable. She is highly qualified in her field and if you are looking for a loan broker who will look after you, then I highly recommend Tammy." **Sharee Miller, Business Owner**

"It is evident as soon as you start talking to Jayne that her experience is vast. Once we explained our needs and plans for our business, Jayne advised us of the products that were available to us and which ones would be most beneficial." **Christine Lomas, Coolum**

If you would like to speak to a Professional Mortgage Specialist about your lending requirements, please phone Loan Wize for an appointment.