



IP Telephony

Contact Centers

Mobility

Services

**FACT
SHEET**

Selecting the Right Type of Lease

Overview

Leasing Avaya's phone technology not only helps you conserve capital and generate profits—there are also budget and tax advantages for your business. Gain immediate access to the latest equipment and technology, but pay as you go—and sustain your competitive edge.

Selecting the Right Type of Lease

Avaya Financial Services offers several types of leases for businesses, including True Leases, Finance Leases, Technology Refresh Leases, and SelectValue.

True Lease

A True Lease is another term for a tax lease where, for tax purposes, the lessee (the customer) claims the entire amount of the lease payment as an operating expense or tax deduction. This type of lease typically provides the lowest monthly payment, and can often be structured to meet the requirements for operating lease treatment.

The following options are available at the end of the lease term:

- Replace equipment with the latest technology (and enter into a new lease agreement)
- Renew the lease at a monthly amount based on the equipment's fair market value and the renewal term*
- Purchase the equipment at its fair market value
- Return the equipment to the lessor

Finance Lease

Under a Finance Lease, the lessee (the customer) is able to claim the benefits of ownership for tax purposes (the lessor, however, is the actual owner). That means the lessee is entitled to claim depreciation and interest expense deductions in lieu of an operating expense deduction. We offer two types of Finance Leases: the 10% purchase option lease, and the \$1 purchase option lease.

10% Purchase Option Lease

This lease structure is designed for businesses that want the flexibility to purchase, continue leasing, or return the equipment at the end of the term, but want to lock in end-of-lease costs at the time the lease is initiated. At the end of the lease term, the following options are available:

- Replace equipment with the latest technology (and enter into a new lease agreement)
- Purchase the equipment for 10% of the original financed amount
- Return the equipment to the lessor

\$1 Purchase Option Lease

This type of lease is suited to businesses that plan to keep their equipment after their lease term ends. At the end of the lease, three options are available:

- Replace equipment with the latest technology (and enter into a new lease agreement)
- Purchase the equipment for \$1
- Return the equipment to the lessor

SelectValue Lease

Undecided between leasing or paying cash? SelectValue is a unique financing option that provides a lessee with the flexibility to convert to a cash sale. This 36-month FMV True Lease provides a lessee with a 9-month window where they can exercise an early purchase option equal to the original equipment cost, plus insurance and other charges, less payments made to date. One advance payment will be kept as a fee if the early purchase option is exercised.

Be sure to consult your own accountant or tax advisor regarding the tax consequences of your leasing and financing transactions.

*Fair market value is the price for which the equipment could be rented or sold in a transaction between unrelated parties. The fair market value is determined by the lessor at the end of the lease term.

**For further information, please contact Avaya Financial Services at:
contactafs@afsleasing.com
800.327.3333
ileaseavaya.com**