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Should Your Business Buy or Lease Office Equipment?

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Whether you're growing your business or starting a new one, furnishing and equipping an office can seem daunting. There are many things to consider before you make any decisions about buying or leasing office equipment and furniture. Ask yourself the following five questions.

1. **What equipment do you need?** It's important to identify exactly what equipment your office needs. Is it essential that your employees have cutting-edge computers, or will simpler, older models with more basic functions suffice? Do you need multiple printers, copiers, and fax machines, or will a single quality three-in-one take care of all of your needs? Consider the tasks that each of your employees completes on a day-to-day basis. Give them the tools to do their jobs, but keep your budget in mind. If your company is very image-conscious, pay attention to the rooms clients see and those that are behind the scenes when choosing furniture.
2. **Are you willing to pay a lump sum upfront, or would you need a loan to purchase the furniture and equipment? Is credit a concern?** If you decide to buy the equipment, determine what you're willing to pay upfront or talk to your banker about your loan options. Most banks have several financing options available to new or expanding businesses. If you can't buy equipment without a loan and have trouble getting one, consider leasing. Because leasing companies maintain ownership of the equipment, they're less likely to scrutinize your credit.
3. **Do you need IT support for computers, printers, and copiers?** Many companies that have their own IT personnel choose to buy office equipment because they have someone available to make repairs and upgrades. If your company doesn't have an IT department, it might be a good idea to lease your equipment, because most lease agreements come with customer support and repairs. However, if you do have IT personnel on staff, it may be best to buy, as leasing companies do maintain ownership and often don't want people outside of their own staff tampering with the equipment.
4. **How long do you need the equipment? What are the long-term costs?** If you intend to make regular upgrades on computers every two or so years, your business may save more money by leasing. However, if you lease furniture or equipment you need for a long period of time, it's likely that you'll end up spending more than you would have if you had bought it, and the leasing company will still have ownership. Also, consider possible differences in maintenance costs. Calculate the long-term expenses for both options before deciding. What seems to be a good deal month-to-month might be considerably more expensive after 10 years.
5. **Will a tax deduction be substantial enough to offset the cost of purchase?** Talk to your accountant about declaring office equipment and furniture as a business cost on your taxes. The break might be enough to make purchasing more budget-friendly for the year.

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