



# HYBRID OPTIONS

*Image: Belmondos*

**0** ZERO  
EMISSIONS  
NOOSA

These types of facilities are often marketed as 'no interest' or 'interest free' solar financing options.

You must remember however that, other than perhaps government funded schemes, all forms of financing have an associated cost and while you may not pay 'interest', the charge for deferring payment of the system will be included somewhere in the amount you end up paying. The exact amount you will pay for the system will depend on the loan amount, term and initial deposit.

## Save Money + Reduce Emissions and Uncertainty

One way in which the financing company gets paid is by collecting a fee (often between 15% and 25%) of the cost from the installer of a solar system. That generally means that in order to make a reasonable profit the installer will either have to charge you a higher cost for the system or perhaps provide you with inferior products.

Another way the financing company generates income is through charging numerous fees and charges (establishment fees, monthly account fees, payment processing fees, late payment fees, collection fees...etc) which can add a significant additional cost to your purchase.



*Image: Paint Right*

## WHO WOULD IT SUIT?

These types of financing arrangements can be expensive and are really only suited to someone who has a poor credit rating and is not eligible for more traditional finance options and who can afford to make the higher repayments.

## WHAT ARE THE BENEFITS?

- ✓ You can get a solar system with a small, or sometimes no, up-front cost and immediately start getting cheaper electricity.
- ✓ You can claim interest, depreciation, and running costs as a normal business tax deduction.
- ✓ You can claim the GST paid on the purchase price in your next BAS statement and often receive a significant refund.
- ✓ If the purchase is under the write-off threshold you may be able to write off the whole cost over the first year.

## TRAPS FOR THE UNWARY

- ➔ Make sure you know what products you are being offered and their specifications so that you can make real comparisons. Not all solar systems are the same. You need to know whether you are getting a budget brand that might not be efficient or have a poor life expectancy.
- ➔ Make sure you know all of the fees and charges that will apply – pay special attention to late fees and to what happens if, for some reason, you can't make the repayments.
- ➔ No interest payment plans typically offer much shorter terms than business or green loans, which means that your monthly repayments may be more than the savings you make on your energy bill. If that is the case, then you will have an added business expense each month during the term of the financing agreement.
- ➔ Interest may be free for a certain period, but then start to accrue, often at a high rate, after the interest free period.
- ➔ Generally, you will not be able to make additional payments, or pay out the facility early. Even if you are able to pay out the facility early, you will likely incur additional fees and charges.
- ➔ Make sure you know who you are dealing with – remember the installer is generally not the finance provider and once the system is installed, that is who you will be dealing with. Check the installer's and the financier's credentials carefully.



Image: Noosa Radiators

**Before you make any final decisions ... about which type of financing option you choose, consider how it will impact you and your business. Each is suited to different commercial circumstances. To help you understand the options Zero Emissions Noosa (ZEN) Inc. has produced a series of fact sheets to help you weigh up the pros and cons of the most common ways you can finance your solar installation. Remember though if you have the cash, you may well benefit financially by paying upfront.**

This is not financial advice. You should consider seeking independent legal, financial, taxation or other advice to check how this information relates to your unique circumstances. ZEN is not liable for any loss caused, whether due to negligence or otherwise arising from the use of, or reliance on, the information provided directly or indirectly, by use of this factsheet.



[info@zeroemissionsnoosa.com.au](mailto:info@zeroemissionsnoosa.com.au)  
[zeroemissionsnoosa.com.au](http://zeroemissionsnoosa.com.au)