

What Are Your Chances Of A Run-Out Sale?



According to the NRMA, the end of financial year is one of the top five times to buy a new car¹ – and why wouldn't it be? New car discounts and deals peak in June with dealers keen to boost their end of financial year sales figures.

Not only are discounts offered but so too are bonuses such as extended warranty and accessories including window tinting, mats and alloy wheels. These bonuses often lure car shoppers, plus business buyers seek to take advantage of end of financial year tax benefits.

Federal tax breaks continue

The federal government's instant asset write-off scheme applies to both new and used assets (vehicles) acquired between 6 October 2020 and 30 June 2023. Small to medium businesses with up to \$5 billion in aggregate annual turnover or total income can immediately deduct the full cost of eligible depreciable assets of any value².

Beware finance approval delays

If your business needs a new car, van or ute, now may be the time to upgrade or expand your fleet. But beware, finance approval delays aren't only being experienced by home buyers. Some business owners are forced to wait weeks for loan applications to be turned around.

Finance approvals that would previously take a day or two pre-COVID, can now take a couple of weeks, or even longer³.

One business that went direct to a bank is still waiting for an answer on an application submitted over a year ago⁴ – another reason to use a finance specialist for your business finance!

If you haven't already submitted your finance application, you may have missed out on EOFY offers! Some banks have told customers they need to submit paperwork before 15 June to qualify for the instant asset write-off in the 30 June financial year⁵.

Why is business finance taking longer?

Some business and equipment loan approvals have been weighed down by the shift to working from home and the closure of offshore processing facilities⁶.

Demand for new cars outstrips supply

Today's car market is vastly different to a year ago. Back then, car dealers were overstocked. Demand fell by almost 50% and some dealerships were even close to shutting down.

What Are Your Chances Of A Run-Out Sale?

Fast forward a year. A global semiconductor shortage and an unexpected surge in demand has exhausted new car stocks locally, with delays now stretching months across most Top 10 brands⁷.

Plus, the closure of large-scale vehicle manufacturing in Australia and the reliance on offshore vehicle production with COVID closures have contributed to the delays.

Dealerships that would usually take delivery of 200 new cars a month are now only receiving between 15 and 30 vehicles⁸.

Advice from those in the industry is to get in the queue and place an order. The longer you delay, the longer it will be to deliver the new car.

Want to speed up finance approval? Read our guide to preparing for business finance approval.

If you would like to take advantage of the instant asset write-off scheme or end of financial year vehicle discounts and bonuses, contact our office today to discuss the best finance options to suit your business.

Sources

- ¹ The best times to buy a car in Australia | Car loans | The NRMA (mynrma.com.au)
- ² Massive asset write-off and loss carry-back schemes extended for SMEs (smartcompany.com.au)
- ^{3, 4, 5} Business loan approval times 'blown to bits' (afr.com)
- ^{6, 7, 8} Why showrooms are running out of new cars | CarAdvice

Remember to contact us to read our topic sheet on
'7 Ways To Prepare For Business Finance'

