

Top 5 Tips to Prepare for the New Lease Accounting Rules

For Businesses That Lease Equipment

What should your company be doing now to prepare for the new lease accounting rules released in 2016? Follow these tips to prepare for the transition.

1 Review all your equipment lease and rental contracts.



Knowing your contractual obligations and terms of your leases will help you understand your accounting and tracking needs.

2 Identify your technology requirements.



To determine if the technology in place will meet the new standard, ask your accounting software vendor how they plan to support the changes.

3 Review your debt covenants.



Although the lease accounting changes will have limited effect on debt covenants, discuss fully any potential implications with your bank or creditors.

4 Seek out expertise and counsel.



Your accountant and your equipment finance provider can share expertise, informational resources and advice on industry best practices.

5 Enact a plan.



With the information you've gathered, start planning the budget and resources you'll need for updates and systems changes to support the new rules.

Did you know?



The benefits of leasing and financing equipment won't change under the new rules.

You'll still be able to maintain cash flow, preserve capital, obtain flexible financial solutions, avoid obsolescence and more!



The new lease accounting rules will take effect after Dec. 15, 2018 for public companies and after Dec. 15, 2019 for private companies. Effective dates for public and private companies with calendar year-ends are 2019 and 2020, respectively.

For more information about the new lease accounting rules for lessees, visit:
www.EquipmentFinanceAdvantage.org

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