

European Leasing Handbook.



Introduction

In recent decades leasing has developed into one of the most important and successful financing options in Europe. Both the volume of leasing measured in absolute figures and the average leasing penetration rate have seen continuous growth since the Nineties. New business in 2006 amounted to around 298 billion EUR and the leasing rate rose from 12% in 2001 to 19% in 2006. For 2007 the new leasing volumes in Europe are estimated to be over 320 billion EUR. Above all Germany, Italy, France, and Spain are among the leading countries, in addition to United Kingdom.

Leasing is attractive for a wide variety of reasons. On the one hand, financing via the capital markets is usually associated with higher costs and is unattractive in particular for small and medium-sized companies due to difficult market access. On the other hand, existing credit lines can be reserved by financing via leasing, resulting in greater liquidity margins overall. Other driving factors are the rising costs of loans and, in some cases, tighter lending policies as a result of the increasing requirements of Basel II and current market developments (i.e. the subprime crisis). The lessee also profits in many ways from leasing as a financing option. In addition to pure economic considerations, contractual design possibilities and additional services, such as those common to full-service leasing, are playing an increasingly important role.

The continuous expansion of markets towards Central and Eastern Europe in the Nineties contributed greatly to a significant boost in the development of the leasing industry. The leasing industry has exploited the resulting opportunities as well as the new market potential and built up a long-term presence in these emerging economies in recent years. In the meantime, in countries such as Hungary that were included in the first round of expansion and were characterised by high new business volume in the past, market activities are now exhibiting the first signs of a reduction in growing pace. As a result new products must be developed and the focus is increasingly shifted towards new countries, such as Russia.

With all the positive market development, it is worth bearing in mind that the development of the leasing business is significantly characterised by the legal, taxation and accounting environment in each country. Therefore, it is becoming increasingly important to examine the respective legal framework of individual countries. This applies not only to the countries of Central and Eastern Europe, some of which are still in the development phase and therefore characterised by a considerable amount of uncertainty, but also to the countries of so-called 'old Europe'. Although the regulations of these countries are influenced by an increasingly intensive collaboration at the EU level, each of the countries individual tax rules and contractual design alternatives for example, drive the positive development of the leasing industry in the respective countries.

Precise knowledge of the local conditions is a prerequisite for successful market entry in any country. Therefore there is an increasing need for a comprehensive and accessible presentation of the special characteristics of each country relevant for the leasing business.

In light of these developments, I am pleased to present the revised and significantly expanded second edition of the Deloitte European Leasing Handbook.

The European Leasing Handbook was updated and considerably expanded in 2008 with the help of the international Deloitte network guided by the Service Line Leasing of Deloitte Germany, based in Frankfurt am Main. Twenty-three countries have made individual contributions to this comprehensive volume, including the Deloitte branch offices in long-established leasing markets such as the United Kingdom and Italy, as well as those in growing markets such as Poland, the Czech Republic, and Russia. The authors are all proven leasing experts in the various local Deloitte offices.

The European Leasing Handbook was conceived as a reference book and includes a comprehensive presentation of legal frameworks, a presentation of the tax and accounting treatment of leasing contracts, and a short summary of the supervisory requirements and restrictions of the leasing business in each country. The European Leasing Handbook is complemented by an appraisal of the current implementation status of International Financial Reporting Standards (IFRS) in each country, as well as a systematic comparison of the significant tax provisions and tax rates in table form.

The European Leasing Handbook is based on the legal status in 2008 and provides the reader with a quick and easy comparison of the general conditions for leasing activities in each country. Considering the ongoing development of the legal framework, this handbook cannot replace dedicated consultation by a qualified leasing expert. In order to offer you adequate contacts all over Europe, we have added a list of all the book's authors.

When work on this European Leasing Handbook began at the end of 2007, I was aware that its realisation was an ambitious project, and I was pleased to see the enthusiasm with which my colleagues in every country approached and supported the project. I would like to thank them expressly for their support.



Marijan Nemet

Audit Partner/Chartered Accountant (Wirtschaftsprüfer)
Head of Service Line Leasing at Deloitte, Frankfurt am Main
Member of the Leasing Working Group of the German Accounting Standards Committee (DRSC e.V. Berlin)

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