

Comparison of lease and loan financing for real estate acquisition from the investor's perspective

Abstract

The thesis is devoted to the comparison of two methods of financing real estate acquisition. Throughout the thesis the emphasis is on the person of the investor, through whose point of view the whole issue is looked at. The aim is to comprehensively compare credit financing and finance lease within the framework of finance law.

Firstly, some of the terms used in this thesis are defined, especially the person of the investor, what can be considered as an investment and what should be its objective. At the same time, the range of banks whose methodologies have been taken into account in this work is defined.

The second chapter is devoted to the concept of credit financing, which is discussed first from the perspective of current legislation. Subsequently, I discuss the different types and forms of credit that can be encountered in practice and their possible use in financing an investment.

Next part is devoted to consumer credit and consumer protection, which may be of the greatest advantage to a certain group of investors. I also deal with credit from building savings and its specifics. The largest part of the second chapter then consists of loans secured by real estate, also known as mortgages. I describe their setting in the law and some of the lesser-known types of such credit.

In the third chapter I discuss the topic of real estate leasing. In addition to the most important type of leasing, i.e. financial leasing, I also briefly describe operating and sale and leaseback leasing and comment on their applicability. I then analyse real estate finance leasing and focus on its specifics, especially the possibility of financing through a project company. I further explore this possibility by briefly researching on real leasing operations.

The fourth chapter is devoted to tax issues. The concept of tax and the various tax laws that may influence an investor's decision making when choosing an appropriate financing model are introduced. Through the lens of the Income Tax Act, the Value-Added Tax Act and the Real Estate Tax Act, I look separately at credit and leasing and offer an overview of the tax implications for the investor.