

NOVATED LEASE FAQs

1. Am I required to travel a certain amount of km's per year?

No, there is no km requirement any more to benefit from a Novated Lease.

2. Why choose a Novated Lease?

TAX SAVING, when you enter into a Novated Lease, you don't pay the GST on the vehicle purchase price or the ongoing vehicle running costs. The total lease payments are also made from a portion of your pre tax salary reducing your taxable income.

PURCHASE SAVING, through the large buying power of the Novated Lease suppliers you can also benefit from very large discounts available on new cars and you can even salary package a pre owned car up to 10 years of age at lease end.

3. Can I salary package a second vehicle?

Yes, you can salary package more than one vehicle, even if you aren't the primary driver.

4. Is Novated Leasing only for high income earners?

No, if you pay tax and make use of a vehicle you can potentially save under a Novated Lease. It is always recommended that you seek independent financial advice based on your individual circumstances.

5. Can I salary package just the running costs?

In order to salary package the running costs of your vehicle, you must have a Novated lease, which means your car must be under finance.

6. Can I arrange my own comprehensive car insurance policy?

Yes, you will need to cover the initial premium up front, however you will be reimbursed once we have collected enough funds. When your renewal is due, send it to us and we can pay it on your behalf.

7. Can I lease a used vehicle?

Yes you can, but it's up to you to locate the vehicle and negotiate the price. The car can come from a dealership, wholesaler, auction or even private sale. Good to have a pre-approval before you start shopping though.

8. Does the vehicle have to be under a certain age of kilometres?

There is no kilometre restriction, but typically the vehicle must be under 8 years old by the end of the lease. This is judged on a case by case basis so check with your leasing specialist.

9. What are my options when my residual is due?

- a) Pay the residual and own the car outright
- b) Extend the lease by rolling the residual value over into a new lease
- c) Sell or trade in the car in with the dealer supplying your new car, the dealer will then pay your residual for you.

10. How is the residual calculated? Can I have no residual?

The ATO has set guidelines for minimum residual values. You can only reduce the residual below those guidelines if you are travelling a high number of kilometres each year.

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11. **Is it ok if someone else drives my car?**

Yes, anyone is able to drive your vehicle. If they are a regular driver it's a good idea to consider having them added to your insurance policy to avoid a higher excess.

12. **Can I lease more than one vehicle?**

Absolutely, there is no limit on the number of leases you can have.

13. **Will I or my employer have to pay FBT as a result of the lease?**

In most cases 100% of the FBT is offset through the ECM/ post-tax contributions. The only time we don't is when it's beneficial for the employee. Ask one of our leasing specialists to advise what the most beneficial option for your situation would be.

14. **What happens at tax time? Does it become more complicated?**

Not at all, your group certificate will report your new reduced taxable income, factoring in your salary packaging. You are then able to use the adjusted group certificate to do your tax as normal.

15. **What happens if I don't spend all of my allocation for fuel, servicing, tyres and registration etc?**

Any surplus in your maintenance account is returned to you at the end of the lease.