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1.1 What is a novated lease?

A novated vehicle lease is an arrangement between you, your employer and LeasePlan. It enables you to lease a vehicle of your choice, while enjoying the tax-effective benefit of financing the vehicle and its operating cost from pre-tax - or a combination of pre-tax and post-tax - salary.

1.2 Who is eligible for a novated lease?

The eligibility for novated leasing is primarily determined by your employer’s salary packaging policy. LeasePlan will not accept applications from employees who are not permanent employees (i.e. not contractors or casuals).

1.3 How does novated leasing work?

Under this arrangement, you lease a vehicle using a standard lease agreement. A Novation Agreement is entered into between you, your employer and LeasePlan. The obligation for the payment of lease rentals is transferred (novated) from you to your employer for the term of the agreement. Therefore, your employer now pays on your behalf the lease rentals and operating costs directly to LeasePlan.

You retain ultimate responsibility to make any payments under the lease in the event that you leave your employer or if your employer fails to make payments on your behalf.

1.4 What type of vehicles can be leased?

LeasePlan is happy to provide novated leasing on passenger vehicles, new or used, provided the used vehicle meets the criteria in Section 2.4. LeasePlan strongly discourages novated leases on commercial vehicles greater than 1 tonne carrying capacity as these vehicles incur a different FBT (not Car FBT) which makes the cost of packaging excessive and not tax effective.

1.5 What are the benefits of novating a vehicle with LeasePlan?

- A potential income tax-free lump sum benefit at lease expiry
- Significant pre-tax savings on lease and operating costs
- Eliminate FBT liability with the Employee Contribution Method (ECM) (Section 3)
- Choose from an extensive range of vehicles
- The vehicle is registered in your name, so no stamp duty if the vehicle is purchased at lease end
- Significant discounts on new vehicle prices through LeasePlan’s buying power
- Great savings above retail on vehicle operating costs
- LeasePlan can claim a GST Input Tax Credit on the vehicle purchase and on all operating costs, so you will enjoy GST free motoring. You only pay GST on the residual value at lease expiry (Note the limitation on luxury vehicles - Section 4.1 and 4.8)

1.6 What happens if your employment is terminated?

If employment is terminated, the Novation Agreement immediately expires. You can then choose one of these options:

**OPTION 1** - Continue the lease by paying monthly payments directly to LeasePlan.

**OPTION 2** - Terminate the lease early by paying out the lease on the day of departure.

**OPTION 3** - Arrange a new Novation Agreement with your new employer (subject to conditions).

Other termination options may apply - refer to your Employee Vehicle Lease Agreement - Settlement Annexure.

You must choose one of these three options within five days of the notice of termination.

1.7 What are the possible risks of novating a vehicle with LeasePlan?

- Possible loss on sale at lease end if residual value is not set at correct level.
- Taxation benefits could change under the policy of the Government of the day or via future tax rulings.
- The vehicle may be more expensive to run than was originally estimated.
- The budget allocation calculations may be inadequate if the kilometres travelled are not correctly estimated.
2.1 Deciding on your vehicle

To help you assess whether a novated lease is right for you and which vehicle best meets your needs, LeasePlan recommends you utilise LeasePlan Online (www.leaseplan.com.au).

Your log on details will be provided to you by your employer (normally on your company intranet site or through Human Resources) or you can call LeasePlan on 132 572.

If you are unable to utilise LeasePlan Online call us and we will provide you with the required documents to get you a quote.

LeasePlan Online provides you easy online access to:

- Fast, accurate quotes in real time and 24/7 access
- Create multiple quotes to compare before deciding on your best option
- Browse and select additional options to a maximum value of 10% of the total purchase price
- Request and order on the quote you decide to accept and apply for credit
- Update your personal profile online
- View current lease details at anytime
- News, tips and hints from LeasePlan
- An Online Help function

When logging in for the first time you will be asked to complete ‘Your Profile’. Information required to be completed in your profile includes:

- Your employment details
- Name and date of birth
- Drivers licence details
- Contact information for you
- Residential address and postal address details

You are not obligated to enter into a Novated lease – your obligation begins only after you have accepted a quote and your credit has been approved. Your profile will expire after 90 days of inactivity.

2.2 Residual value and ATO guidelines

The residual value (plus GST) is the amount that remains owing to LeasePlan at the end of the lease term. The residual value is determined at the beginning of the lease and is based on the guidelines issued by the Australian Taxation Office (Section 4.4).

2.3 Sourcing of new vehicles

LeasePlan has a preferred dealer network and LeasePlan Online pricing reflects the discounts we are able to offer through this network. To find out who these dealers are, visit the LeasePlan website (www.leaseplan.com.au) and use the New Vehicle Supplier Finder (located under ‘Suppliers’) or call LeasePlan.

If you decide to obtain your own pricing from an alternate source, this must be obtained before entering these details into LeasePlan Online. The quote you obtain from the dealer must include the following information:

- Description of vehicle (including all options and accessories)
- Dealer on road costs (including stamp duty, registration and CTP)
- Availability (expected delivery date)
- Trade-in value allowed (if applicable)

Remember, if talking to a dealer DO NOT sign or commit to the purchase of a vehicle.

2.4 Financing second-hand vehicles

You can novate a second-hand vehicle. You will need to source the vehicle yourself and provide LeasePlan with the necessary information on the model and pricing to generate a quote. You can also sell your own vehicle to LeasePlan and lease it back.

LeasePlan is one of the few lease providers to allow novated leasing of used cars. It must be noted that a processing fee applies (refer Section 4.5). This fee is capitalised into the purchase price of the vehicle and amortised over the term of the lease.

The processing fee covers costs associated with additional processes outside of LeasePlan’s systems, which support the used vehicle lease. These include:

- Verifying used vehicle pricing
- Establishing operating budgets for vehicle
- Facilitating payment to seller/financier
- Administering transfer of ownership

LeasePlan will only finance the vehicle at its assessed market value. The vehicle must be no more than four years old at lease commencement, have travelled less than 100,000 kms and will be no older than seven years old with no more than 200,000 km at the end of the lease term.

If you wish to acquire the vehicle via a private purchase, sale and leaseback of your existing vehicle or paying out an existing lease, LeasePlan may require additional information to determine a market valuation (sight unseen) so it must be accurate. The purchase price will be based on market value as assessed by LeasePlan.

NOTE: If you source a quote from a dealer or private party on a second-hand vehicle, DO NOT sign or commit to the purchase of the vehicle.
2.5 How are trade-in vehicles handled?

When you wish to trade-in your current vehicle against your new vehicle, you must advise LeasePlan of the proposed arrangements. The purchase of the new vehicle and the trade-in must be treated as separate transactions with the proceeds of any surplus on the trade-in paid by the dealer to you, and the sale of the new vehicle being made directly to LeasePlan.

If you have elected to trade your current vehicle against your new vehicle, it is your responsibility to ensure the dealer pays LeasePlan by the due date listed on your Tax Invoice. Remember it may take three business days for a bank to clear a bank cheque or electronic funds transfer and the exiting lease is not considered paid out until LeasePlan has cleared funds. If the due date of the invoice has expired you will require a new tax invoice which will include the costs associated with late payment.

It is then possible to apply the proceeds of the trade-in against your new LeasePlan vehicle or make a personal contribution as part of the purchase from the dealer. However, the maximum that can be contributed against the new vehicle is limited to 20% of the vehicle’s cost.

2.6 To obtain a quote on a vehicle

The easiest way to get accurate quotes on a novated lease is to use LeasePlan Online.

LeasePlan's website includes an online affordability and lease package calculator to help you see what type of vehicle best suits your budget. The comprehensive quote generator found in the secure area of LeasePlan Online then allows you to quote on a range of new vehicle choices, using different variables of vehicle model, lease term, residual value, annual distance travelled and your personal salary details. It is important to forecast as accurately as possible the estimated travel per annum.

LeasePlan Online is designed to provide a final, accurate quote that you can then sign and submit to order. If circumstances prevent you from quoting via LeasePlan Online, call or email LeasePlan.

Please be aware, depending on the vehicle and lease parameters, this formal process can take up to 10 days from quote to order.

New vehicle delivery lead times vary greatly with each manufacturer. LeasePlan generally recommends that you allow up to three months ensuring that special build and specific colour requirements can be met. LeasePlan will advise you of the expected delivery date, however this is subject to change and can be influenced by unforeseen manufacturer or shipping delays. You will be advised of any changes.

2.7 Information provided in the lease quote

The quote will list the price of the vehicle and a full budget for the running of your vehicle for the term and kilometres indicated. It includes monthly and annual figures for:

- Lease payment
- Maintenance and repairs
- Tyres
- Registration
- Roadside Assistance
- Fuel
- Miscellaneous operating cost
- Replacement Car (if chosen)
- LeasePlan Comprehensive insurance
- Management fees
- Budgeted FBT liability
- GST on ECM post-tax contributions (if ECM is used)
- Employee package allocation for salary deduction
- Pre-tax and post-tax lease payment split (if ECM is used)

2.8 Lease payment

The lease payment is the cost that LeasePlan as the financier charges to finance your vehicle for the nominated lease term. The various lease attributes relating to your vehicle (amount financed, interest rate, lease residual value, lease term) are used to calculate this lease payment amount.

2.9 Maintenance and repairs

All servicing and repair work to your vehicle must be pre-authorised by LeasePlan to ensure application of the best negotiated service and parts prices. Our team of maintenance controllers are qualified mechanics, committed to ensuring that all work carried out on your vehicle is necessary to ensure your safety and that the vehicle is maintained in a sound condition.

When booking your vehicle in for work you must advise the service supplier that it is a LeasePlan-managed vehicle. The service supplier will use LeasePlan's web portal or call LeasePlan for pre-work authorisation and all invoices for work are billed to and paid by LeasePlan.

Use a manufacturer-approved dealership for the servicing or repairing of your vehicle. The service supplier must be an approved repairer of LeasePlan. To find out who these dealers are please visit the LeasePlan website (www.leaseplan.com.au) and select ‘Find a Supplier’ or call LeasePlan.

We recommend that a franchised dealer specific to your vehicle should complete all mechanical servicing and repairs. This assists in controlling both costs and quality of work. Additionally it saves the necessity of a vehicle being transferred to an authorised dealer to affect any warranty claims that may be applicable as well as avoiding any out-of-warranty issues.
Vehicle maintenance and repair budgets are based upon manufacturers’ specified servicing schedules, as well as any repairs that are the result of normal driving and fair wear and tear (brakes, exhaust, etc).

2.10 Tyres, batteries and windscreen replacement

Details of approved suppliers of tyres, batteries and windscreen replacement can be found in the wallet sized LeasePlan Easy Guide provided with each vehicle at delivery, or via the ‘Find a Supplier’ tool at www.leaseplan.com.au

2.11 Registrations and CTP

Wherever allowed by state bodies your new vehicle will be registered by the dealer under your name, with LeasePlan noted as the fleet manager for renewal purposes. If you receive registration papers from your state body please send these to LeasePlan, a minimum of 20 days before the payment is due, and LeasePlan will pay the registration on your behalf.

LeasePlan will make annual renewal payments on your behalf. If separate Compulsory Third Party (CTP) insurance is required LeasePlan will automatically renew it as well. Where required by state regulations it is your responsibility to affix the label to your windscreen. If your vehicle is older than five years and requires an inspection, it is your responsibility to obtain the inspection and forward the inspection certificate to LeasePlan.

2.12 Roadside Assistance

This service compliments any membership provided by your vehicle’s manufacturer. For example, if your vehicle manufacturer offers a two year warranty but your lease is for four years this service kicks in when the manufacturer warranty expires. The budget set for this service is only for the time the vehicle is not covered under a manufacturer warranty.

2.13 Fuel

Fuel will be included in your vehicle budget. You will be provided with a single fuel card that can be used at any Caltex/Woolworths/Ampol/Safeway service station (unless your employer directs alternative fuel suppliers). It is essential for accurate reporting that correct odometer readings are provided at every fuel fill.

Fuel discounts have been negotiated by LeasePlan and your employer, with the discount then passed on to you.

2.14 Miscellaneous Operating Cost (previously called Other Provisions)

There are several items excluded from standard maintenance programs, including broken glass, non-standard maintenance items (i.e. windscreen wipers), minor impact damage and vandalism. A budget called “Miscellaneous Operating Cost” has been built to accommodate these items. Insurance excesses can also be paid through this cost provision with the benefit of becoming pre-tax costs for you.

2.15 Replacement car (if chosen)

The replacement vehicle service is provided where vehicles are off the road for more than one day due to major maintenance/repair. Any costs for providing a replacement vehicle will be included as part of the reconciliation against budgeted costs.

PLEASE NOTE: If you elect to remove the replacement vehicle budget from your salary sacrifice package, you will have to make alternative arrangements and pay for any replacement vehicle independent of LeasePlan.

2.16 Comprehensive insurance

LeasePlan offers competitive premiums for total cover insurance. The premium is budgeted for in the lease payment and is paid as part of your packaging benefit. These premiums are subject to annual review and an individual’s claims history. Information on LeasePlan’s insurance policy, its terms and conditions is available at www.leaseplan.com.au

If you elect to insure the vehicle with a different supplier you are required to do so outside of the novation agreement. Additionally you must also supply LeasePlan with a certificate of currency every year.

2.17 Personal Contributions

Your employer may allow or require, and LeasePlan may require, a personal contribution toward the cost of the vehicle. This typically occurs if an excessive amount of options are added to the vehicle or your employer has a limit to the amount an employee can salary sacrifice. Any contributions made to the cost of purchasing the vehicle will reduce the amount financed under the lease as well as reduce the FBT Base Value.

2.18 Order process

If you have created a quote using LeasePlan Online and would like to proceed and request an order for the vehicle, click ‘Save & Order’. Alternatively, return the signed quote to LeasePlan via fax on 1800 331 041. Utilising LeasePlan Online ensures a shorter turn-around time for you.

In both instances you will be required to complete a credit application and will be asked to provide additional supporting documentation. Omissions or providing insufficient information on your application could cause delays.

If you decide to change details of the vehicle order (add options or accessories, delivery instructions, etc) you may do so through LeasePlan Online. Cancellation of an order may incur cancellation fees, call LeasePlan to discuss.

2.19 Regular reporting

You will receive a monthly Motor Vehicle Report (MVR) comparing actual and budgeted costs for the reporting period, as well as the cumulative actual versus budgeted costs.
Accurate odometer readings at fuel fills will verify kilometres travelled against initial estimates. It will also highlight your target odometer reading at completion of the current FBT year and track your progress. A warning is provided if you are in danger of falling into a more costly FBT bracket, including an estimation of excess FBT liability.

2.20 FBT tracking services

Vehicle kilometre information is contained in the monthly vehicle report to assist with monitoring your vehicle lease. Each monthly report shows the remaining average monthly kilometres required to be travelled to reach your target set for the FBT year. It will also indicate an anticipated FBT liability where your mileage is below the budgeted FBT bracket.

PLEASE NOTE: If you fail to provide accurate odometer reading at each fuel fill our ability to provide this FBT tracking service will be limited and could provide incorrect kilometre target calculations.

2.21 Variations to operating costs

Each quote for a novated lease vehicle will be provided with a budget for chosen operating costs and are based on annual distance travelled and the type of vehicle.

Often there will be unused budget amounts at the end of the first year. This is because operating costs are generally lower in the initial part of a lease when vehicles have lower servicing requirements, creating a budget surplus for the first few months of the lease. Further into the lease the unused budget will diminish as tyre replacement and major service intervals occur. A final reconciliation will be performed at the completion of your lease.

If your vehicle costs less to operate than the budgeted amount then any surplus will be returned to you via your employer's payroll at the end of your lease. This is because of the prevailing Income Taxation laws. Conversely, if final costs are greater than anticipated these costs will be billed to you via your employer's payroll. A nominal 'estimated shortfall amount' (Section 4.3) is included in the settlement process.

If a major cost deficit or surplus occurs during your lease, LeasePlan can recalculate your lease to modify the variance. Your approval is sought, however is not required.

2.22 Incorrect estimate of travel

LeasePlan regularly reviews budgeted versus actual costs and kilometres travelled. If abnormal (> 15%) debits or credits are being generated or significant kilometre variations arise, we will contact you to agree on a new budget and therefore a new package allocation.

2.23 How FBT affects your package costs

When you obtain a vehicle under a novation lease arrangement your employer becomes liable for Car Fringe Benefit Tax. The FBT liability, which your employer incurs, is charged back to you as part of your salary deduction. Refer Section 4.6 for examples of FBT calculations.

2.24 Effects of distance travelled and FBT

Estimated Car FBT liability is based on your estimated annual kilometres at the time a quote is prepared. FBT liability is paid on the actual kilometres travelled between 1 April and 31 March. If your actual kilometres falls into a different bracket than your estimated kilometres as shown on the Statutory Factor table (refer Section 4.6), the Car FBT liability allocation to your vehicle will be either greater or less than the initial estimates in our quote and your package cost will need to be adjusted accordingly.

PLEASE NOTE: ‘Days Unavailable’ will not reduce the target odometer.

Your monthly Motor Vehicle Report will detail existing usage against your initial* Car FBT estimates.

2.25 Luxury taxation limit

A lease is classified as a luxury lease when the amount financed under the lease is greater than the luxury taxation limit (refer Section 4.8). Novated leases which have a finance value greater than the luxury taxation limit are treated differently for income tax purposes. For taxation purposes your employer cannot claim the lease rental as a tax deduction. Instead your employer can claim only a lesser deduction by calculating a nominal interest and limited depreciation values. This treatment imposes additional costs on your employer due to the tax deduction foregone. Your employer may choose to recover this cost from you if you select a vehicle that attracts the Luxury Tax.

The LeasePlan Online package calculations and quotes include the value of the luxury tax cost as a line item in the package charge. This cost should not be confused with the Government imposed taxation surcharge which is payable as part of the vehicle purchase cost and shown separately on your quote as part of the capital cost of your lease.

2.26 To claim ‘out of pocket expense’ reimbursement

Cash Claim forms may only be used to claim reimbursement of costs incurred in emergency situations, for instance, where the allocated fuel cards could not be used, or for minor mechanical repairs of an urgent nature only (not for normal schedule servicing). Cash claim forms are available at www.leaseplan.com.au

For confirmation of the minimum amount claimable, please refer to Section 4.9.

Please note you must attach the original tax invoice/receipts with the cash claim form.
2.27 Expiry of the contracted lease term

Approximately 12 weeks prior to the expiry of your contracted lease term, you will be asked to exercise one of the following options before lease end:

**Option 1** - Purchase the vehicle at the residual value plus GST

**Option 2** - If your employer allows, extend your lease for a further term (minimum extension term of 12 months and conditions apply)

**Option 3** - Return the vehicle to LeasePlan (any profit / loss on sale will be to your account)

Refer to the Employee Vehicle Lease Agreement, Standard Terms Clause Section 7 for details on each of these options. (http://www.leaseplan.com.au/what-we-do/our-customers/standard-forms/).

2.28 Failure to advise end of lease option fee

If you fail to advise your end of lease option within 28 days of the scheduled end date of the lease or fail to complete your obligation for your selected option, LeasePlan must undertake actions within its systems to allow the lease to continue or be extended for an additional lease term. If this occurs an administration fee will be applied to your lease for each additional term that is actioned by LeasePlan as a result of your failure to advise or complete obligations.

The current administration fee that is applied is $300 per additional term.
3.1 The Employee Contribution Method

The Employee Contribution Method (ECM) is where you make a post-tax contribution towards the cost of operating your novated lease. Instead of salary sacrificing the complete vehicle lease cost including Car FBT liability from pre-tax salary, a portion of the vehicle lease cost is deducted as an 'employee contribution' from your post-tax salary. This will show on your pay slip as a second salary deduction post-tax.

Your post-tax contributions are then taken into consideration in your Car FBT calculations at the end of the FBT year. If you elect to use ECM, LeasePlan will calculate the post-tax contribution needed to completely eliminate your estimated Car FBT liability. By reducing or eliminating the Car FBT amount payable you lower the overall packaging cost and increase your disposable income.

3.2 Will ECM be beneficial to me?

ECM makes novated leasing more attractive for employees on incomes below the highest tax rate (Section 4.2). LeasePlan Online allows you to input your salary and will highlight the benefits to your disposable income (for varying taxable salary amounts) that are achieved by using ECM. A simple comparison is provided in Section 4.10.

3.3 GST on ECM

When you make a post-tax contribution towards the cost of operating your vehicle using ECM, the transaction is classified as a 'taxable supply' by your employer, for GST purposes. This requires your employer to remit 1/11th of the post-tax contribution to the ATO. This additional GST must be added to your package cost. No input tax credits can be claimed for this transaction.

3.4 How do I nominate that I want to use ECM?

If you want to use ECM to maximise the benefit for your novated lease these steps need to be followed.

FOR A NEW VEHICLE LEASE:

When using LeasePlan Online to generate your lease quote, it will automatically apply ECM, calculating the post-tax element required to eliminate the estimated FBT liability.

With ECM, the ‘total vehicle cost’ remains unchanged, however the quote will display the FBT liability that is offset by the post-tax contribution as well as the GST cost payable on the post-tax amount. The packaging cost is then displayed together with how this should be deducted, pre and post-tax from your salary.

The salary packaging analysis demonstrates the benefit gained by using ECM (pre and post-tax contributions) as compared to acquiring and operating the vehicle using 100% post-tax income. LeasePlan does not provide financial or taxation advice on salary packaging. We strongly encourage you to obtain independent taxation and financial advice to determine your personal salary packaging benefit.

FOR AN EXISTING VEHICLE LEASE:

If you have an existing LeasePlan novated lease and you wish to add or remove ECM at any time, you need to submit a request in writing to customer.service@leaseplan.com.au

A mid-lease change will be implemented and a new Final Package Allocation will be issued to your employer for revised salary deductions.

3.5 ECM - The impact of doing more or less kilometres per year

When preparing your lease quote, LeasePlan uses your estimated annual mileage to determine the estimated post-tax deduction required to eliminate the FBT liability. If at the end of the FBT year you have travelled less kilometres than expected and you moved into a higher FBT bracket, you may incur an additional FBT liability. This is because your post-tax deductions were insufficient to offset the higher FBT liability.

If you have travelled more kilometres than expected and have moved into a lower FBT bracket you may be losing some of the advantage of salary packaging. This may not be reimbursable and should be avoided.

It is important that you regularly monitor your actual distance travelled via your monthly Motor Vehicle Report to ensure your usage does not cause you to move into another FBT bracket.

If you provide accurate odometer readings with each fuel fill your Motor Vehicle Report will highlight your progress against your annual target. If your actual annual kilometres will be higher or lower than the target, contact LeasePlan on 132 572 to arrange a mid lease change.
SECTION 4
SUPPLEMENTARY INFORMATION

4.1 Maximum input tax credit for luxury vehicles
The maximum input tax credit for luxury vehicles is currently $5,224.18.

4.2 ATO Tax Scales
The following income tax rates apply from 1 July 2010.

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<thead>
<tr>
<th>TAXABLE INCOME</th>
<th>TAX ON THIS INCOME</th>
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<tbody>
<tr>
<td>$1 – $6,000</td>
<td>Nil</td>
</tr>
<tr>
<td>$6,001 – $37,000</td>
<td>15c for each $1 over $6,000</td>
</tr>
<tr>
<td>$37,001 – $80,000</td>
<td>$4,650 plus 30c for each $1 over $37,000</td>
</tr>
<tr>
<td>$80,001 – $180,000</td>
<td>$17,550 plus 37c for each $1 over $80,000</td>
</tr>
<tr>
<td>$180,001 and over</td>
<td>$54,550 plus 45c for each $1 over $180,000</td>
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* Does not include Medicare Levy or Flood Levy

4.3 Estimation shortfall amount
Upon termination of a novated lease, where appropriate, LeasePlan undertakes an estimation of operating costs incurred but not recorded or paid at the time of the lease termination to achieve a reconciliation of costs within ten days. LeasePlan includes a nominal estimation shortfall amount of $95 to cover any unknown costs incurred but not paid.

4.4 Residual values and ATO Guidelines
The residual value is the amount that remains owing at the end of the lease term. It is normally expressed as a percentage of the vehicle cost price. The residual value is determined at the beginning of the lease.

As a guideline LeasePlan sets the residual value in the lease using the following percentages:

<table>
<thead>
<tr>
<th>TERM</th>
<th>ATO GUIDELINES</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 mth</td>
<td>65.63%</td>
</tr>
<tr>
<td>24 mth</td>
<td>56.25%</td>
</tr>
<tr>
<td>36 mth</td>
<td>46.88%</td>
</tr>
<tr>
<td>48 mth</td>
<td>37.50%</td>
</tr>
<tr>
<td>60 mth</td>
<td>28.13%</td>
</tr>
</tbody>
</table>

As a safeguard, where the ATO calculated residual value is higher than the LeasePlan expected sale value at the end of lease, the lower value will be used as the lease residual.

4.5 Used vehicle processing fee
Currently a processing fee of $300 applies when an employee chooses to lease a used vehicle.

4.6 FBT Calculation

If you enter into a lease contract after the 11/05/2011, the vehicle will be subject to the new method of FBT calculation to be phased in over the next four years. The final result will be that all salary packaged vehicles will be valued at 20% regardless of how many kilometres the car travels.

The statutory rates below will apply on an increasing scale as set out in the table until the flat rate of 20% is achieved.

**DISTANCE TRAVELLED DURING THE FBT YEAR (1 Apr - 31 Mar)**

<table>
<thead>
<tr>
<th>KILOMETRES TRAVELLED PER ANNUM</th>
<th>STATUTORY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 14,999</td>
<td>20%</td>
</tr>
<tr>
<td>15,000 - 24,999</td>
<td>20%</td>
</tr>
<tr>
<td>25,000 - 40,000</td>
<td>14%</td>
</tr>
<tr>
<td>Greater than 40,000</td>
<td>10%</td>
</tr>
</tbody>
</table>

If your vehicle lease commenced during an FBT year (1 April to 31 March) it is necessary to estimate the kilometres that would have been travelled if the car had been operated for the entire year. This is done by averaging the kilometres travelled per day from the initial delivery date and multiplying it by 365. For instance, where a lease commenced halfway through the FBT year and travelled 12,000 km, the annual distance would be 24,000 km and the 20% statutory rate (see tables above) would apply to the Car FBT liability calculation.
Some samples as to how the FBT statutory rates are applied are shown below.

**Example 1**

**Lease commenced before 10 May 2011 – Old FBT rates apply for the term of the lease providing no change to lease expiry date or employer.**

Jane commenced her novated lease arrangement on 1/3/11 for 3 years, due to expire 28/2/14.

From 1/3/11 to 31/3/11 Jane’s car travels 2,200 kms
From 1/4/11 to 31/3/12 Jane’s car travels 27,000 kms
From 1/4/12 to 31/3/13 Jane’s car travels 10,000 kms
From 1/4/13 to 28/2/14 Jane’s car travels 19,000 kms

For the FBT year from 1/3/11 to 31/3/11, the car has travelled 2,200 kms over 31 days. Therefore, annualised kilometres driven would be 2,200 x 365 / 31 = 25,903 kms. So the FBT statutory rate that will apply for the 2010/2011 FBT year will be 11%.

For the FBT year ending 31/3/12, kms were 27,000 so a statutory rate of 11% is applied. For the FBT year ending 31/3/13, kms were 10,000 so a statutory rate of 26% is applied.

For the FBT year from 1/4/13 to 28/2/14, the vehicle has travelled 19,000 kms over 334 days. Therefore, annualised kilometres driven would be 19,000 x 365 / 334 = 20,763 kms. So the FBT statutory rate that will apply for 2013/2014 FBT year will be 20%.

**Example 2**

**Lease Commences before 10 May 2011 – Subject to old FBT Transitional arrangements.**

Blake commenced his novated lease arrangement on 15/9/09, due to expire 14/9/11.

From 1/4/11 to 31/3/12 Blake’s car travels 32,000 kms
From 1/4/12 to 14/9/12 Blake’s car travels 14,000 kms

In August 2011, Blake refinanced the car for another year and documents were put in place to extend the lease by 12 months, so the new lease end date has changed to 14/9/12. This lease extension is considered by the ATO to be a new lease arrangement and Blake will now fall under the new arrangements for valuing car fringe benefits (from the beginning of the next FBT year following the date he signed/extended his lease - 1/4/12).

For the FBT year ending 31/3/12, kms were 32,000 so a statutory rate of 11% is applied.

For the FBT year from 1/4/12 to 14/9/12, the vehicle has travelled 14,000 kms over 167 days. Therefore, annualised kilometres driven would be 14,000 x 365 / 167 = 30,598 kms. So the FBT statutory rate that will apply for 2012/2013 FBT year will be 17%.

**Example 3**

**Lease Commences after 10 May 2011 – Subject to New FBT Transitional arrangements.**

James commenced his novated lease arrangement on 1/7/12 for 3 years, due to expire 30/6/15.

From 1/7/12 to 31/3/13 James’ car travels 35,000 kms
From 1/4/13 to 31/3/14 James’ car travels 42,000 kms
From 1/4/14 to 31/3/15 James’ car travels 41,000 kms
From 1/4/15 to 30/6/15 James’ car travels 10,500 kms.

For the FBT year from 1/7/12 to 31/3/13, the car has travelled 35,000 kms over 274 days. Therefore, annualised kilometres driven would be 35,000 x 365 / 274 = 46,624 kms. So the statutory rate that will apply for 2012/2013 FBT year will be 13%.

For the FBT year ending 31/3/14, kms were 42,000 so a statutory rate of 17% is applied. For the FBT year ending 31/3/15, kms were 41,000 so a statutory rate of 20% is applied.

For the FBT year from 1/04/15 to 30/6/15, the car has travelled 10,500 kms over 91 days. Therefore, annualised kilometres driven would be 10,500 x 365 / 91 = 42,115 kms. So the FBT statutory rate that will apply for the 2015/2016 FBT year will be 20%.

**How the FBT liability is calculated**

**EXAMPLE:** On 1 October 2012 a driver enters into a novated lease on a vehicle that has an FBT base value of $30,000. The vehicle travels 15,143 kms by 31/03/13 (the end of the FBT year). During this time the car was not available for private use for 10 days.

**STATUTORY RATE**

15,143 x 365 days = 30,369km per annum = 17% Statutory Rate for the 182 days during the FBT period.

**CAR FBT LIABILITY**

FBT Base value $30,000 x Statutory Rate 17% x FBT Gross-up Factor 2.0647 / 365 x (182 days – 10 Days Unavailable) X FBT tax Rate 0.465 = $2,307.36

Please note: The Car FBT gross-up rate is calculated at the pre-GST FBT rate of 1.8692 if your employer is unable to claim an Input Tax Credit.
4.7 FBT Liability

In order for your employer to report your Car FBT liability, you must submit an annual FBT declaration via www.leaseplan.com.au at the end of the FBT year (31 March). You are required to record your final odometer reading as at 31 March together with any exempt days (days where the vehicle was not available for use). Your employer will then reconcile your FBT balance with you via your payroll.

FBT liability can be reduced or eliminated if you elect to use the Employee Contribution Method (ECM) when salary packaging your vehicle. For more details please refer to Section 3 of this guide.

Statutory Method is normally used with novated leases, however, in some special circumstances where there is a high degree of business use the Operating Cost Method may prove more effective. To use this method for FBT calculation you will need to keep a logbook for a continuous period of 12 weeks (minimum) to determine an accurate Business Use percentage.

To obtain a novated lease quote using the Operating Cost Method you will need to submit your request by calling LeasePlan on 132 572 or email cservice@leaseplan.com.au.

With your request you will need to supply:

1. The Private Use percentage (i.e. 100 – the Business Use percentage)

2. The Logbook Date – being the date of your last entry in your logbook. If you do not have a logbook you can supply an estimate and then provide your actual logbook details at a later time (i.e. within three months of the delivery of your vehicles or before then end of the FBT year).

**PLEASE NOTE:** ECM can also be applied using the Operating Cost Method.

4.8 Luxury Taxation Limit

A lease is classified as a luxury lease when the amount financed under the lease is greater than the luxury taxation limit. This amount is currently $57,466.

4.9 Cash Claim – Minimum Amount Claimable

There is a minimum amount of $55 claimable. Costs below this figure are borne by you.
4.10 The Employee Contribution Method

The table below shows a simple comparison of the impact that ECM can have on a lease.

- Vehicle purchase price - $36,360
- Taxable Income - $40,000 pa
- Distance per year - 15,000 km
- Lease period - 36 Months
- FBT Statutory Rate - 20%

LeasePlan Online allows you to enter your personal salary and provides details of any benefits to you utilising ECM.

### Packaging 100% pre-tax

| Annual cost | | |
|-------------|-------------|
| Lease Costs | $8,544 |
| Vehicle Operating Cost | $5,648 |
| Total Vehicle Costs | $14,193 |
| FBT Liability | $6,982 |
| Total Package Cost | $21,175 |
| Pre-tax | $21,175 |
| Post-tax | $0 |
| Benefit | -$1,969 |

### Packaging using ECM

| Annual Cost | | |
|-------------|-------------|
| Lease Costs | $8,544 |
| Vehicle Operating Cost | $5,648 |
| Total Vehicle Costs | $14,193 |
| FBT Liability | $6,982 |
| ECM FBT Offset | -$6,982 |
| GST On Post-tax | $661 |
| Total Package Cost | $14,854 |
| Pre-tax | $7,581 |
| Post-tax | $7,272 |
| Benefit | $2,109 |

In this example by using ECM benefit of $2,109 compared with a previous disadvantage of $1,969 when packaging pre-tax is realised.

### Employee Salary

=$40,000 per annum

<table>
<thead>
<tr>
<th>Annual Km's</th>
<th>Package Cost Per Year</th>
<th>Deduction</th>
<th>Annual Disposable Income Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Pre Tax</td>
<td>Post Tax</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% Pre Tax</td>
<td></td>
</tr>
<tr>
<td>10,000</td>
<td>$13,963</td>
<td>$4,509</td>
<td>$9,454</td>
</tr>
<tr>
<td>15,000</td>
<td>$14,854</td>
<td>$7,581</td>
<td>$7,272</td>
</tr>
<tr>
<td>20,000</td>
<td>$15,843</td>
<td>$8,571</td>
<td>$7,272</td>
</tr>
<tr>
<td>25,000</td>
<td>$16,535</td>
<td>$12,536</td>
<td>$4,000</td>
</tr>
<tr>
<td>30,000</td>
<td>$17,725</td>
<td>$13,725</td>
<td>$4,000</td>
</tr>
<tr>
<td>40,001</td>
<td>$19,772</td>
<td>$17,226</td>
<td>$2,545</td>
</tr>
</tbody>
</table>
Salary Packaging User Guide
The University of New South Wales

Salary Packaging Centre
Tel: 1300 790 140
Fax: 1300 790 160
Email: support@salaryplan.com.au

Disclaimer – This document is to be read as a guide to salary packaging only. Our best efforts have been made to explain the general subject matter but no warranty is provided regarding the contents of this document nor its accuracy or currency. Any decision to salary package must be made after taking the appropriate financial advice. Neither SalaryPlan its staff nor agents are Financial Planners and make no representations as to expertise in providing any financial planning information.

No person should rely on the taxation-related comments of this guide without first obtaining advice from a qualified taxation professional. SalaryPlan expressly disclaims all and any liability and responsibility to any person in respect of anything, and of the consequences of anything, done or omitted to be done by any such person in reliance, whether wholly or partially, upon the whole or any part of the contents of this user’s guide.
Introduction to SalaryPlan and Salary Packaging Administration

Your employer has introduced salary packaging as an option for all eligible employees to tailor the mix of salary/wages and benefits to best suits your individual needs. Salary packaging is simply a way for employees to reduce salary or wages and in exchange receive benefits provided by your employer. When the various Australian taxation laws are applied, this salary packaging approach can be tax effective and beneficial to you because it gives you;

1. Potentially increased net value of your remuneration (tax effective)
2. Flexibility to structure your remuneration to best suit your individual needs.

The total remuneration you receive does not change. When using salary packaging you are able to receive part of your remuneration in cash and the balance by way of benefits selected from the range of packaging benefit items set out in this guide.
SECTION 1 – Salary Packaging

1.1.1 What is salary packaging?

Salary packaging is an arrangement between you and your employer where you agree to forgo part of your future entitlement to salary or wages in return for your employer providing you benefits of a similar cost.

- Salary packaging can offer greater flexibility of your remuneration.
- Salary Packaging must be prospective
- Salary packaging is a voluntary option for eligible employees.
- SalaryPlan and your employer strongly recommend that any person considering salary packaging seek independent financial advice before entering into an arrangement for packaging.

Under a salary packaging arrangement:

- Your employer agrees to provide a nominated benefit.
- If the benefit is subject to Fringe Benefits Tax (FBT) your employer is responsible for paying the FBT.
- The costs of the benefit plus FBT (if any) are deducted from your salary or wage.
- You will then be required to pay income tax (PAYG) on the reduced salary or wages.

1.2.1 Who can participate in salary packaging?

- Salary packaging is available to all eligible staff who are permanent employees and not subject to a probation period. Packaging is not available to casual staff.
- Eligibility is determined within your employer’s salary packaging policy.

1.3.1 What can I salary package with my employer and SalaryPlan?

- Novated Leases via LeasePlan

1.4.1 Should I seek independent financial advice?

Yes. All employees considering salary packaging should seek financial advice.

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This document is to be read as a guide to salary packaging only. Our best efforts have been made to explain the general subject matter but no warranty is provided regarding the contents of this document nor its accuracy or currency. Any decision to salary package must be made after taking the appropriate financial advice.

Neither SalaryPlan nor your employer are Financial Planners or Taxation Advisors and make no representations as to expertise in providing any financial or taxation information.

1.5.1 How do you commence salary packaging?

1. Seek independent taxation or financial advice
2. Consider which benefit(s) you wish to salary package
3. Complete the following forms:
   - Flexible Remuneration Packaging – Employee Benefit Authority. When commencing salary packaging with SalaryPlan for the first time this form must be completed. This form must be signed by both you and your employer.
   - Flexible Remuneration Packaging – Application Form(s) for the applicable benefit(s)
4. Fax/email the signed and completed forms with required supporting documents to SalaryPlan.
1.6.1 What is SalaryPlan’s role in salary packaging?

Your employer has appointed SalaryPlan to administer employee salary packaging arrangements. In this role SalaryPlan operates as your employer’s agent to facilitate the following tasks:

- Assist employees with salary packaging inquiries relating to the list of benefits in 1.3
- Provide your employer with deduction details to initiate required employee deductions from payroll
- SalaryPlan will receive funds deducted from employee’s payroll into a dedicated trust account,
- Upon receipt of funds into the trust account, the amounts received will be allocated to individual employee packaging accounts.
- Make payments from the trust account to each benefit accordance with payment terms.
- Where FBT is applicable, collate FBT liability details and submit to your employer.
- Collate GST transaction and report these to your employer.
- On receiving advice of employee termination, SalaryPlan will promptly reconcile the employee’s individual packaging account and interim FBT liability position. Where a surplus or deficit exists, SalaryPlan will coordinate collections or refunds via your employer’s payroll.
- Reconcile each employees actual FBT liability and ensure it aligns with initial estimates and where differences have occurred, SalaryPlan will coordinate collections or refunds via your employer’s payroll.
- Provide employees access to view the status of their individual packaging accounts.

SalaryPlan will not provide financial or taxation advice. Where employees have financial or taxation inquiries, SalaryPlan will encourage the employee to seek independent advice from a suitably qualified person.

1.7.1 What does it cost to salary package?

Salary packaging is provided to employees on “a no cost to your employer basis”, consequently the employee meets all the cost of administering their salary packaging benefits.

To administer your salary packaging arrangement SalaryPlan charges a fee with each benefit item. These annual fees are shown below:

<table>
<thead>
<tr>
<th>Benefit Item</th>
<th>Per annum fee if paid Fortnightly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novated Lease - LeasePlan</td>
<td>$150.00</td>
</tr>
<tr>
<td>Package Amendment (if greater than one per benefit per year)</td>
<td>$50.00</td>
</tr>
<tr>
<td>Maximum Fee per year</td>
<td>$360.00</td>
</tr>
</tbody>
</table>

(Please note: These fees are GST excluded)

The above fees have been established to cover the establishment and administration associated with salary packaging benefits. Your established benefit items can be altered once per year at no charges, however, each change in excess of this will incur an additional fee of $50.

1.8.1 What about GST?

Your employer is able to claim Input Tax Credits for the GST paid, thus the GST tax credit will reduce the net cost of the salary packaged items to you. Essentially you will only be packaging:

- The cost of the packaged benefit (eg novated lease), excluding the GST element.
- The SalaryPlan salary packaging administration fees, excluding the GST element.
- If you are using the ECM method you will be charged the GST on the contribution.
- Any applicable FBT liability (if any applies).

Further information regarding GST can be accessed from the Australian Taxation Office website at www.ato.gov.au.
1.9.1 What about Luxury Tax?

A lease is classified as a luxury lease when the amount financed under the lease is greater than the luxury taxation limit (currently $57,466).

- Novated leases which have a finance value greater than $57,466 are treated differently for tax purposes.
- This treatment imposes additional costs on your employer due to the tax deduction foregone.
- This cost will form part of your standard payroll deduction for your lease vehicle.

**Note:** This cost should not be confused with the Government imposed taxation surcharge which is payable as part of the vehicle purchase cost and shown separately on your quotation as part of the capital cost of your lease.

1.10.1 Packaging Account - Deficit Collection

If your Salary Packaging account is in deficit, then extra funds must be collected in order to recover costs. Your account may be in deficit due to:

a) you do not meet your required kilometres per annum for FBT and incur a further FBT liability bill,
b) there is a deficit in your Operating Costs at Settlement (this is only applicable to vehicles on Termination of their Lease)
c) deductions not being sufficient to cover invoices/costs, due to timing of payroll and start of lease commencement or changes to the lease arrangement.

**These costs are to be collected as per below:**

**Deficit Collections**

- $0 to $1000 within one month
- $1000 to $2000 within two months
- $2000 to $3500 within three months
- $3500+, by negotiation but not to exceed 3 months

**Please note:** That you the employee have a responsibility to ensure that deductions start on time on your lease and that you query any deductions that you believe to be incorrect. SalaryPlan endeavour to ensure that deductions are correct and start as close to delivery of the lease as possible, but if information is not provided in a timely manner by either the employer, employee or the lease provider SalaryPlan may be required to make adjustments to your collections.

For Further information regarding FBT liability refers to section 2.3 of this guide or your novated lease provider for further information.

1.11.1 What if I wish to cease one or all of my salary packaging benefit items?

**Ceasing a lease vehicle**

If you decide to cease or discontinue your lease you must contact your lease provider to discuss and choose the option you wish to take.

Once your lease has ceased your lease provider will notify SalaryPlan to cease deductions.

Upon the cessation of your lease you will be required to complete a Motor Vehicle Declaration Form, this is required to be returned to SalaryPlan so that your package can be reconciled correctly and promptly.

**SalaryPlan cannot cease deductions until notified by the lease provider that the lease is ceasing or you have terminated employment.**

**Ceasing Other Benefits**

If you wish to cease a non lease benefit please complete the Cessation of Benefit Form and return to SalaryPlan. This benefit will then cease and be reconciled.
1.12.0 Access to On-Line Employee Reporting

Access our online employee reporting site at:


1.12.1 New Employee Benefit

If you have not yet begun salary packaging please follow the below instructions.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Enter your Employers Id. <em>(see your Employer Id in section 1.13 below for details)</em></td>
</tr>
<tr>
<td>2.</td>
<td>Click Log in Button.</td>
</tr>
</tbody>
</table>

This will then give you access to the forms and also to the salary packaging calculator.
Please follow the instructions on the site from here.

1.12.2 Existing Employee Benefit

If you have a salary packaging benefit already set up with SalaryPlan or a benefit that has been part of the transition you will be provided by SalaryPlan with your login details at the beginning of the arrangement.

1.12.3 Reporting Site Detail

- The reporting site will show all benefits that are active within the current FBT year.
- Each benefit will detail the deductions received from your payroll, and all payments made to the benefit provider.
- Please note that the deductions received are GST exclusive, and the payments made are GST inclusive, you will note a separate section showing the GST credited back to you on all payments made that have GST claimable on them.
- Any FBT collected will also be shown separate from the deductions used to fund the benefit.
- The detail shown on the reporting site for each benefit will only show the current FBT year, at the end of each FBT year the balance from the previous year will show as Balance Brought forward, and the detail will start afresh.

1.13.1 Contacting LeasePlan and SalaryPlan

Employees need to be aware that the new salary packaging arrangement with LeasePlan and SalaryPlan will be administered under the customer names and customer (employer) numbers below:

<table>
<thead>
<tr>
<th>Customer Name</th>
<th>Customer Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University of New South Wales</td>
<td>1000040154</td>
</tr>
</tbody>
</table>

*Employees must indicate which company they are employed with when communicating with LeasePlan and SalaryPlan.*

1.14.1 Will a reconciliation of my salary packaging position be done prior to SalaryPlan taking over?

Yes, your employer is required to reconcile every employees packaging position. Once the reconciliation has been completed you will be advised by your employer of your account status.

If a surplus exists, this will be passed to SalaryPlan and allocated into your packaging account established with SalaryPlan. After the transition has been completed, employees will have the option to have these funds returned to them via payroll and be subject to PAYG tax or retained in your account and future deductions adjusted.
If a deficit exists, a proposed re-payment plan will be advised by your employer and the debt collected within a reasonable time to bring you back to a balanced position. Once this re-payment plan is agreed, SalaryPlan will be instructed by your employer to commence the extra deductions.
SECTION 2 – Motor Vehicle Leasing

2.1.1 What is a Novated lease?

A Novated vehicle lease is an arrangement between you, your employer and the novated lease provider as the financier and fleet manager. It enables you to lease a vehicle of your choice whilst enjoying the tax-effective benefits of financing the vehicle and its operating costs from pre-tax or a combination of pre & post-tax salary.

2.1.2 What are some of the benefits of novating a vehicle?

- Your vehicle costs are deducted from your salary before tax.
- You may achieve a potential income tax-free lump sum benefit at lease expiry.
- Significant benefits can be obtained via pre-tax savings on lease and operating costs.
- You are able to benefit from the available tax concessions i.e. FBT can be lower than income tax.
- Increase disposable income and lower or eliminate the FBT liability with post-tax contributions via the Employee Contribution Method (ECM).
- You are able to package your current vehicle or a second-hand vehicle, providing it meets used vehicle criteria for both age and kilometres travelled (Please refer to your lease provider to discuss the criteria).
- The vehicle is registered in your name. This negates payment of stamp duty if the vehicle is purchased at lease end.
- You benefit from higher vehicle purchasing discounts through the lease providers buying power.
- You save on operating costs through full fleet management controls.
- Vehicles that have been carefully taken care of will normally have higher resale values as well as lower running costs. These savings are passed on to you.
- The lease provider is able to claim a GST Input Tax Credit on the vehicle purchase and on all operating costs. You will enjoy GST free motoring. You only pay GST on the residual value at lease expiry.
- The vehicle may also be novated to your new employer or purchased outright if your employment is terminated. (Please refer to your lease provider for contract conditions)

2.2.1 How FBT affects your package costs?

When you obtain a vehicle under a novation lease arrangement your employer becomes liable for Car Fringe Benefit Tax. The FBT liability, which your employer incurs, is charged back to you as part of your salary deduction. Car FBT is usually calculated using a statutory formula.

2.2.2 Effects of distance travelled and FBT?

Estimated Car FBT liability is calculated based on your estimated annual kilometres per year at the time a quotation is prepared. FBT liability in reality is paid on the actual kilometres travelled between 1 April and 31 March. If you do not meet your required kilometres per annum for FBT, you may incur a further FBT liability bill. This is to be collected as per below:

<table>
<thead>
<tr>
<th>Under Collection of FBT liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $1000 within one month</td>
</tr>
<tr>
<td>$1000 to $2000 within two months</td>
</tr>
<tr>
<td>$2000 to $3500 within three months</td>
</tr>
<tr>
<td>$3500 by negotiation but not to exceed 3 months</td>
</tr>
</tbody>
</table>
2.2.3 Days Unavailable

If your novated lease vehicle is not available for private use during the FBT year days unavailable could be applicable to your FBT declaration.

- Days Unavailable can reduce the amount of FBT payable for the year, as you are not charged/liable for FBT on these days.
- It is important to note that Days Unavailable do not reduce the kms you are required to travel to make your budgeted FBT bracket you have nominated.
- There are strict conditions around days unavailable and you must provide written declarations in regards to these at the end of each FBT year, and you or your employer may be requested to provide further proof that the Days Unavailable are valid.

<table>
<thead>
<tr>
<th>The conditions for days unavailable are detailed below:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A day unavailable is a whole twenty four (24) hour period and does not include the day the vehicle is dropped off or the day the vehicle is picked up.</td>
</tr>
<tr>
<td>• The vehicle must be garaged at the employer’s place of business.</td>
</tr>
<tr>
<td>• Keys must be left with the employer – the employer must control all access to the vehicle.</td>
</tr>
<tr>
<td>• Smash repair and maintenance that meets the whole 24 hour period are claimable as the vehicle is deemed un-roadworthy and cannot be driven.</td>
</tr>
<tr>
<td>• Vehicle must not be available for private use</td>
</tr>
<tr>
<td>• A declaration must be supplied at the end of the FBT year.</td>
</tr>
</tbody>
</table>

2.2.4 FBT Declarations - Obligations

- At the end of the FBT year (31st of March) you are required to submit a declaration to either your lease provider or SalaryPlan.
- This is used to calculate your actual FBT liability for that year.
- The declaration includes
  - The end odometer reading as at the 31st March
  - Any valid days unavailable
  - Any out of pocket contributions made to the running costs of the lease vehicle.

Note: Failure to submit an FBT declaration will result in the last known odometer reading from fuel fills or maintenance services being used, this could result in your FBT liability being calculated at the highest FBT rate.

<table>
<thead>
<tr>
<th>The odometer reading that you provide is verified against maintenance and fuel fill readings that have been submitted on filling your vehicle. If your declared reading is deemed to be invalid and not fitting with your actual usage you will be requested to have your vehicle and odometer reading sited and verified by your employer. If this cannot be arranged the last known valid fuel or maintenance reading will be used.</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you have not been entering accurate odometer readings at your fuel fills this could result in your liability being calculated at the highest FBT rate.</td>
</tr>
</tbody>
</table>

2.2.5 New Statutory Percentage Rates Post Budget 2011

In the 2011 Federal budget changes to the Fringe Benefits Tax Assessment on leased vehicles was announced. This change related to any lease with a contract entered into from and including the 11/05/2011.

Please note the changed statutory percentage brackets that relate to this change and how they are set to change every Fringe Benefits Tax year until a flat rate of 20% is achieved.

If you entered into your lease contract prior to the 11/05/2011 the below rates will apply for the life of the lease or until your lease is re-financed, extended for an additional lease term or change of employment occurs.
<table>
<thead>
<tr>
<th>Distance travelled During FBT Year</th>
<th>Statutory Rate applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 14999 Km</td>
<td>26%</td>
</tr>
<tr>
<td>15000 – 24999 km</td>
<td>20%</td>
</tr>
<tr>
<td>25000 – 40000 km</td>
<td>11%</td>
</tr>
<tr>
<td>Greater than 40000 km</td>
<td>7%</td>
</tr>
</tbody>
</table>

If you entered into your lease contract on or after the 11/05/2011 the below rates will apply on an increasing scale as set out in the table until the flat rate of 20% is achieved.

<table>
<thead>
<tr>
<th>Distance travelled During FBT Year</th>
<th>New Contracts entered into from 11/05/2011 inclusive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From 10 May 2011</td>
</tr>
<tr>
<td>0 – 14999 Km</td>
<td>20%</td>
</tr>
<tr>
<td>15000 – 24999 km</td>
<td>20%</td>
</tr>
<tr>
<td>25000 – 40000 km</td>
<td>14%</td>
</tr>
<tr>
<td>Greater than 40000 km</td>
<td>10%</td>
</tr>
</tbody>
</table>

If you lease goes through a term extension or refinance of term then the new FBT transitional rates will apply from the 1st of April of the following year.

2.2.6 The Employee Contribution Method (ECM)

The Employee Contribution Method (ECM) is where you make a post-tax contribution towards the cost of operating your Novated lease vehicle. Instead of salary sacrificing the complete vehicle lease cost including Car FBT liability from pre-tax salary, a portion of the vehicle lease cost is deducted as an ‘employee contribution’ from your post-tax salary. This will show on your pay slip as a second salary deduction post-tax.

Your post-tax contributions are then taken into consideration in your Car FBT calculations at the end of the FBT year. If you elect to use ECM, SalaryPlan will calculate the post-tax contribution needed to eliminate your estimated Car FBT liability. By reducing or eliminating the Car FBT amount payable you lower the overall packaging cost and increase your disposable income.

For more information on Novated Leasing please refer to the link below.

Please Note:
- That under the employee contribution method (ECM), if you do travel into a higher km bracket for the FBT year their is no surplus fringe benefit tax to be refunded.
- By exceeding your nominated FBT km bracket using ECM you may reduce the tax effectiveness of the package.
- If you do not meet your nominated kms for the FBT year, you will not have contributed sufficient ECM to offset the actual FBT liability and this will result in a further funds being required to be collected from your pay.
- It is important that you budget correctly and monitor your km targets during the FBT year.
2.6.1 What to do to commence quoting and ordering of a Novated lease?

2.6.2 Creating a quote with LeasePlan

To generate a quote yourself visit LeasePlan Online via the LeasePlan website www.leaseplan.com.au. You can use LeasePlan Online to create, save and compare new vehicle quotes, approve a quote and submit an order online, view your existing contracts and update your own profile all from your very own online account.

The Driver Help section can assist you with each step along the way, and our driver specific news will keep you up to date with industry news and views.

When you are accessing our online salary packaging tool for the first time you will need to register as a new user please use the appropriate customer number below:

<table>
<thead>
<tr>
<th>Customer Name</th>
<th>Customer Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University of New South Wales</td>
<td>1000040154</td>
</tr>
</tbody>
</table>

Click on the link below for more information about leasing and vehicle selection with LeasePlan:


**Please note:** LeasePlan obtain pricing from our preferred dealer network. If you have a dealership that you would prefer to use, please ensure you have a documented breakdown of their pricing on dealership letterhead. If a LeasePlan preferred dealer can match or better this price the vehicle will be ordered through LeasePlan’s preferred dealer network.

Should you wish to purchase the vehicle from a dealer outside LeasePlan’s preferred dealer network due to better trade-in terms, this can be accommodated. The dealer will be required to sign an Order Acceptance and LeasePlan reserves the right to transfer the order to another dealer should they not accept LeasePlan’s terms and conditions. LeasePlan takes no responsibility for the accuracy or completeness of any pricing that you provide.

If you have any queries, please contact the Customer Service Centre on 1300 668 572 or email cservice@leaseplan.com.au.

2.7.1 What to do to commence salary packaging for a Novated lease?

- Before you apply for a lease you should obtain advice from your financial advisor.
- Apply for your lease and complete all required documentation as requested by the novated lease provider (Please remember if you wish to utilise ECM you must nominate this at the time you request a lease quotation).
- Once your vehicle is ordered, SalaryPlan will be notified by the lease provider and will issue the following addition forms for your completion:
  - Flexible Remuneration Packaging – Application for Motor Vehicle Benefit Form this form must be completed and signed by you.
  - If this benefit item is your first salary packaged item you must complete the Flexible Remuneration Packaging – Employee Benefit Authority Form (refer section 1.3 above)
  - Fax/Email your signed and completed forms to SalaryPlan.

2.8.1 What happens once my lease is terminated?

Once the lease provider has advised SalaryPlan that your lease has ended, SalaryPlan will undertake a full package reconciliation for that vehicle benefit.
To enable this reconciliation to occur in a timely manner and to be accurate, you are required to complete the Motor Vehicle Declaration Form and return this to SalaryPlan as soon as possible after the lease ends.

- You will then be provided with a full package reconciliation, this will show either an overall surplus or deficit position of your package.
- If there is a surplus this will be returned to your payroll to be credited to you.
- If there is a deficit this will be collected from your pre-tax salary as per the deficit collection scheduled outlined in this guide (see section 1.10 above).

2.9.1 What happens if I leave employment?

Your employer will notify SalaryPlan that you are ceasing employment. Your lease provider will then contact you to discuss your options (to ensure no penalties you should also contact the lease provider as soon as possible).

Prior to your last day of employment SalaryPlan will provide you and your employer with an estimate reconciliation, this is used to assess if any funds are required to be held back from your termination pay.

**Please Note:** that this is an estimate reconciliation and is in no way final, and will not be made final until notification by the lease provider that your lease has ceased or been transferred, and where relevant an operating cost reconciliation is received by SalaryPlan.

This reconciliation takes into account the following items:
- Deductions collected from your payroll by SalaryPlan
- Lease payments paid to the lease provider
- Operating cost reconciliation estimate provided by the lease provider
- Estimated FBT liability as at the end date of the lease.
- Any balances pre-SalaryPlan transferred from your employer
- Any funds collected from final pay based on the estimate reconciliation
- Please note that all salary packaging costs are excluding GST

Once the lease provider has advised SalaryPlan that your lease has ended, SalaryPlan will undertake a full and final package reconciliation for that vehicle.

To enable this reconciliation to occur in a timely manner and to be accurate, you are required to complete the Motor Vehicle Declaration and return this to SalaryPlan as soon as possible after the lease ends.

- You will then be provided with a full package reconciliation, this will show either an overall surplus or deficit position of your package.
- If there is a surplus this will be returned to your payroll to be credited to you.

If there is a deficit you will be required to pay this to SalaryPlan within 7 days of receiving the final reconciliation.
# Flexible Remuneration Packaging – Employee Benefit Authority Form

**Instructions:**
This form must be completed, signed and submitted by all employees participating in Salary Packaging to commence their participation. Refer to your User Guide to determine other required forms for each type of employee benefit.

<table>
<thead>
<tr>
<th>Employee Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee:</strong></td>
</tr>
</tbody>
</table>

| **Employer Name:** | **Employee’s Payroll Number:** |

| **Employee’s Phone No:** | **Employee’s Mobile Number:** |

| **Residential Address:** |
| **Email Address:** | **Postcode:** |

| **Your Payroll Frequency:** | **☐ Monthly** | **☐ Fortnightly** | **☐ Other:** *(please specify)* |

**Employee Authorisation, Acknowledgements and Commitments**

I, being an employee of the employer listed above and eligible to participate in the salary packaging program, apply to participate in this program.

Upon signing this form, I formally acknowledge and agree to the following:

1. That I have read and understood my employer's salary packaging policy and user guides and have either sort independent financial advice or have waived the need for such advice.
2. That I will be fully responsible for all the cost associated with salary packaging these benefits including any Fringe Benefits Tax liability that is now or may in the future be applicable to the salary packaging benefit including any ATO fee's, charges, interest or penalties that may arise.
3. That I will be fully responsible for all SalaryPlan fees, which are now or in the future, may be applicable to this salary packaging benefit I have selected.
4. That I will fully compensate my employer and SalaryPlan for all loss, damage, costs or expenses suffered or incurred as a result of the salary packaging benefits I have selected.
5. That I will upon demand repay any amounts due to SalaryPlan as a consequence of SalaryPlan administering my packaging benefits.
6. That I grant my employer and SalaryPlan the authority to make all appropriate deductions or adjustments to my salary in order to facilitate my nominated salary packaging benefit.
7. That I am fully aware that SalaryPlan must hold sufficient funds in my salary packaging account to enable my nominated benefit to be paid and that SalaryPlan has no obligation to pay my packaging supplier where insufficient funds are available.
8. That any bonus granted to me may be paid into my salary packaging account with SalaryPlan and used for salary packaging benefits upon my nomination to do so.
9. If my employment is terminated for any reason I authorise SalaryPlan or my employer to retain sufficient funds from my final payment to meet outstanding liabilities based on information provided to my employer by SalaryPlan as at the date of my termination. Any surplus funds (less any withholding tax required to be deducted) will be forwarded to you after reconciliation of your account with SalaryPlan.

I also understand and acknowledges that SalaryPlan nor its staff are not qualified to give financial, investment, taxation, superannuation, insurance or legal advice and that I shall seek independent advice on these matters.

**Approval**

| **Employee’s Signature:** | **Date:** |
| **Authorised Employer:** | **Name:** | **Signature:** | **Date:** |

---

*Some of the information that you provide to LeasePlan Australia Limited (“LeasePlan”) may be personal or sensitive information as defined under the Privacy Act 1988 (Cth). In providing LeasePlan and its related companies with this information, you have consented to LeasePlan using and disclosing such information for the express purpose of providing you and/or your employer with our services. If you do not supply LeasePlan with this personal information, we may be unable to supply you and/or your employer with the services as requested. For more information, please refer to our Privacy Policy that can be found on our website ([http://www.LeasePlan.com.au](http://www.LeasePlan.com.au)).*
Flexible Remuneration Packaging – Application for Motor Vehicle Benefit Form  
(Octated Lease)

Instructions:
This form must be completed and signed to commence your SalaryPlan novated leasing benefit. Deduction for this benefit will be aligned to your lease commencement date and allow funds to be collected and paid in accordance with your lease payment due dates.
At the end of each FBT year (31 March) you will be required to provide your final odometer readings and other details to enable accurate FBT calculations. If you do not supply these details the FBT liability may be calculate at the highest FBT rates.

Employee Details

<table>
<thead>
<tr>
<th>Employee</th>
<th>Title</th>
<th>First Name</th>
<th>Surname</th>
</tr>
</thead>
</table>

Employer Name: Employee’s Payroll Number:

Employee Certification & Authorisation

I hereby acknowledge that I am aware that the Fringe Benefits Tax calculated with my vehicle benefit is based on my Expected Annual Kilometres Travelled and this needs to be supported by my declaration of the odometer reading as at 31 March each year that the vehicle is part of my packaging benefit and at the time the lease or the benefit ceases.
I also acknowledge if my Actual Kilometres Travelled does not achieve the required threshold I may be required to pay additional Fringe Benefits Tax as part of my packaging benefit.
I also agree that SalaryPlan’s administration fees can be deducted from my payroll with this benefit and remitted to SalaryPlan.

Vehicle Benefit Details

<table>
<thead>
<tr>
<th>Lease Provider Name</th>
<th>Lease Term (number of months):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quotation/Order Number</td>
<td></td>
</tr>
</tbody>
</table>

Please Note: FBT liability will be calculated using the statutory formula method unless a valid log-book has been kept for at least 12 consecutive weeks.

If you do not meet your required kilometres per annum for FBT, you may incur a further FBT liability bill.
This is to be collected through subsequent pay cycles as per below:
- 0 to $1000 over one month
- $1000 to $2000 over two months
- $2000 to $3500 over three months
- $3500 by negotiation but not to exceed 3 months

Approval

| Employee’s Signature: | Date: |

Version Number: 01.001  
Version Date: 23.02.12  
Some of the information that you provide to LeasePlan Australia Limited (“LeasePlan”) may be personal or sensitive information as defined under the Privacy Act 1988 (Cth). In providing LeasePlan and its related companies with this information, you have consented to LeasePlan using and disclosing such information for the express purpose of providing you and/or your employer with our services. If you do not supply LeasePlan with this personal information, we may be unable to supply you and/or your employer with the services as requested. For more information, please refer to our Privacy Policy that can be found on our website (http://www.LeasePlan.com.au).
Motor Vehicle Declaration

Instructions:
Please read the attached explanation and complete the following Declaration in full, then return this page only to the above Fax number or email.

This form needs to be accurately completed and returned by the end of FBT year (31 March) or the advised date of employment termination in order for your FBT liability to be accurately calculated.

We advise you to retain the original copy of this form and any other relevant documents for taxation audit purposes.

Employee Details

<table>
<thead>
<tr>
<th>Employee:</th>
<th>Title:</th>
<th>First Name:</th>
<th>Surname:</th>
</tr>
</thead>
<tbody>
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<td></td>
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<table>
<thead>
<tr>
<th>Employer Name:</th>
<th>Employee’s Payroll Number:</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vehicle Registration Number:</th>
<th>Contact Phone Number:</th>
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<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Final Odometer Reading

<table>
<thead>
<tr>
<th>Odometer Reading:</th>
<th>As at Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ /</td>
</tr>
</tbody>
</table>

Days Not Available (Refer to Guidelines – Non Availability of Company Vehicle)

<table>
<thead>
<tr>
<th>Date From</th>
<th>Date To</th>
<th>Description of Non Availability</th>
<th>Number of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>/ /</td>
<td>/ /</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Employee Contributions (Refer to Guidelines – Employee Contributions)

<table>
<thead>
<tr>
<th>Date Paid</th>
<th>Description</th>
<th>Amount (GST Incl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>/ /</td>
<td></td>
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<td>/ /</td>
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<td></td>
</tr>
</tbody>
</table>

Declaration: I hereby declare that the details entered above are correct

Employee’s Signature: __________________________ Date: __________________________