

we know the way

Novated Leasing ...It's simple!

Employer guide:

Why offer novated leasing
Risks and considerations
Myths and misconceptions



fleetcare

What exactly is novated leasing?

1

Novated leasing is a popular inclusion to enhance your employee benefits program for prospective and existing employees.

2

It allows an employee to salary package the cost of a new (or used) car and it's running costs, potentially saving them thousands of dollars.

This is your guide to novated leasing – what it is, benefits, considerations, and how to become an employer of choice that offers car salary packaging.

This is how it works... 
fleetcare.com.au

Your employee requests a quote

by calling our novated leasing experts on 134 333 or visiting fleetcare.com.au

A Fleetcare consultant explains

different options and sends a salary package schedule to your employee

Your employee signs up

Fleetcare

arrange the salary package with your HR department

Fleetcare

send a welcome pack to the employee and arrange for the car to be collected

Why offer your employees novated...

Novated leasing is not only good for employees – it's good for business too.

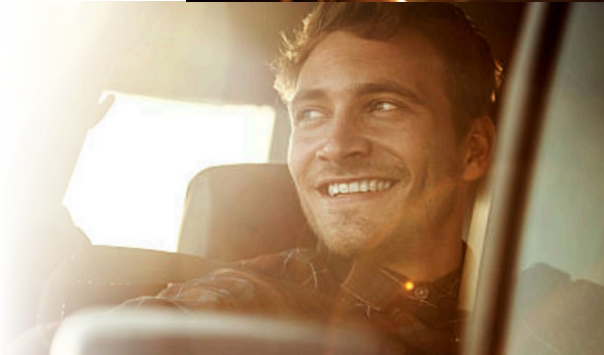
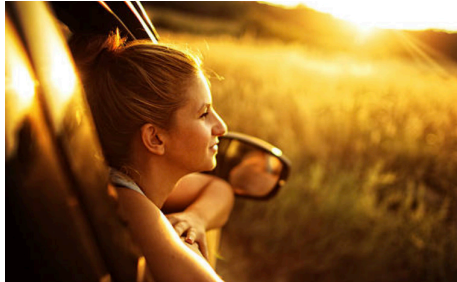
Your employees will have the opportunity to drive their dream car, and access benefits only novated leasing can offer.

Employee benefits include:

- Fleet discounts on the latest cars.
- Employees could save thousands on income tax through a novated lease.
- Potential GST savings on the purchase price and running costs.
- EV models eligible for the Electric Car Discount.

Employer benefits include:

- Attract and retain employees with a desirable staff benefit.
- Boost employee financial wellness through potential tax savings.
- Zero vehicles to manage.
- Reduce pressure on company car programs or travel reimbursements.



Employers can also benefit by providing novated leasing as part of their offering.

It's a great way to help attract, retain and reward quality talent. Plus, you may be able to reduce your payroll tax and worker compensation costs.

Risks & considerations

Fleetcare actively manages your novated lease program to reduce any risks.

Some considerations are needed before offering this benefit in your workplace.

We discuss some of the common concerns here.

Liability

In a novated lease arrangement, the lease is established between the employee and the novated leasing company. You agree to make lease payments from their salary whilst they are employed or the car is novated.

If the employee leaves the organisation, the novation agreement ends and responsibility for the lease reverts to the employee. At that point, the employee can either take over the lease payments directly or, if possible, transfer the novated lease to a new employer who agrees to continue the arrangement.

Fringe Benefits Tax

Fleetcare strives for \$0 Fringe Benefits Tax (FBT) liability for your company and knows how to offer the most cost effective FBT solution.

Fleetcare will:

- Make sure everything is accounted for and managed.
- Provide FBT reporting.

Electric Car Discount Bill

Designed to incentivise the uptake on electric cars in Australia and reduce transport emissions, the Electric Car Discount Bill removes import tariffs and Fringe Benefits Tax (FBT). Employers do not pay FBT on eligible electric cars and associated car expenses.

Cost to Employer

Fleetcare does not charge any employer start up costs or ongoing management fees to the employer.

It's cost neutral and we manage the entire process. If an employee leaves, the novated lease becomes their responsibility, not yours.

What happens if an employee leaves or I need to let them go?

If an employee ends their employment with you, the novated lease goes with them. They can make the payments directly or transfer the lease to a new employer.

Get your employees novated!



Novated - Myths & misconceptions

Although many Australian employers are currently offering this benefit, there remains a lot of myths and misconceptions that are preventing some employers from jumping onboard.

We dispel some of the most common myths associated with novated leasing and explore the reasons why offering novated leasing is beneficial to both your business, and your employees.



In addition



Besides our traditional marketing material for your employees, our marketing team can work with you to develop communications that help you ensure your staff are aware of and understand their benefits.

It's too much work to administer a novated leasing program

When you're running a business, we believe your benefits package should be a help, not a hindrance.

Your responsibilities are minimal: you process the agreed payroll deductions and, if needed, return any surplus funds through payroll if the lease ends or the employee leaves.

There is a small annual FBT reporting requirement, but Fleetcare can provide all the necessary reports and information to make this easy for you.

Yes, you will need to make deductions through payroll and pay the associated invoices - however, this process is no more complex than other common payroll obligations, such as other salary packaging arrangements or court-ordered deductions.

We'll accommodate any payroll frequency and adapt our processes to match your business requirements.

Plus, you and your employees will have access to our team of novated leasing experts available to answer your questions and support the promotion of novated leasing within your business.

We don't like to promote financial products to employees in case they agree to something they can't afford

Our responsible lending policy ensures that we do not enter a novated lease arrangement with an employee, or suggest a lease, or assist an employee to apply for a lease, that is unsuitable.

Before entering into an agreement, we will gather information about the employee's financial and personal situation and verify that information, to ensure that the lease is suitable.

We don't have a lot of high-income earners, so it's not worth it

No matter how much an employee earns, if they pay tax, they could benefit from a novated lease.

Whilst those employees on higher salaries may save slightly more, employees on lower incomes can still enjoy tax benefits as well as savings such as discounted car pricing, fuel discounts and GST savings.

FBT on eligible electric cars

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The residual payment is not affordable for my employees

When an employee comes to the end of their lease, we offer a range of options to suit.

- **Trade in, trade up** – Customers can trade in their existing car to Fleetcare (or sell it privately) and upgrade with a new novated lease.
- **Refinance** – Customers can refinance their residual payout for another lease term.
- **Payout** – Customers can payout the residual amount and the car is theirs.

It's worth noting that we provide the residual value each time we provide a quote. No information is withheld, so your employees will be aware of their financial obligations and end of lease options before signing the dotted line.

There is so much value in a Fleetcare novated lease,
that's the Fleetcare difference.

Want to offer novated leases to your employees?

find out more here



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