

Novated Lease

A **Novated Lease** is a 3-way arrangement between the employee, the employer and the financier where the obligations under the finance lease are transferred from the employee to the employer through a Deed of Novation, and the employer assumes responsibility for making the lease payments to the financier.

The Deed of Novation remains in force until the earlier of the end of the lease term, or until the employee ceases employment.

Fully Maintained Novated Lease

A **Fully Maintained Novated Lease** is an arrangement where all of the operating costs (such as lease rental, servicing and maintenance, registration, tyres and insurance) of the motor vehicle are covered by a single monthly payment made by the lessee to the leasing company. The leasing company takes care of all maintenance and administration costs of the motor vehicle.

Non Maintained Novated Lease

Under a **Non-Maintained Novated Lease** the lessee is responsible for all maintenance and other running costs of the motor vehicle.

Flexibility

There are a number of benefits associated with novated leases, including:

- The employee can lease the motor vehicle of their choice.
- The motor vehicle can be leased where the private use of the vehicle is 100%.
- When an employee ceases employment, the responsibility for the lease reverts back to the employee.
- The motor vehicle does not appear on the employer's Balance Sheet.

Tax Benefits

The concept of novated leasing is central to salary packaging arrangements between an employee and an employer. Under a salary packaging arrangement, an employee agrees to forego a portion of their salary or wages in return for benefits equal to that amount.

For a novated lease, the lease and running costs of the motor vehicle, and fringe benefits tax (if applicable) are deducted from the employee's pre-tax salary, and PAYG is calculated on the reduced salary or wages.

The tax benefit of a novated lease arises from the concessional fringe benefits tax treatment on the car, with the lease and running costs being FBT exempt. Depending on the employee's individual financial circumstances, salary packaging a motor vehicle under a novated lease can have the effect of increasing an employee's net disposal income.

Other Benefits

Other benefits of a Novated Lease include:

- The repayments are fixed over the term of the loan.
- The term of the loan ranges from 12 months to 60 months.
- As the financier is the owner of the motor vehicle, they claim the GST on the purchase price, meaning that the employee finances the GST-exclusive amount.
- Under a salary packaging arrangement, the employer is entitled to claim an input tax credit for the GST components of the lease payments and other running costs of the motor vehicle.
- If the employer passes back to the employee the input tax credits, the employee is effectively paying the lease and running costs net of GST.

To obtain a Novated Lease quotation tailored for you, please complete our attached finance enquiry form, alternatively call our friendly finance consultants on [1300 132 725](tel:1300132725).

Contact Details:

Southgate Fleet Management Pty Ltd/Southgate Financial Services Pty Ltd

Telephone: 1300 132 725

E-mail: support@southgatefinancial.com.au

Website: www.southgatefinancial.com.au

Disclaimer: We recommend that prior to entering into any financial arrangement that you seek independent financial advice. The information contained herein is of a general nature only and does not take into account your personal circumstances. Southgate Financial Services Pty Ltd, its agents, employees and lenders accept no responsibility for any loss that may arise.

NEW VEHICLE AND/OR LEASE QUOTATION REQUEST

Contact Person: _____

Date: _____

Company/Organisation: _____

Phone: _____ Fax: _____

Delivery State: _____ Delivery Suburb: _____

Vehicle is to be registered in the name of an: Organisation (Specify: _____) Individual

New Vehicle:

Make & Model: _____

Body: Sedan Wagon Hatch 3 Door Hatch 5 Door Other _____

Transmission: Automatic Manual

Fuel: Petrol Diesel LPG

Engine: 4 Cyl 6 Cyl 8 Cyl

Engine Capacity: _____ Litres

Required Options:

- | | | |
|--|--|---|
| <input type="checkbox"/> Air Conditioning | <input type="checkbox"/> Mud Flaps F & R | <input type="checkbox"/> Window Tint |
| <input type="checkbox"/> Metallic Paint | <input type="checkbox"/> Mud Spats F & R | <input type="checkbox"/> Headlight Protectors |
| <input type="checkbox"/> Cruise Control | <input type="checkbox"/> Floor Mats F & R (Carpet) | <input type="checkbox"/> Bonnet Protector |
| <input type="checkbox"/> ABS | <input type="checkbox"/> Floor Mats F & R (Rubber) | <input type="checkbox"/> Tow Bar (_____ kg) |
| <input type="checkbox"/> Air Bag - Driver | <input type="checkbox"/> Weathershield - RH | |
| <input type="checkbox"/> Air Bag - Passenger | <input type="checkbox"/> Weathershield - LH | |

Other: _____

Trade In Vehicle (if applicable):

Make & Model: _____ Registration Number: _____

Contact Person: _____ Phone: _____

Location: _____

Date (if applicable): _____ Time (if applicable): _____

NOTE: Where a date or time is specified, it is recommended that at least 3 business days notice is given to ensure valuers can set aside the requested date or time.

Finance/Leasing:

If you require assistance in choosing the appropriate lease type/term, please check this box.

Operating Lease

- Fully Maintained
 Non Maintained

Term (years/total klm's): _____

Term (years/total klm's): _____

Term (years/total klm's): _____

Finance Lease

- Finance Lease# Novated Finance Lease#
 CHP# Fully Maintained Novated Finance Lease#*

Chattel Mortgage# # Term (years/residual): _____

* Term (total klm's): _____

Specialty Product (Organisations at Government Pricing Only)

- 12 Months Interest Only 9 Months Interest Only