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# Novated Leasing

A Beginners Guide





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## About this Guide

This guide has been developed by Custom Fleet to provide you with an overview of our Novated Leasing products and services. It is not intended to be advice and does not take into account your personal circumstances. Custom Fleet does not accept any responsibility for any loss that is suffered as a result of any party relying on the information contained in this guide.

Please contact our Novated Leasing Team on 1800 811 922 for full terms and conditions of our Novated Leasing products and services.

### Important Information

A Novated Lease may not be right for everybody. Before making a decision on whether to obtain a Novated Lease, Custom Fleet recommends that you seek independent advice from your financial, taxation and/or legal adviser.

The information contained in this guide is current as at 15 August 2011 and is based on the Statutory Formula Method for calculating FBT.

### About Custom Fleet

Custom Fleet is part of GE Capital, one of the world's leading non-bank lenders and fleet management companies. Custom Fleet is one of the largest fleet management and leasing providers in the Australasian marketplace. In the specific area of Novated Leasing, Custom Fleet has one of the most broad and innovative product ranges available.

### What does this mean for you?

It means that Custom Fleet has the experience, products and services to provide you with an easy, hassle free Novated Leasing experience.



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## The Case Study

Throughout this guide we will refer to the basic case study below to assist you in understanding Novated Leasing.

*John's company XYZ Pty Ltd has signed up with Custom Fleet to provide employees the option of taking on a Novated Lease.*

*John wants to buy a Mitsubishi Pajero for \$51,432. John will drive the car to and from work each day and estimates he will travel around 23,000 kilometres a year, none of which are business related. John earns \$90,000 per annum.*

*John is looking at two options:*

- salary sacrificing a Novated Lease through his package, or*
- financing the vehicle on a vehicle loan from his bank.*

*To see a comparison of the effect on John's take home pay for these two options see the Case Study Comparison on page 12.*

*The Case Study assumes:*

- XYZ Pty Ltd is entitled to a full input tax credit for all payments under the novated lease;*
- John is an Australian tax resident and has private health insurance;*
- the vehicle cost of \$51,432 is made up of the base value of the car \$49,588 plus on road charges of \$1,844;*
- when financing from his Bank, we assume that John can access the same Interest Rate offered by Custom Fleet;*
- John can operate the vehicle for the same running costs as Custom Fleet; and*
- if John operates the vehicle himself, he pays no fees to Custom Fleet.*

*The case study is an example only and you should consider the benefits of a Novated Lease in relation to your own personal circumstances.*



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## What is a Novated Lease?

The principle of a Novated Lease is that you as an employee enter into a lease for a vehicle. As part of your salary package, you transfer (novate) your obligations under the Novated Lease to your employer, who makes the lease payments. Your employer then deducts the lease payments from your pre-tax salary.

*So if John enters into a Novated Lease with Custom Fleet for the Pajero, he novates his obligations under the Novated Lease to XYZ Pty Ltd. XYZ Pty Ltd agree to pay Custom Fleet and deduct the lease payments from John's pre-tax salary as long as John remains employed by them.*



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## What is a Lease?

A lease is a popular form of finance where Custom Fleet (as lessor) and the customer (as lessee) enter into an agreement whereby the lessee obtains the right to use a vehicle in exchange for payments. There are two types of leases generally available:

- operating lease; and
- finance lease.

### Operating Lease

Under an operating lease, the lessee enjoys the use of the vehicle for an agreed term in exchange for making lease payments. At the end of the lease term, the lessee simply hands back the vehicle to Custom Fleet in good condition and the lessee has no further obligations.

### Finance Lease

A finance lease is the same as an operating lease, except that you (as lessee) guarantee the value of the vehicle at the end of the lease. This guaranteed value is known as the residual value.

At the end of the lease term, you (as lessee) return the vehicle to Custom Fleet, and Custom Fleet will arrange for the vehicle to be sold or valued. If the GST exclusive sale price or valuation (less costs) is less than the residual value set at the start of the lease, then you (as lessee) pay the shortfall to Custom Fleet. When a finance lease is novated, this obligation remains with you and is not novated to your employer.

The Australian Tax Office has published minimum residual value percentages for finance leases:

Lease term (Years)	Minimum RV %
1	65.63%
2	56.25%
3	46.88%
4	37.50%
5	28.13%



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# Fully Maintained vs. Budgeted Leases

A vehicle may be leased on a fully maintained or budgeted basis.

## Fully Maintained Lease

Under a fully maintained lease, Custom Fleet include the maintenance costs of the vehicle based on the expected use. You will pay only the agreed lease amount as long as you do not exceed the expected kilometre limit or maintenance is not required as a result of misuse or abuse of the vehicle.

The benefit of a fully maintained lease is that Custom Fleet bears the maintenance risk on the vehicle.

If you choose this option fuel and insurance can be provided on a budgeted basis.

## Budgeted Lease

Under a budgeted lease, the lease payment and the budgeted maintenance and fuel costs are shown separately. The budgeted amounts are reported on a monthly basis and reconciled at the end of the lease. If actual costs are less than budgeted amounts, the difference is refunded. Likewise if actual costs are greater than the budgeted amounts, then the shortfall must be paid.

Unlike a fully maintained lease the maintenance risk remains with the lessee.



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# Custom Fleet Novated Products

## Fully Maintained Operating Lease ("FMOL")

*Features of John's novated Fully Maintained Operating Lease include:*

- *all vehicle running expenses are incorporated in the lease rental which is paid by John's employer XYZ Pty Ltd from his pre-tax salary;*
- *fuel and insurance are provided on a budgeted basis. John is provided with monthly reports on the budget versus actual for these expenses. During the lease and at the end of the lease, the budget versus actual costs is compared. If actual costs are less than budgeted costs, the surplus is refunded to XYZ Pty Ltd who in turn pays this amount to John. If the actual costs are more than the budgeted costs, the shortfall is invoiced to XYZ Pty Ltd and deducted from John's pre-tax salary;*
- *at the end of the lease term, John does not need to be concerned about what the vehicle is worth. John can simply return the vehicle to Custom Fleet in good condition. If John exceeds the kilometre limit he specified at the start of the lease, John will be responsible for paying an excess usage fee at the rate per kilometre specified in his lease.*

*Alternatively, at the end of the lease, if John wants to keep using the vehicle, John can ask Custom Fleet to consider an extension of the lease or he may make an offer to purchase the vehicle.*

## Fully Maintained Finance Lease ("FMFL")

*Features of John's novated Fully Maintained Finance Lease include:*

- *all vehicle running expenses are incorporated in the lease rental which is paid by John's employer XYZ Pty Ltd from his pre-tax salary;*
- *fuel and insurance are provided on a budgeted basis. John is provided with monthly reports on the budget versus actual for these expenses. During the lease and at the end of the lease, the budget versus actual costs is compared. If actual costs are less than budgeted costs, the surplus is refunded to XYZ Pty Ltd who in turn pays this amount to John. If the actual costs are more than the budgeted costs, the shortfall is invoiced to XYZ Pty Ltd and deducted from John's pre-tax salary;*



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- *John has guaranteed the residual value for the vehicle at the end of the lease. This obligation is John's and has not been Novated to his employer, XYZ Pty Ltd. When John returns the vehicle, Custom Fleet will arrange for the vehicle to be sold or valued. If the GST exclusive sale proceeds or valuation (less costs) is less than the residual value, Custom Fleet will invoice John for the difference.*

*Alternatively, at the end of the lease, if John wants to keep using the vehicle, John can ask Custom Fleet to consider extending the lease or he may make an offer to purchase the vehicle.*

## **Budgeted Finance Lease ("BFL")**

*Features of John's novated Budgeted Finance Lease include:*

- *all vehicle running expenses including fuel, insurance, maintenance, servicing, mechanical repairs and tyres are provided on a budgeted basis. John is provided with monthly reports on the budget versus actual costs to manage the vehicle usage and these expenses;*
- *during the lease and at the end of the lease, the budgets versus actual costs are compared. If actual costs are less than budgeted costs, this amount is refunded to XYZ Pty Ltd who in turn pays this amount to John. If the actual costs are more than the budgeted costs, the shortfall is invoiced to XYZ Pty Ltd and deducted from John's pre-tax salary;*
- *John has guaranteed the residual value for the vehicle at the end of the lease. This obligation is John's and has not been Novated to his employer, XYZ Pty Ltd. When John returns the vehicle, Custom Fleet will arrange for the vehicle to be sold or valued. If the GST exclusive sale proceeds or valuation (less costs) is less than the residual value, Custom Fleet will invoice John for the difference.*

*Alternatively, at the end of the lease, if John wants to keep using the vehicle, John can ask Custom Fleet to consider extending the lease or he may make an offer to purchase the vehicle.*



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## Product Summary

<b>Features</b>	<b>FMOL</b>	<b>FMFL</b>	<b>BFL</b>
Lease Payment	Included	Included	Included
Servicing/Maintenance	Included	Included	Budgeted
Roadside Assistance	Included	Included	Included
Registration/Renewal #	Included	Included	Included
Driver Reporting	Included	Included	Included
Insurance <sup>^</sup>	Optional	Optional	Optional
Fleet Card	Included	Included	Included
Fuel	Budgeted	Budgeted	Budgeted
FBT <sup>*</sup>	Budgeted	Budgeted	Budgeted
Residual Risk	Custom Fleet	Employee	Employee
Maintenance Risk	Custom Fleet	Custom Fleet	Employee

# Custom Fleet will administer the registration renewal. You are responsible for satisfying any conditions in relation to registration such as sending us the registration papers or having the vehicle inspected in States or Territories that require a road safety certificate.

<sup>^</sup> Custom Fleet is not an insurer. You can arrange your own insurance or ask us for details about insurance products offered by our preferred suppliers.

<sup>\*</sup> Your employer is responsible for reconciling its fringe benefits tax liability annually.

## Why take a Novated Lease?

Many people use a Novated Lease as a cost effective means of financing a vehicle.

### **Income Tax and Fringe Benefits Tax (FBT)**

Under a Novated Lease your employer pays your lease payment out of your pre-tax salary. This is known as salary sacrificing. Under a Novated Lease you are effectively not paying income tax on the amount of your lease payments being paid out of your pre-tax salary.

However, your employer has to pay FBT on the vehicle being provided to you under the Novated Lease. The amount of the FBT is generally charged back to you through additional pre-tax salary deductions.

The savings achieved by a Novated Lease arise when there is less FBT payable than income tax that would have been payable were there no salary sacrifice. This is illustrated in the example on page 12.

Novated Leases can still provide advantages for employees who are not in the top income tax brackets. Refer to the example on Employee Contribution Method on page 12.

As a result of the Federal Budget announcement in relation to car FBT in May 2011, Novated Leasing has become more attractive than it was previously for drivers that travel less than 15,000kms per annum.

## Case Study - Comparison

Using the Case Study, the following provides a comparison between John financing and paying the vehicle operating expenses from his take home pay versus a Novated Lease, with and without an Employee Contribution.

The example assumes the expenses remain constant and that John can purchase and maintain the vehicle as efficiently as Custom Fleet. The example also assumes that John has held the vehicle for the full FBT year. With Custom Fleet's superior buying power, Custom Fleet achieves discounts on purchase prices and maintenance costs.

Salary Components	Not Packaged	Traditional Novated	Novated – Employee Contribution Method
Gross Taxable Income	\$90,000	\$90,000	\$90,000
Salary Sacrifice Vehicle Costs	\$0	\$19,640	\$9,722
Fringe Benefits Tax (FBT)	\$0	\$9,522	\$0
Net Taxable Salary	\$90,000	\$60,838	\$80,278
Tax Payable (incl. Medicare)	\$22,600	\$12,714	\$18,857
After Tax Salary	\$67,400	\$48,124	\$61,421
Vehicle Costs	\$21,604	\$0	\$0
Employee Contribution	\$0	\$0	\$9,918
Net Income After Tax/Vehicle Costs	\$45,796	\$48,124	\$51,503
Employee Advantage via Packaging	\$0	\$2,328	\$5,707

Using the above facts:

- John's net income after tax under a Novated Lease is \$2,328 higher than John financing and paying the vehicle operating expenses from his take home pay;
- by making a \$9,918 annual Employee Contribution from his take home pay, John's net income after tax is \$5,707 higher than financing and paying the vehicle operating expenses from his take home pay.

Further illustration of the example can be found on pages 18 and 19.



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## GST

GST is payable on the purchase price of a vehicle as well as most vehicle related expenses. Custom Fleet is entitled to claim an input tax credit up to the depreciation limit of the vehicle. Currently that limit is \$57,466\*, which means the maximum input tax credit claimable is \$5,224.

Your lease payments are calculated on the vehicle purchase price less the GST Custom Fleet is entitled to claim as an input tax credit. In addition, as most employers are entitled to claim input tax credits for the GST paid on the lease payments and other vehicle related expenses, by using a Novated Lease, additional savings can arise.

*Using the facts from the Case Study, additional savings of \$4,508 in GST would arise on the purchase price of the Mitsubishi Pajero, as the lease payments are calculated on the GST exclusive price of the vehicle. Additionally, John also saves approximately \$1,964 in GST per annum on vehicle related expenses as his employer XYZ Pty Ltd is entitled to a GST credit that would ordinarily be payable by John had he financed the vehicle himself.*

## Vehicle Purchase Price Savings and VIP Treatment

Custom Fleet's purchasing power is passed on to you through our preferred supplier network including preferential rates and/or service.

## Negotiated Parts and Labour Rates

Custom Fleet offers you access to discounts across a range of goods and services including vehicle servicing, maintenance, tyres, batteries and windscreens.

We don't just pay vehicle related expenses; we control them by pre-authorising maintenance and repair work and reducing the risk of over servicing. We are confident that our superior service offering means savings for you.

\*Current for the 2011 – 2012 Financial Year



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## **Fuel Savings with Unprecedented Coverage**

Custom Fleet's Fleet Card is accepted at over 6,000 outlets across Australia. Discounts may also be available where fuel is purchased from participating Shell outlets.

## **Insurance**

We have preferred supplier arrangements with an insurer to provide comprehensive motor vehicle insurance at competitive rates. Features of the insurance are designed with a Novated Lease in mind. Let us know if you would like more information about the product features.

## **Enhanced Budgeting**

People tell us that they like the fact that all of their vehicle related expenses come out of their pre-tax salary, meaning it is one less thing to worry about in running the household budget.

## **Vehicle Choice**

Subject to any guidelines your employer may have to the contrary, you are free to choose a vehicle of your choice and accessorise it to suit your lifestyle.

## **Choice of Salary Sacrifice Amount and Multiple Vehicles**

Subject to any guidelines an employer may have to the contrary, you may:

- select the amount of salary you wish to sacrifice; and
- salary sacrifice more than one vehicle.

## **Access to a New Vehicle**

Novated Leasing provides employees that may not normally be 'entitled' to a company vehicle with an opportunity to experience the joys of driving a new car or upgrading their old car in a cost effective way.



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## **Flexible Lease Term**

You have the flexibility to choose a commercially acceptable Novated Lease term to suit your circumstances.

## **Peace of Mind Plan (Corporate Level Option)**

Your employer must select this service. It allows you to return the vehicle before the end of the lease term in the event of redundancy. You will not be charged lease rentals for the period after the vehicle is returned. Conditions and fees apply.

## **Portability**

The lease is transferable between employers (subject to each employer consenting).



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# Service and Support

## Your Personal Consultant

We provide you with a single contact point from the first conversation to your vehicle delivery and throughout the life of your Novated Lease.

## Internet Access

Secure Internet access so you can obtain a quote, approve a quote, create an order, obtain Employers approval, execute an agreement, and track your vehicle order's progress all online and without producing one piece of paper. It also provides access to supplementary vehicle salary packaging information.

## Support and Advice

Custom Fleet provides continued support and advice throughout the life of your Novated Lease.



## How does Fringe Benefits Tax affect you?

Under a Novated Lease, your employer leases a vehicle and makes it available to you for your enjoyment. This non-cash benefit attracts FBT, which is payable by your employer and is normally charged back to you as a salary deduction. The FBT year commences on 1 April and ends on 31 March.

A packaged motor vehicle remains one of the few components of remuneration that can provide an after tax benefit. The savings achieved by Novated Leasing depend on your marginal income tax rate and the amount of FBT that is payable.

There are two methods of calculating FBT for Novated Leases. The most common method is the Statutory Formula Method. This method makes no distinction between business and private use of the vehicle, removing the need to keep a logbook to monitor business usage.

Using this method, a statutory rate is applied to the base value of the vehicle and it varies depending on the number of kilometres travelled during the FBT year. A benefit arises when there is less FBT payable than income tax that would have been payable were there no salary sacrifice.

On Tuesday, 10 May 2011, as part of the Federal Budget, the Treasurer announced changes to the calculation of FBT for car fringe benefits. The Government has replaced the 'sliding scale' with a single flat rate of 20% that applies regardless of the distance travelled. Transitional arrangements apply with the shift to a flat 20% rate being phased in over 4 years in accordance with the following table:

Distance travelled during the FBT year (1 April – 31 March)	Statutory rate (multiplied by the cost of the car to determine a person's car fringe benefit)				
	Existing contracts	New contracts entered into after 7:30pm (AEST) on 10 May 2011			
		From 10 May 2011	From 1 April 2012	From 1 April 2013	From 1 April 2014
Less than 15,000 km	0.26	<b>0.20</b>	0.20	0.20	0.20
15,000 – 24,999 km	0.20	<b>0.20</b>	0.20	0.20	0.20
25,000 – 40,000 km	0.11	<b>0.14</b>	<b>0.17</b>	<b>0.20</b>	0.20
More than 40,000 km	0.07	<b>0.10</b>	<b>0.13</b>	<b>0.17</b>	<b>0.20</b>







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# Getting Started

## Finding a Car

We strongly encourage you to use a Custom Fleet Key Dealer. For a list of current Key Dealers contact us on 1800 811 922.

They are waiting to treat you as a preferential customer. Advantages in using a Custom Fleet Key Dealer include:

- VIP Service;
- large range of models;
- our insistence on the freshest stock available;
- accuracy of paperwork
- a full tank of fuel (to a maximum of 70 litres); and
- genuine accessories quoted and fitted.

**Please do not sign any contracts or place any deposits with dealers on vehicles before talking to Custom Fleet.**

If you have already found a vehicle, Custom Fleet will expect your dealer to comply with the same standards that Custom Fleet places on its Key Dealers. Please contact us on 1800 811 922 for a quote request form. Custom Fleet requires your dealer to complete and return a copy of this form to progress the purchase of the vehicle.



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## Secondhand Vehicles

You can lease a used vehicle, as long as it meets certain age and kilometre criteria. Please contact us on 1800 811 922 for a quote request form. Custom Fleet requires your dealer to complete and return a copy of this form to progress the purchase of a used vehicle.

Completed forms should be emailed to [novatedsales@customfleet.com.au](mailto:novatedsales@customfleet.com.au) or faxed to 02 8899 5454.

### Fully Maintained Operating Leases on a used vehicle –

- Vehicle must be an ex-lease vehicle from Custom Fleet; and
- Vehicle must be no greater than 5 years old or 200,000km at lease end.

### Fully Maintained Finance Leases on a used vehicle –

- Vehicle must be an ex-lease vehicle from Custom Fleet or purchased via a franchised motor vehicle dealer (subject to Custom Fleet's approval); and
- Vehicle must be no greater than 5 years old or 200,000km at lease end.

### Budgeted Finance Leases on a used vehicle –

- Vehicle must be an ex-lease vehicle from Custom Fleet or purchased via a franchised motor vehicle dealer (subject to Custom Fleet's approval); and
- Vehicle must be no greater than 7 years old or 200,000km at lease end.

To find out more about ex-lease vehicles available from Custom Fleet, please telephone 1800 811 922.

## Getting a Quote & Calculating the Savings

'Cost to Package' quotes for new vehicles can be obtained directly from the Custom Fleet website at [www.customfleet.com.au](http://www.customfleet.com.au). You are able to quote for new vehicles under \$80,000 using Custom Fleet's pricing from our Key Dealers, or, if you have obtained a quote for a new vehicle from a dealer you are able to input that pricing online. Our Novated Team are able to help you at any time, just call 1800 811 922.

Our Team can assist you should you require a quote on a used vehicle or a vehicle over \$80,000.



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## Getting a Login for our website

A Login is only available once your employer has agreed to commence leasing vehicles from Custom Fleet.

Step 1: Go online to [www.customfleet.com.au](http://www.customfleet.com.au).

Step 2: Select 'Novated Lease Login' from the 'Select login type' menu.

Step 3: Click on the New User button. This will open a new screen.

Step 4: Complete the form and click on the Enter button.

Your login, password and pin will be emailed to you.

## Can I lease any car I choose?

Yes. One of the main benefits of Novated Leasing is that you can choose whichever vehicle you like. The only conditions are:

- it must be deemed to be a "car" by the ATO meaning motorcycles, boats and commercial vehicles do not qualify; and
- any policies or guidelines your employer may have.

## What are the credit approval and lease documentation requirements?

You are able to complete your Novated lease order, including the application and documentation online. To submit your order you will need to read and complete a Privacy Consent and Lease Application that asks for some basic information relating to your financial status. You also need to review and accept the terms of the Novated Lease and attach requested supporting documentation including a scanned copy of your Driver's License. It is important that you read and understand these forms and documents and contact us on 1800 811 922 if you have any questions. Once you submit these online forms, you should receive confirmation of your credit approval within 24 hours.

## Will I need approval from my Employer?

Your employer representative will be notified by email when you submit your Novated Lease order. They are then able to login to the website where they can confirm your employment details. Your employer must agree to commence leasing the vehicle from Custom Fleet and to make the required monthly salary deductions.



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## How long will the whole process take?

We recommend that you start the process as early as possible. Uncontrollable delays can occur particularly for popular or new models.

If:

- the vehicle is in stock and you do not want it overly customised or accessorised
- your employer fulfills their obligations within a timely manner; and
- your credit application proceeds smoothly,

Custom Fleet can have the order placed with the dealer in under 24 hours.



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# Frequently Asked Questions

## What type of Lease do most people take?

Custom Fleet's experience shows that our customers are evenly balanced between Fully Maintained Operating Leases and Budgeted Finance Leases. In both cases the most popular term is three years.

## Who is eligible for a Novated Lease?

Custom Fleet will extend credit only to permanent full time employees. Our standard terms and conditions apply.

## How will you protect my privacy?

We will ask you to acknowledge a Privacy Consent that outlines how we use and protect your personal information. This includes disclosing information to a credit reporting agency, your employer and the dealer to the extent each of them needs to know the information or to undertake a search of your credit history. We may also use your details to tell you about our products and services including any exciting developments.

## What if I take delivery of my vehicle during the FBT year?

If you take delivery of your vehicle during the FBT year, you need to travel your nominated kilometres on a pro-rata basis. For example if you nominate that you will travel 25,000km per annum for FBT and you receive your lease on 1st October (half way through the FBT year), you need to have travelled at least 12,500 by the 31st March to reach your nominated FBT bracket. Until the end of the transitional FBT rates (refer page 17) you should monitor your kilometres every month to ensure you are within your nominated FBT kilometre bracket.



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## What is the Luxury Car Tax Limit and how would it affect my lease?

The Luxury Car Tax Limit is \$57,466# for standard vehicles and \$75,375 for fuel efficient cars\*. Vehicles with a purchase price above this amount are subject to Luxury Car Tax in addition to the GST. This additional tax is included in the monthly lease rental. An additional rental component will also be itemised on your cost to package quote.

In relation to the lease of a luxury vehicle, Custom Fleet recommends that you seek independent financial, tax and/or legal advice.

## Is comprehensive insurance included?

All leased vehicles must be comprehensively insured.

You have two options for including Comprehensive Insurance in your cost to package:

- Custom Fleet can arrange insurance through its preferred supplier. The preferred supplier arrangements provide comprehensive motor vehicle insurance at competitive rates with features designed with Novated Leasing in mind. Let us know if you would like more information about the product features.
- Source your own insurance and provide the annual premium and policy details to Custom Fleet so we can organise a reimbursement and include an amount in your cost to package.

## What is Accident Management?

When Custom Fleet's Accident Management Service is included in the lease simply call the number contained on your Driver's Assistance Card at the time of an accident. Custom Fleet will assist you to deal with the accident, make an insurance claim and have the vehicle repaired.

## Can tolls and parking infringements be included in my lease?

No. The ATO guidelines state that tolls and parking infringements cannot be included in a Novated Lease.

\*A fuel efficient car has a fuel consumption that does not exceed 7 litres per 100 km as a combined rating under the vehicle standards in force under section 7 of the *Motor Vehicle Standards Act 1989*.

# Current for the 2011 – 2012 Financial Year



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## **What does 'Kilometre Ceiling' or 'Km ceiling' on my application mean?**

The kilometre ceiling represents the total number of kilometres to be travelled over the term of the lease.

If the vehicle is used, the kilometre ceiling is the number of kilometres the vehicle has travelled at the start of the lease plus the number of kilometres to be travelled over the lease term.

## **Who can drive my Novated Lease vehicle?**

It is completely up to you; however there may be restrictions from your insurer or employer on who can drive the vehicle.

## **How do I purchase fuel and when will I get my fuel card?**

If your Novated Lease includes a Fleet Card it can be used for all your fuel purchases. Fleet Card is accepted at over 6,000 participating multi-branded service stations nationwide. You will generally receive your Fleet Card within 5 working days of your new vehicle delivery.

## **What do I do if I need assistance once my vehicle has been delivered?**

You will receive a Driver's Assistance Card with your documents. This card details a 24hr Driver Assistance number and other important numbers you need if you require Driver Assistance in the case of accident, breakdown or vehicle repairs.

## **What do I do if my vehicle is due for a service?**

All you need to do is look up a dealer via our merchant locator on our website at [www.customfleet.com.au](http://www.customfleet.com.au) and ring that dealer to book the vehicle in for a service at a time that suits you.

When dropping the car off, let them know that Custom Fleet manages the vehicle and they will know what to do next.



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## **How do I track what I have spent against the budgets included in my package?**

You will receive a monthly vehicle report. This report details the balance of your package on a life to date basis.

## **How can I track my actual kilometre usage against my lease kilometre limits?**

You need to provide a kilometre reading each time you purchase fuel. Your monthly vehicle report will track your actual kilometres against your kilometre limit. This report also advises how your kilometres are tracking for fringe benefits tax. This information is still relevant until 1 April 2014 when the flat 20% FBT rate will apply (see page 17).

## **What if I need Reimbursement?**

If you ever need to pay for fuel, maintenance or other related expenses with your own money, Custom Fleet can reimburse you from your running cost budget ensuring that all costs are paid from your "pre tax" salary. Simply contact us on 1800 811 922 for a Reimbursement Form and Custom Fleet will reimburse the money back into your nominated bank account via EFT.

## **Vehicle Registration**

Custom Fleet will arrange for the vehicle to be registered at our mailing address. The cost for registration is included in your lease, and will be paid by Custom Fleet. Where applicable we will send you the registration label each year, and you are responsible for ensuring the new label is attached to the vehicle.

If the vehicle becomes unregistered, your authority to use the vehicle is withdrawn and you must make sure that nobody drives the vehicle.

## **What if I spend less money than my employer deducts?**

These amounts are returned to you via your payroll at the end of the lease term.



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## **What if I spend more money than my employer deducts?**

These amounts are invoiced to your employer and deducted via your pre-tax salary.

## **When does my cost to package get reconciled?**

In the event of any of the following:

- if you are tracking well ahead or behind on your budget, the budget may be reconciled periodically;
- at the end of the lease term; or
- if your employment is terminated.

## **What happens if I leave my employer during my lease term?**

If you leave or are planning to leave your employer, you must notify Custom Fleet in writing as soon as possible. The Novation Agreement with your employer will be terminated upon cessation of employment and you become the lessee of the vehicle. This means that you will become solely responsible for making all lease payments. You may also contact us on 1800 811 922 to discuss alternative arrangements.

Custom Fleet will provide your employer with a package reconciliation that includes your FBT liability to assist them in preparing your final deduction. As some costs may not be known on the date the novation is terminated, it may take up to 48 hours to complete the reconciliation to calculate your final payment or refund.

## **What happens at the end of my lease?**

Four months prior to the end of the lease term, we will contact you to remind you that your lease term is approaching and outline the options that are available to you.



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## The Process

### Step 1

Employee obtains a quote, creates an order, and agrees/executes the Novated Lease online.

### Step 2

Employer representative is sent a request to login to the Custom Fleet website and confirm the applicants employment details and accept the Novated Lease on behalf of the employer.

### Step 3

Credit Approved (within 48 hours). If credit is not approved then Custom Fleet will contact the employee immediately.

### Step 4

Custom Fleet accepts the Novated Lease and places the order with the dealer. Employee and Employer receive a copy of the final quote, Novated Lease Terms and Conditions, Vehicle Schedule, Insurance Product Disclosure Statement.

### Step 5

Vehicle delivered. Once dealer confirms vehicle details, Custom Fleet orders your fuel card (Fleet Card). The Fleet Card is sent directly to the driver.

### Step 6

Employer is notified of delivery in order to start salary deductions. The Employee and the Employer receive a final Vehicle Schedule by email.

### Step 7

Employee receives Monthly Vehicle Report the month following lease activation and every month thereafter until the end of the lease.

### Step 8

Life of Lease – managed by Custom Fleet – all vehicle expenses paid by employer (until lease end or termination of Novation Agreement).



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If you have any questions regarding Novated Leasing call us on:

**1800 811 922**

For Salary Packaging online visit:

**[www.customfleet.com.au](http://www.customfleet.com.au)**