



# Boost Salary Novated Leases

## Question and Answers



[www.boostsalary.com.au](http://www.boostsalary.com.au)

T: 02 8875 7955

F: 02 8875 7777

Email: [customerservice@boostsalary.com.au](mailto:customerservice@boostsalary.com.au)



# Choice and flexibility

Welcome to Boost Salary Packaging Pty Ltd and our range of products and services for employees; who are looking at salary packaging and specifically novated leasing. Our services are comprehensive and totally flexible we have ensured that each employee is able to make their own decisions in respect to their vehicle choice, insurance provider, fuel provider, maintenance provider, vehicle-supplying dealer and finance through an approved panel of financiers.

All this ensures that the individual employee can make an informed choice in respect to their novated lease requirements, one that suits them now and provides flexibility into the future.

This document contains the most commonly asked questions and answers in relation to novated leases and the services we provide. Ultimately there are numerous questions and as each individual employee has their own situation and vehicle requirements we recommend that you talk with your Boost Salary packaging consultant. This will provide you with comprehensive information and salary calculations to enable you to make an informed decision on the salary package that suits your personal circumstances.

We offer a national network of suppliers who provide services to our customer across the complete range of services required for vehicles. Anything to do with your vehicle can be handled through the Boost product range; just let us know and we are pleased to assist you with your requirements.

Boost will provide a dedicated contact to your employees, which will enable employees to evaluate the suitability of novated leasing for their own circumstance.

We provide you with the following products and services: -

- Fully Maintained Novated Leasing service
- Choice of Financiers (Macquarie Leasing, Toyota Finance)
- National Supply network for vehicle servicing and maintenance
- National fuel network access (Motorpass, BP, Caltex, Mobil, Shell)
- Structured Novated Lease packaging to suit your individual requirements

We provide a tailored product and service that is designed to provide you with the optimum benefits available to you with novated leasing, providing you flexibility, service and value for money.

We have detailed below the most common questions that are generally asked, however we would suggest that you contact us to gain more specific information about your own situation and requirements.



### **Q1. What is a Novated Lease?**

A Novated Lease is an arrangement between your employer, the financier and yourself. 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 salary.

### **Q2. How does Novated Leasing Work?**

Through this arrangement you lease a vehicle using a finance lease; a novation agreement is entered into between yourself, your employer and the financier. The obligation for the payment of the lease rental is transferred to your employer for the term of the agreement and your employment with that employer. Your employer will make direct payment to Boost Salary for all operating costs of your novated vehicle on your behalf.

Remember you retain ultimate responsibility to make any payments under the lease agreement in the event that you leave your employer, unless transferred to your new employer.

### **Q3. What type of vehicles can be leased?**

Boost Salary can provide novated leasing on any type of passenger motor vehicle (excluding motor cycles) either new or used. The vehicles can be sourced through our preferred dealer network and wholesalers, or if you prefer you can locate your own vehicle through your chosen dealer.

We can also facilitate the novation of a used vehicle through a private seller or the salary packaging of your own existing vehicle if required.



#### **Q4. Can I package my current car?**

Yes we can purchase your vehicle for its market value and prepare a novated lease for your vehicle. Or alternatively we can facilitate payment to your existing finance company and salary package the car for you.

#### **Q5. Can I take the maintenance and operating costs only?**

Certainly, we will provide you with a driver guide and fuel card to enable you to put your vehicle onto the fleet program. The vehicle will be allocated a budget for the operating costs and reports provided showing the actual costs. Remember you will still have a reportable fringe benefit for the vehicle.

#### **Q6. What are the benefits of a novated lease?**

- Saving you money on your vehicle expenditure.
- Vehicle costs are deducted from pre-tax salary
- GST is claimed by your employer on vehicle operating costs
- You may achieve a potential income tax free lump sum benefit at the expiry of the lease.
- An extensive complete range of vehicles to choose from
- You have the flexibility in residual values within upper and lower limits
- You are able to package your existing vehicle or a used vehicle
- You can save on vehicle operating costs through fleet management controls
- The vehicle can be novated to your new employer or purchased outright if required

#### **Q7. What happens if my employment finishes with my Employer?**

If employment ceases, the novation agreement is terminated and you can choose from three options:

- Continue to pay the lease directly to Boost Salary
- Terminate the lease by paying out the lease on the day of departure
- Arrange a transfer of the novated lease to your new employer.



**Q8. Who is eligible for a novated lease?**

All employees are eligible to apply for a novated lease it is dependent on your own circumstance if it is a suitable option. Contact us and we can prepare the examples for you to evaluate

**Q9. How does the privacy act affect your arrangements with Boost Salary?**

The information that you provide to us may be personal or sensitive as defined under the Privacy Act 1988 (Cth). In providing Boost Salary with this information you have consented to Boost using and disclosing the information for the purpose of providing you with our services. You will be requested to sign a privacy disclosure statement upon finance application.

Please refer to our Privacy Policy on [www.boostsalary.com.au](http://www.boostsalary.com.au)

**Q10. How do I decide if a novated lease is right for me?**

To assist you in evaluating if a novated lease is right for your circumstances and which vehicle suits your needs; Boost suggest that you contact your Account Manager who will provide easy access to help you determine the likely cost of a novated lease vehicle. We can provide you with pricing and information on vehicle makes and models and specification details. A package calculation will be provided to compare the vehicle choices, lease parameters and impact on your salary including take home pay.

Contact : Boost Salary on Tel :02 8875 7955 or [customerservice@boostsalary.com.au](mailto:customerservice@boostsalary.com.au)

**Q11. What are the benefits of salary packaging vs. running vehicle outside your package?**

**Example 1: I wish to package a medium size vehicle over 3 years. I will drive 20,000 km pa.**

**My Salary is \$100,000 (inc. super). Cost of vehicle is \$25,000**

	Non – Packaged Benefits pa	Boost Salary Packaging Benefits pa
Total Gross Salary	\$100,000	\$100,000
Vehicle Lease Package	\$0	-\$9123.22
Gross Salary	\$91,000	\$81,877
Tax on Gross Salary	-\$22,985	-\$19,473
After Tax Contribution	-\$14,860.54 (cost of running car to employee)	-\$5,000
Annual Net Salary	\$53,154	\$57,404
Monthly Nett Salary	\$4429	\$4783

**SAVINGS PER MONTH (BY PACKAGING) = \$354**



Example 2: I wish to package a medium size vehicle over 3 years. I will drive 25,000 km pa.

My Salary is \$130,000 (inc. super). Cost of vehicle is \$35,000

	Non – Packaged Benefits pa	Boost Salary Packaging Benefits pa
Total Gross Salary	\$130,000	\$130,000
Vehicle Lease Package	\$0	-\$9,795.58
Gross Salary	\$118,300	\$108,504
Tax on Gross Salary	-33,496	-\$29,724
After Tax Contribution	-\$17,690.14 (cost of running car to employee)	-\$7,000
Annual Net Salary	\$67,113	\$71,780
Monthly Nett Salary	\$5,592	\$5,981

**SAVINGS PER MONTH (BY PACKAGING) = \$389**

Please call Boost on (02) 8875 7955 if you would like us to work out your personal calculation

#### **Q12. Residual Values and ATO Guidelines.**

The residual value is set in line with guidelines issued by the Australian Tax Office, it is the amount remaining at the end of the lease term and usually shown as a percentage of the vehicle cost price. Boost implements the residual values to fall within the following band of percentages:

12 month – 65.63%

24 month – 56.25%

36 month – 46.88%

48 month – 37.50%

60 month – 28.13%

At the lease end it is the residual value that will be owed to the financier.



**Q13. Can I trade in my existing car?**

Yes this can be arranged and the trade in vehicle will be treated as separate transactions with the proceeds of the trade in paid directly to you from the dealer. We can arrange for the pricing on any trade in vehicle if required.

**Q14. Can I elect to use my own insurance company?**

You can use your own insurer for the vehicle or utilise our corporate insurance program whichever is the most convenient or price competitive for you.

**Q15. How do I service my vehicle?**

You will be provided with a Motorpass driver guide to advise of all requirements in respect to vehicle servicing, tyres, maintenance, batteries and any vehicle related operating items. Our network of service providers has national coverage and includes all the recognised vehicle dealership and servicing agents.

**Q16. Do I get a fuel card?**

Yes you will be provided with a fuel card to use for your fuel in the budget of your novated lease. The fuel card choice will be Motorpass, Caltex/ Ampol / Woolworths, BP, Mobil or Shell/Coles. The fuel card will record the odometer reading of your vehicle when paying for fuel, it is important that the details are recorded as accurately as possible. This information is important to ensure the accuracy of your kilometre data in the management reports.



**Q17. Whose name is the vehicle registered in?**

The vehicle will be registered by the dealer, in your name and you will receive the registration renewal documents, which should be paid and forwarded for re-imbursement by Boost.

**Q18. What is fringe benefits tax (FBT)?**

When you obtain a vehicle under a novated lease arrangement then FBT is applied to the salary package. There are two options the statutory formula and operating cost method. A Boost Salary representative will discuss the optimum method in your case to suit your needs.

We provide a facility for your employer to make net deductions from your salary as “employee contributions” towards the fringe benefits value of your vehicle package. This enables a more cost effective method of vehicle packaging and eliminates the need for fringe benefit tax payment by the employer. Many employers use this program to facilitate novated leasing for employees as it is managed by Boost Salary and is cost effective and has minimal administration.

There are no changes to existing novated leases entered into prior to 7.30pm 10<sup>th</sup> May 2011, on statutory formula or operating cost method.

	Existing Contracts
<15,000km	26%
15,000-24,999km	20%
25,000-39999km	11%
>40,000km	7%

Novated leases entered into after 10<sup>th</sup> May 2011, the following FBT statutory formula rates apply:

	From 10 May 2011	From 1 April 2012	From 1 April 2013	From 1 April 2014
<15,000km	20%	20%	20%	20%
15,000-24,999km	20%	20%	20%	20%
25,000-39999km	14%	17%	20%	20%
>40,000km	10%	13%	17%	20%

In order for your employer to report your FBT car liability, an annual FBT declaration is available for your employer. You will be required to record your final odometer reading as of the 31<sup>st</sup> of March (the end of the FBT year) together with any exempt days when the vehicle was unavailable.

**Q19. What are employee contributions?**

These are net deductions from your salary structured to effectively eliminate the FBT payable for the car. This ensures that your salary package is structured to maximise the take home pay and generate the most benefit for the employee.

**Q20. I have a vehicle already on the operating cost method. Am I affected by the new announced Federal Government changes?**

No the changes do not impact the operating cost method at all.

**Q21. Currently, I travel over 25,000km per year are there any options available to minimise my FBT?**

Yes, there are options for instance if you currently travel a reasonable amount of business use for your vehicle, the logbook method could prove beneficial. Individual circumstances all vary therefore discuss with your Boost Salary Packaging representative.

**Q22. How do I claim out of pocket expense?**

Cash claim forms can be used to claim reimbursements of costs incurred for instance when your allocated fuel card cannot be used. These should be forwarded to Boost for payment and will be paid the proceeding month as long as your budget has sufficient funds for the payout.

**Q23 How do I get a quote or more information?**



- You can view information on our website at [www.boostsalary.com.au](http://www.boostsalary.com.au)
- E-mail your enquiry to [customerservice@boostsalary.com.au](mailto:customerservice@boostsalary.com.au)
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It is recommended independent financial advice (e.g. accountant) be sought before embarking in a financial novated lease.