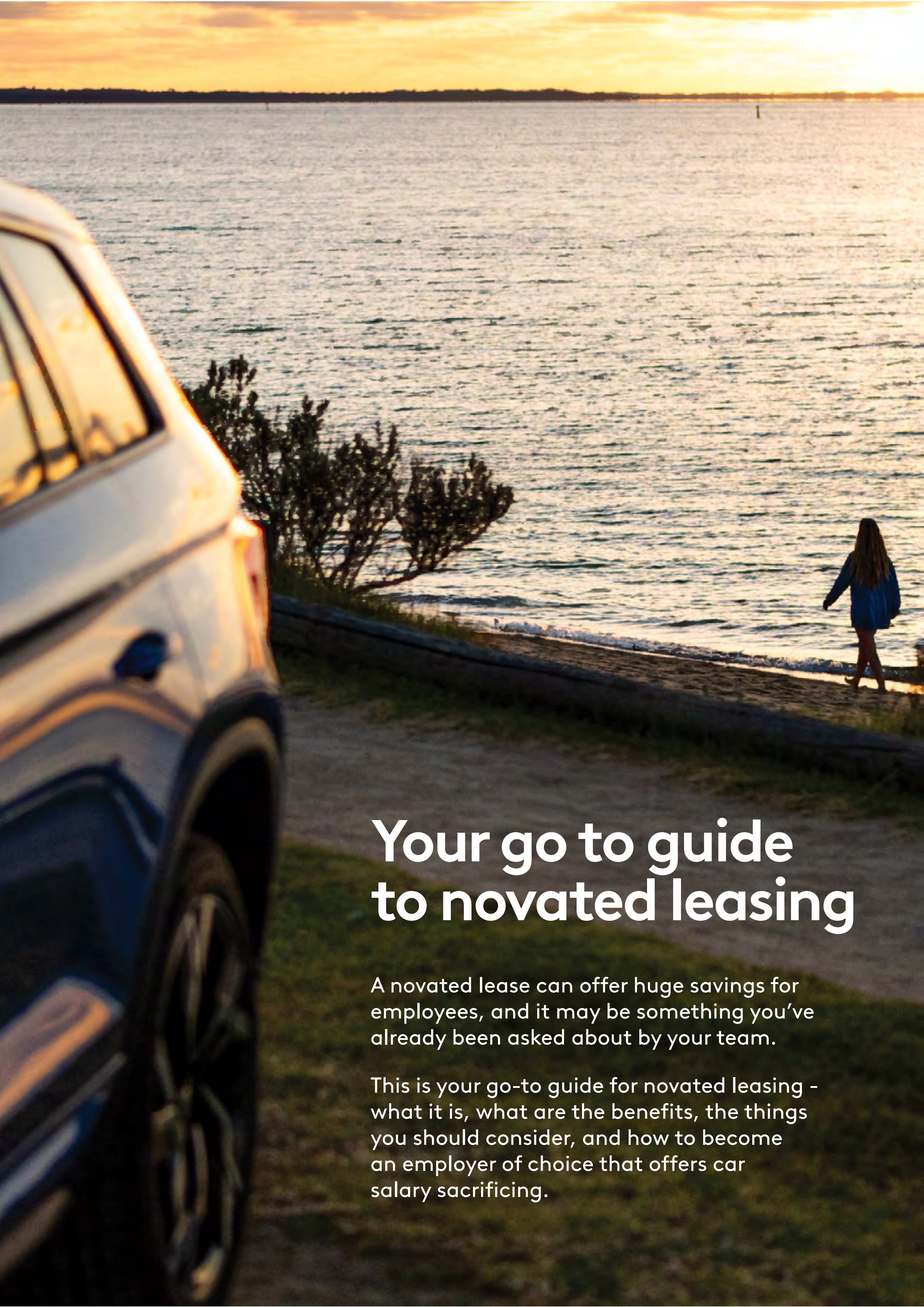
LEASELAB

NOVATED LEASING

The Complete Employer Guide



Your go to guide to novated leasing

A novated lease can offer huge savings for employees, and it may be something you've already been asked about by your team.

This is your go-to guide for novated leasing - what it is, what are the benefits, the things you should consider, and how to become an employer of choice that offers car salary sacrificing.

About Leaselab

At leaselab, we do what we do because we're truly passionate about helping everyday Aussies get the car they want while saving tax. We focus on novated leasing because we've seen just how big of a difference it makes.

Our mission is to make novated leasing simple and easy to understand. To cut through the jargon and sales-speak and offer straight facts about the pros and cons. We're here to help you figure out if a novated lease can work for you, and if so, find the best plan to help you save the most tax.

Who We Work With

Fulton Hogan
Australian Government Australian Taxation Office
wollongong city of innovation
AXA
PGA
morgans
IBISWorld
JOHN HOLLAND
Lufthansa

How novated leasing works and how your team benefits

Simply put, novated leasing is a form of salary sacrifice that allows employees to pay for their car and running costs out of their pre-tax income.

This reduces your employees' taxable income, meaning they are effectively paying for their car before being assessed for income tax. In some cases, this may be accompanied by a post-tax deduction that functions to offset FBT.

With running costs able to be bundled into the lease, drivers will save GST they would normally pay on fuel, servicing, and other car running expenses.

Over the life of a lease, employees can save tens of thousands of dollars compared to traditional finance, or buying the vehicle with cash. In addition, the employee can choose the exact make and model of car they want, whether that be a new, demo, or used vehicle. The employee can also salary package their existing car, which not only helps reduce their tax liabilities, but can also assist their cash flow.

Aside from the straightforward initial setup, there aren't any costs or fees associated with providing novated leases to your employees.

This means that novated leases can be a cost-neutral employee benefit that can go a long way towards improving your employee value proposition.

A look at how your employees can benefit

	Novated Lease	Cash Purchase	Car Loan
Vehicle Purchase Price	$59,398.64 exc GST	$65,000 inc GST	$65,000 inc GST
Net Lease Payments over 5 years	$43,024.80	$0	$0
Net Running Costs over 5 years	$15,025.40	$0	$0
Interest Payable on Car Loan at 7.99% over 5 years	$0	$0	$25,967.50
Interest Lost on Cash Purchase at 3.75% over 5 years	$0	$12,187.50	$0
Gross Running Costs inc GST over 5 years	$0	$22,435.20	$22,435.20
Residual (balloon) Payment inc GST	$18,379.72	$0	$0
Total Cost of Vehicle Ownership over 5 Years	$76,429.92	$99,622.70	$113,402.70

*Comparison is based on a salary of $80,000, over a 5 year term, driving 15,000KM per year, located in NSW, FBT Exempt electric vehicle

Becoming an employer of choice

In competitive talent markets, employers are constantly working to develop effective ways not only to attract talent to their organisations but also to retain valuable staff members. At Leaselab, we believe that novated leasing is one of the best ways to reward your employees, helping to reduce staff turnover, so you keep the best people in your business for longer.

Create a more attractive package without an additional cost

The ability for your employees to pay for their cars using pre-tax income effectively gives your employees a boost to their disposable income and acts to increase the total size of their remuneration package. Employees end up with more money in their pockets without any additional expense to the business.

In competitive markets, this extra benefit could be the deciding factor when competing for talent helping you build a stronger team for your business.

Increase employee satisfaction

It's not always possible to give your people a pay increase as frequently as you might like, but offering a novated lease is one method of providing a strong financial benefit without increasing your expenses.

This financial and lifestyle benefit can help employees feel valued and rewarded at work and increase overall satisfaction.

Increase employee satisfaction

Your employee is ultimately liable for managing a novated lease, with you as the employer only required to setup their pre and post tax deductions and continue these deductions during their employment. While the process to move leases to a new employer is relatively straightforward, employees may face challenges if moving to new employers that do not or have not previously offered novated leasing to their staff.

This will often factor into the decision of whether an employee will move on and can help reduce turnover and improve employee retention.

Promote holistic and financial wellbeing for your employees

To attract and retain quality staff, businesses today must consider employee engagement incentives tied to staff wellness and holistic wellbeing - financial wellbeing is a key part of that.

Providing novated leases helps employees address the uncertainty and budgetary challenges associated with car ownership.

Your business can also benefit from cost reductions and the elimination of FBT

If you're a business that already provides work cars, providing a novated lease instead can also dramatically reduce costs to the business while also eliminating the need to pay Fringe Benefits Tax in certain situations. A good lease provider will strive to keep FBT obligations as low as possible, and offset FBT wherever possible.

Employer considerations

Novated leases are safe for employers and don't come with risk, simply some considerations.

We tackle some of the common concerns here.

Liability

The financier agreement is signed by the employee, not the employer. There's no liability to the employer for the finance contract, and the employee retains the liability to pay the lease if they leave. You simply agree to make payments on the employee's vehicle from their pre-tax income whilst they are employed by you.

Cost for you

At Leaselab, novated leasing is a cost neutral process for employers - that is, it won't cost anything to offer. We don't charge employer management fees, making it simple and free for you to provide this valuable benefit to your employees.

Fringe benefits tax

we strive for $0 fringe benefits tax (FBT) liability for your company and know how to offer the most cost effective FBT solution. We provide full FBT reporting to demonstrate the $0 liability, giving you complete transparency and peace of mind.

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

The novated lease lives with the employee, so should they leave, they take the novated lease with them, and are liable to make payments themselves until they find a new employer. There is no liability to you as the employer and you won't be responsible for anything in order to transfer the lease to their new employer.

Will I be locked into a contract with a novated lease provider?

At Leaselab, we don't believe in lock-in contracts. You maintain full control and flexibility, with no additional fees or obligations beyond the basic agreement to make payments for your employees as part of payroll.

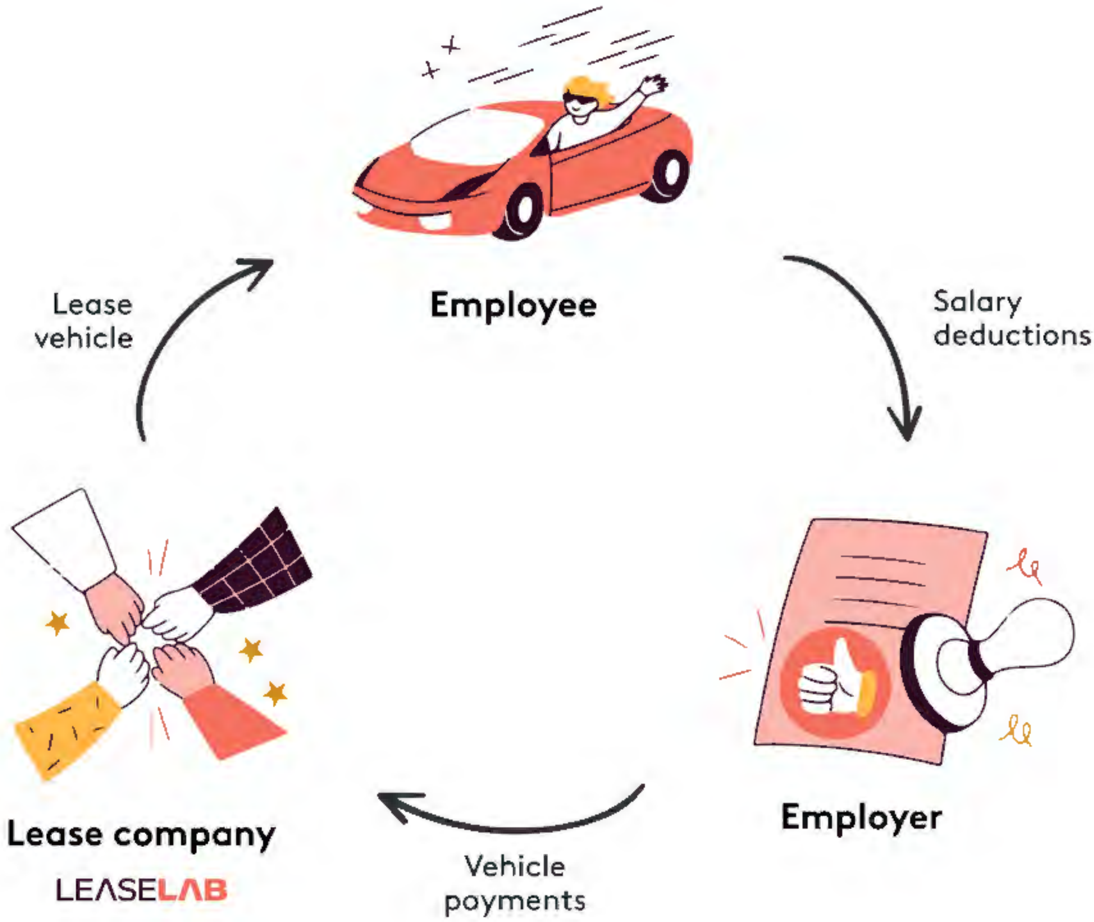
Done right, this service should take almost no time and cost you nothing at all.

Leaselab will

1. Offset any FBT liability you may have
2. Make sure everything is clean, accounted for and managed
3. Provide FBT reporting
4. Not lock you into their service

How to set up novated leasing

Setting up novated leasing is surpringly simple...



1

You choose a novated lease provider. There's minimal paperwork with Leaeslab - you only need to sign a couple of documents, which state that you agree to make payments on your employee's behalf while they're employed with you and set up a recurring payment method.

2

Leaeslab will provide the pre-tax and post-tax deduction to enter in your payroll system (e.g. MYOB, Xero, etc). You simply enter this and you're done.

3

Payments to the novated lease provider on your employee's behalf can be direct debit or EFT, and can be set on the same date the pay cycle happens for simplicity and cash control.

With the right provider, the process to set up leases in your payroll system should take minutes and be set and forget. You should also look for a provider that can provide bulk and itemised invoices for each individual lease to ensure the impact on your HR and payroll team is minimal. Leaselab has a dedicated team that can assist your payroll staff with the initial set up of the employees novated lease, to make the whole process simple and stress free.

Selecting a leasing provider

And why it should be Leaselab!

No hidden management fees or costs

It's not unusual for drivers to see one figure on an initial quote, and another once the lease agreement is finalised. Small weekly or monthly fees can add up over the life of a lease and end up negating a big portion of the tax savings from novated leasing so you should choose a provider with no hidden additional fees to maximise savings.

Flexibility

You should seek a provider that gives you flexibility in the way you offer novated leasing. At Leaselab, we don't lock your business into exclusivity agreements, which means you and your employees have the freedom to secure the best outcome from leasing.

Personalised pricing and tax outcomes

At Leaselab, we take a flexible approach to novated leasing, tailoring plans to suit each driver's individual needs. This ensures your employees aren't paying too much in their regular payments, and have enough funds to cover servicing and other expenses.

Access to fleet pricing

We leverage our volume and relationships to provide fleet pricing on cars. This helps your employees save thousands off the ticket price of the car, further increasing the financial benefits they receive from novated leasing.

Reporting and visibility

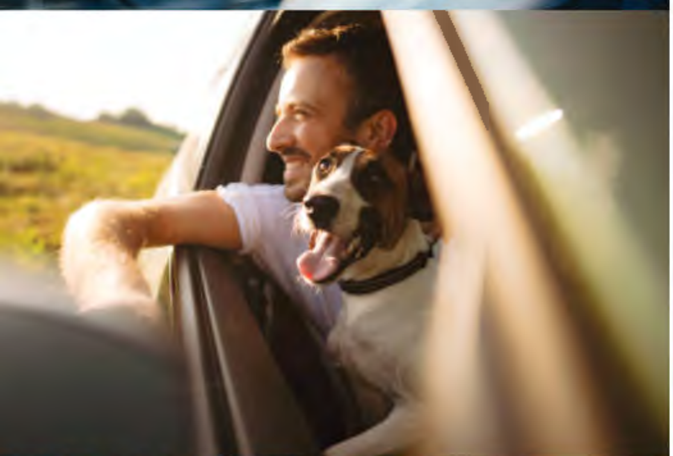
As a tax product, in-depth and high quality reporting is a must have for any business offering leases to their employees. The last thing any team wants is the ATO knocking on their door. Ensure your leasing provider has the ability to share regular reporting, including reports that demonstrate $0 FBT liability.

Impact on super, payroll tax and WorkCover obligations

Due to the net impact on an individuals taxable income, novated leasing can be used to lower your business's payroll tax obligations and WorkCover premiums. It can also have an impact on your business's superannuation obligations that can collectively free up more capital within the business.

Ultimately, you should select a leasing provider that understands and meets the needs of your business - a partner that is invested in your long term success.




The bottom line

Novated leasing can make a very positive contribution to company culture and is a useful tool for HR or People & Culture professionals as part of their talent acquisition process.

Given the savings, in a way it's like being able to give staff members a significant pay rise without spending a cent. With the right provider, it's simple to set up with almost no paperwork, and it'll cost you nothing out of pocket. Most importantly, your employees will thank you for it.

We help organisations of all sizes, including government bodies and corporations.

Get in touch with the team to see how novated leasing can be beneficial to your business.

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team@leaselab.com.au

What our clients say

We needed to be hand-held in learning even what questions to ask when exploring novated leasing for our employees. In this respect the efforts and professionalism of Leaselab shone above the competitor companies.

Jon Murray
CFO
Silanna

Having just leased a car through Leaselab myself, I was blown away by the quality of service. We lost our cars in the floods and Leaselab was so empathetic and understanding helping us move along the process so quickly. Would highly recommend to any employer.

Steve Gard
Founder
Benchmarcx

We've been working with Leaselab for our novated leasing needs and have found them to be prompt, professional, and a pleasure to deal with. Their team communicates clearly and efficiently, making the entire process smooth and straightforward. Highly recommend their services.

Bronte Jelbart
Talent Acquisition Manager
Hickory Group

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