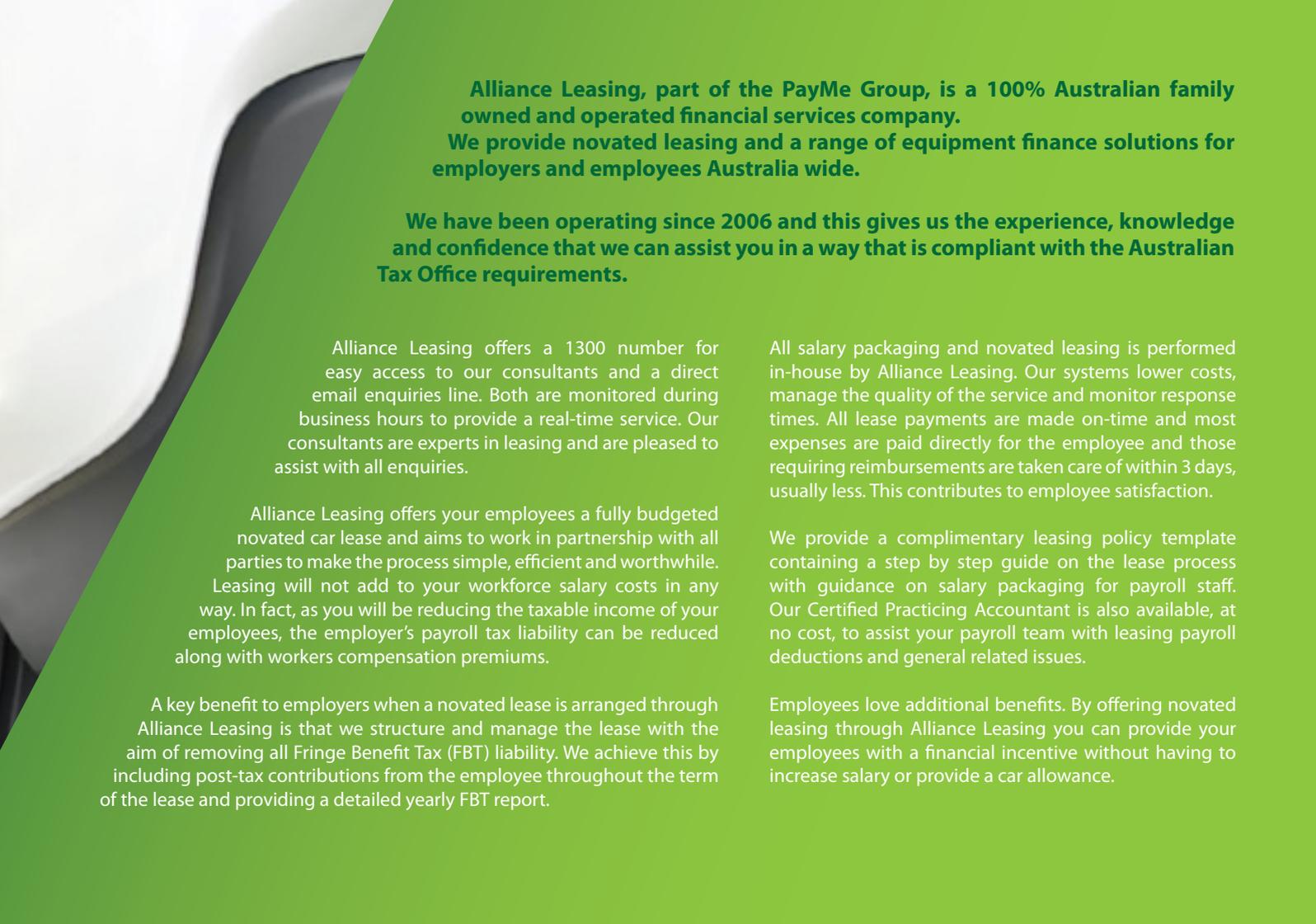




Novated Leasing Explained For Employers





Alliance Leasing, part of the PayMe Group, is a 100% Australian family owned and operated financial services company.
We provide novated leasing and a range of equipment finance solutions for employers and employees Australia wide.

We have been operating since 2006 and this gives us the experience, knowledge and confidence that we can assist you in a way that is compliant with the Australian Tax Office requirements.

Alliance Leasing offers a 1300 number for easy access to our consultants and a direct email enquiries line. Both are monitored during business hours to provide a real-time service. Our consultants are experts in leasing and are pleased to assist with all enquiries.

Alliance Leasing offers your employees a fully budgeted novated car lease and aims to work in partnership with all parties to make the process simple, efficient and worthwhile. Leasing will not add to your workforce salary costs in any way. In fact, as you will be reducing the taxable income of your employees, the employer's payroll tax liability can be reduced along with workers compensation premiums.

A key benefit to employers when a novated lease is arranged through Alliance Leasing is that we structure and manage the lease with the aim of removing all Fringe Benefit Tax (FBT) liability. We achieve this by including post-tax contributions from the employee throughout the term of the lease and providing a detailed yearly FBT report.

All salary packaging and novated leasing is performed in-house by Alliance Leasing. Our systems lower costs, manage the quality of the service and monitor response times. All lease payments are made on-time and most expenses are paid directly for the employee and those requiring reimbursements are taken care of within 3 days, usually less. This contributes to employee satisfaction.

We provide a complimentary leasing policy template containing a step by step guide on the lease process with guidance on salary packaging for payroll staff. Our Certified Practicing Accountant is also available, at no cost, to assist your payroll team with leasing payroll deductions and general related issues.

Employees love additional benefits. By offering novated leasing through Alliance Leasing you can provide your employees with a financial incentive without having to increase salary or provide a car allowance.

How Does Leasing Work?

A novated lease is a three way agreement between the employee, employer and Alliance Leasing.

This enables the employer to make lease repayments on the employee's behalf using pre-tax and post-tax deductions from their salary.

In providing this benefit to your employee, we work with the employer to ensure there are no additional costs to the business.

The lease deductions are calculated for each lease and provided to you by Alliance Leasing. The lease payments are then paid by the employer, on behalf of the employee, direct to Alliance Leasing either by EFT or direct debit.

Alliance Leasing manages these funds and makes payment to the financier and other related suppliers on time every time.

We offer free assistance to employers to provide peace of mind with respect to understanding how leasing works, payroll setup and FBT management.

Providing Leasing As A Benefit

With Alliance Leasing as your preferred leasing provider all your employees need to do to commence a new lease is contact us on 1300 225 582, or submit an enquiry on our website at www.allianceleasing.com.au.

If you do not provide leasing to your employees we can work with you, free of charge, to put in place your leasing policy by providing a sample policy and assisting your payroll team.

Quoting/Finance Application

The first step in the process for an employee is to identify a car and seek a quote from Alliance Leasing either by visiting our on-line calculator or calling one of our consultants.

When directed, Alliance Leasing can source a discounted price on the vehicle and prepare a detailed quote. When the employee is happy with the car, we proceed to the financial application process.

The application involves completing a simple form and supplying supporting documentation. Approvals typically take 12 hours, usually less.

Ordering The Vehicle

With finance approved, the final quote is signed by both the employee and employer, we then order the vehicle. Once the vehicle is ready for delivery the financier will provide a lease agreement to be signed by the employee and employer.

Payment For The Vehicle And Deed Of Novation

When all the documents are returned to Alliance Leasing they will be submitted to the financier to arrange payment for the vehicle.

Once payment is made the car will be ready for collection as advised by Alliance Leasing.

Alliance Leasing will then confirm the deductions and liaise with your payroll section to make changes to the employee's pay. We will also work with you to setup the lease payments to Alliance Leasing.

As we are a part of the PayMe Group, Alliance Leasing are also experts in payroll service and therefore able to provide advice on how to setup the deductions in the majority of payroll systems. We provide this assistance at no cost.



Employer Benefits

- o Increased employee retention
- o Attract quality employees through the provision of market leading benefits
- o Offering employee benefits at no increase to salaries
- o Reduce your payroll tax and workers comp premiums
- o The vehicle is in the employee's name and not an asset owned by the employer
- o Our in-house solution ensures that both you and your employees have only one point of contact for all leasing activities

Employee Benefits

- o Novated leasing allows an employee to use some of their income to pay for their vehicle before it is taxed. This is a powerful employee benefit
- o Employees select their vehicle of choice
- o The vehicle can be used for 100% private use
- o All running costs are budgeted and packaged into one easy payment
- o Taxation is reduced and contributes to the cost of the vehicle

How Does The Employer Manage Fringe Benefit Tax?

Fringe Benefits Tax

FBT is a tax based upon the value of the benefit, in this case a novated leased vehicle. Using the Statutory Formula Method, the FBT payable on a novated lease vehicle is determined by the vehicle's FBT Base Value.

The vehicle's FBT Base Value is a vehicle's drive away price including GST, less government charges such as registration, compulsory third party insurance and stamp duty.

Alliance Leasing structures the lease in a way that removes the FBT liability for the employer by utilising the employee contribution method also known as post-tax deductions.

At the end of the FBT Year, Alliance Leasing can assist you by providing a free FBT report.

What Happens If The Employee Leaves?

If an employee leaves their place of employment, the lease goes with them. They can either re-novate the lease to their new employer or it becomes a finance only lease.

New Employer

If an employee leaves their current employer you should contact Alliance Leasing and provide notification of the employee's final pay day and finish date.

Alliance Leasing will reconcile the employee's account and contact the employer's payroll area and employee directly to coordinate the following actions:

- o To discontinue the direct debit with the current employer in-line with the final pay cycle and then provide a final account and FBT report
- o If moving to a new employer we will confirm the new employer offers salary packaging and Alliance Leasing will assist to re-novate the car to the new employer. This can be completed within five working days

What Happens At The End Of The Lease?

There are several options available to employees at the end of the lease:

- o If they would like to continue receiving the tax benefits associated with leasing a vehicle and are happy with the current vehicle, the employee can simply refinance the vehicle and continue with another novated lease for the same vehicle
- o Payout the residual value using their own funds and own the vehicle outright
- o Sell the vehicle and use the sale funds to payout the financier. Any funds left over are the employee's to keep
- o Sell or trade-in your vehicle and lease a brand new vehicle

Will A Novated Lease Suit Everyone?

In general, an employee will see a benefit by leasing a vehicle via a novated lease arrangement versus purchasing the same vehicle through traditional financial methods such as a personal loan.

Any benefit is subject to personal circumstances and is impacted by salary, lease term, value of the motor vehicle and other financial commitments. Alliance Leasing advises that employees should independently verify the accuracy, currency, completeness and relevance of all leasing and salary packaging agreements for their own purposes and for their particular circumstances.

There are also regulatory implications that may impact an individual's decision. For example, employees of not for profit organisations may be subject to FBT free thresholds.







How To Contact Us

For more information visit www.allianceleasing.com.au or call us on 1300 225 582.

Registered Office

Alliance Leasing Pty Ltd
Suite 6, 18 Napier Close, Deakin ACT 2600

Postal Address

Alliance Leasing Pty Ltd
PO Box 244, Deakin West ACT 2600

Privacy

Alliance Leasing will collect, hold, use and disclose personal information only with your consent. If proceeding with any application we will seek your written consent before proceeding.

If you don't consent to your personal information being used then you can let us know. You can change your consent at any time. You can access our Privacy Policy at www.allianceleasing.com.au.

Resolving Complaints

We seek to resolve complaints over the phone.

If we cannot resolve the complaint over the phone or you are not comfortable talking on the phone please write to us at the PO Box listed to the left. We will work to resolve your complaint within 45 working days.

If you are not satisfied with our decision, you can receive further advice from the Credit Ombudsman Service by calling 1800 138 422 or going to www.cosl.com.au to make a complaint on-line.

www.allianceleasing.com.au

