




Your journey to
a novated lease





At SG Fleet, we provide an easy cost-effective way to get you into the car of your choice.

We take care of all your automotive needs, including car purchase, trade-in, finance, insurance, fuel, servicing and repairs.

What is a Novated Lease?

A novated lease is a car finance option that allows you to treat your personal car like a company car. When you salary package a novated lease, you agree to forgo a portion of your salary in return for a fully maintained car. This allows you to make significant tax savings, in addition to the added convenience and extra savings.

At SG Fleet, we help you to set a budget to cover your car's expenses over the life of your lease, which is then deducted by your employer as a set amount each pay cycle. SG Fleet uses these regular deductions to manage and pay for all of your car's running costs, including:

- Finance
- Fuel
- Servicing and repairs
- Tyres
- Registration
- Insurance
- Roadside assistance
- Carbon offset

HOW IT WORKS

A novated lease is a three party agreement between you, your employer and SG Fleet. You enter into a finance lease with SG Fleet, and then a second document called a novation agreement is used to transfer some of your lease obligations to your employer. Once the novation agreement is in place, your employer is considered to be leasing the car. This allows your car to be treated as a company car, which provides income tax and GST savings to you.

To maintain your novated lease, your employer deducts the regular payment from your salary and then remits this amount to SG Fleet to pay for your car's running costs. SG Fleet will help to monitor your driving habits and car expenses to ensure your novated lease budget stays on track.

END OF LEASE OPTIONS

At the end of your lease, you are responsible for the residual value on your car. To manage this payment, you can choose to novate a new car with SG Fleet, refinance the existing car for another term, or pay out the residual value.

Fringe Benefits Tax (FBT)

A novated lease allows you to reduce your taxable income, therefore reducing your PAYG income tax. To offset some of this reduction in income tax, the Australian Tax Office (ATO) levies another tax called Fringe Benefits Tax (FBT) on the novated lease that your employer provides to you.

The amount of FBT levied on your novated lease is calculated using the statutory formula method and is mainly determined by the value of the car you choose to package. A novated lease is tax effective because in most cases your income tax savings will be greater than the FBT payable on your car.

If your taxable salary is less than \$180,000 per annum, SG Fleet will structure your salary package using a combination of pre and post-tax deductions. The post-tax deductions are used to offset the FBT liability payable on the car. This method of salary packaging is called the Employee Contribution Method (ECM) and SG Fleet will calculate the ratio of pre and post-tax deductions to cancel out your FBT liability and maximise your tax benefit.

Choosing Your Car

Under a novated lease, you can novate any car that best suits your needs, provided that it fits within the ATO's definition of a car and any restrictions under your employer's vehicle policy. You can choose a new car, a used car (conditions may apply), or a "Sale and Leaseback" of the car you currently own.

Am I Eligible?

The first thing you need to check is whether you're eligible for a novated lease by referring to your employer's salary packaging policy. You don't have to earn a huge salary, or use your car for business for it to be worthwhile. When you call us, your dedicated consultant will provide you with an individual benefit assessment based on your specific situation to work out how much you can save.

Features and benefits

Income tax savings	Under a novated lease, your car's running costs are paid for with a mix of pre-tax and post-tax dollars, reducing your taxable income. This may allow you to make significant income tax savings, increasing your take-home pay.
GST savings	SG Fleet purchases the car on your behalf and claims back the GST, so you save the GST on the purchase price. You can also save the GST on the running costs of the car, including fuel, service, maintenance and tyres. This is subject to your employer's salary packaging policy.
Car purchase	Use SG Fleet's expert car buying service to get better pricing on the new car of your choice. You can also choose to novate a used car or the car you currently own, as well as novate more than one car, subject to your employer's salary packaging policy.
Trade-in	With SG Fleet Trade Advantage, selling your car is simple and speedy. Submit our online appraisal and we'll get a fair price to you pronto. No pressure – our offer's valid for 30 days. Once you accept, we can pick up your car from home, work, or where you collect your new car.
Servicing and repairs	Experience lower costs with SG Fleet managing all your car's scheduled servicing, maintenance and repairs. In addition to GST savings, our team acts on your behalf to avoid over-servicing and over-charging.
Fuel card	Enjoy the convenience and savings of using your fuel card to pay for fuel at multiple leading retailers nationwide.
Budgeting	SG Fleet helps you budget for all of the finance and running expenses over the life of your lease. A set payment is then deducted by your employer each pay cycle to manage your lease.
Online account	Your SG Fleet online account gives you 24/7 access to keep track of your vehicle expenses, including transaction and history reports.

Novated Lease Comparison

To show how a novated lease provides significant savings, we have created a comparison using two employees – Mark and Jenny. They both earn \$85,000 a year and plan to buy a new 2021 Mazda CX-5 Maxx Sport, 6-speed auto AWD at the recommended driveaway price of \$42,731 (including GST). They are both using a four-year term and drive about 18,000 km per year.

PERSONAL FINANCE

Mark's story

Mark is buying the car as a private individual so he has to pay the GST on the car (10%). He will finance the GST inclusive cost, \$42,731. Mark also pays the GST on his running costs (insurance, fuel and maintenance).

Mark's annual car costs

FINANCE	\$8,745
INSURANCE & ROADSIDE	\$1,651
REGISTRATION	\$800
FUEL	\$3,172
MAINTENANCE	\$1,534

TOTAL ANNUAL COSTS	\$15,903
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Mark's take home pay

GROSS ANNUAL (TAXABLE) INCOME	\$85,000
LESS PRE-TAX DEDUCTION	-
TAXABLE INCOME	\$85,000
LESS TAX	\$19,792
NET ANNUAL INCOME	\$65,208
LESS POST-TAX DEDUCTION	\$15,903

MARK'S DISPOSABLE INCOME, AFTER TAX AND CAR	\$49,305
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NOVATED LEASE

Jenny's story

As Jenny is salary packaging her car with an SG Fleet Novated Lease, she saves on the purchase price with SG Fleet's buying power, as well as the GST on the car price. The amount Jenny will finance is \$36,572. Jenny saves the GST on her running costs, and accesses fleet savings and discounts through SG Fleet.

Jenny's annual car costs

FINANCE	\$7,307
INSURANCE & ROADSIDE	\$1,501
REGISTRATION	\$800
FUEL	\$2,835
MAINTENANCE	\$1,395

TOTAL ANNUAL COSTS	\$14,042
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Jenny's take home pay

GROSS ANNUAL (TAXABLE) INCOME	\$85,000
LESS PRE-TAX DEDUCTION	\$7,393
TAXABLE INCOME	\$77,607
LESS TAX	\$17,241
NET ANNUAL INCOME	\$60,366
LESS POST-TAX DEDUCTION	\$7,314

JENNY'S DISPOSABLE INCOME, AFTER TAX AND CAR	\$53,051
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Jenny saves **\$3,746** after tax per year, that's **\$14,984** over her 4 year lease term.

Novated lease comparison based on 2021-2022 income tax rates. The examples given within this material are provided for your information and to illustrate scenarios. The results should not be taken as a substitute for independent professional taxation and financial advice. For the purposes of this example we have not taken into account the impact of salary sacrificing gross salary for fringe benefits on the calculation of your superannuation guarantee contributions. This calculation also does not take into account the impact of any tax offset such as the lower and middle income tax offset to which you may be entitled to. All reasonable care has been taken in preparing these materials; however, SG Fleet provides no warranties and makes no representation that the information provided is appropriate for your particular circumstances or indicates you should follow a particular course of action.