

Novated Lease Employer Guide

Novated Lease Summary	
Lender:	The lender strictly funds the vehicle's purchase and provide a loan to the employee. There are no additional ongoing components (fuel cards, insurances, registrations, servicing etc).
Purchaser:	The employee is the purchaser of the vehicle. They alone register the vehicle under their name.
Employer:	The employer makes the pre-tax loan repayments on the novated lease and for deducting these payments from the employee's salary, but only while they are employed.
Car Purchase: GST	The employer does not pay GST on this novated lease car. The lender pays this.
Car Purchase: Stamp Duty, Luxury Car Taxes	The employer does not pay stamp duties nor luxury car taxes on this novated lease car. The employee pays this.
Car Purchase: Registration, Insurances	The employer does not pay registration nor insurances on this novated lease car. The employee pays this.
Employer Cost to Manage:	<p>Novated leasing is a cost neutral process for employers – that is, it doesn't cost anything to offer.</p> <p>Payments to the novated lease provider are made by Direct Debit from the company bank account. Again, no cost to the employer.</p> <p>The employer will need to deduct the ex-GST novated lease payments from the employee's wages on their behalf out of their pre-tax income. The bookkeeper automates this entry.</p>
Repayments & GST:	The repayments on the novated lease attract GST and these are claimed by the employer upon lodgement of BAS.
Accounting:	A direct debit will run from the employer's bank account. It is up to the employer to deduct the payments from their employee's salary. Please ring us if you have any questions at any time.
What happens if my employee leaves?	The novated lease lives with the employee, so should they leave, they take the novated lease with them, to pay themselves until they find a new employer. As the employer, you don't need to transfer the lease to their new employer. The lender cancels the direct debit and the novation upon termination of the employee.
Benefit to employee:	Given the savings, in a way it's like being able to give staff members a significant pay rise without spending a cent.