

NOVATED MOTOR VEHICLE LEASE FACT SHEET

A novated lease is a financial arrangement between three parties:

- > Employee (lessee)
- > Employer; and
- > Financier/Fleet Manager (lessor)



Under a Novated lease agreement, the employee leases a vehicle from a financier, and in turn, with the consent of the financier, Novates the lease to his or her employer, and passes full responsibility for the payment of the lease to the employer. During the term of the lease the employee is provided with full and unrestricted use of the vehicle.

Fully Maintained Leases

In addition to the finance component on the lease, employees have the opportunity to establish a Fully maintained Lease whereby the monthly lease payment incorporates a budgeted amount for all running costs on the vehicle including;

- > Fuel (Petrol Card)
- > Registration
- > Insurance
- > Maintenance
- > Tyres
- > Roadside Assistance

Advantages

The advantages of a fully maintained novated lease include;

- > Vehicle choice is at the discretion of the employee;
- > Turning normally non-deductible motor vehicle operating costs into a pre-tax deduction;
- > A flat monthly payment for motor vehicle expenses provides consistency and certainty of cashflows for the employee; and
- > There are no more out of pocket expenses in relation to the operation of the vehicle once the lease agreement is in place.

Novated Lease Flow Chart

