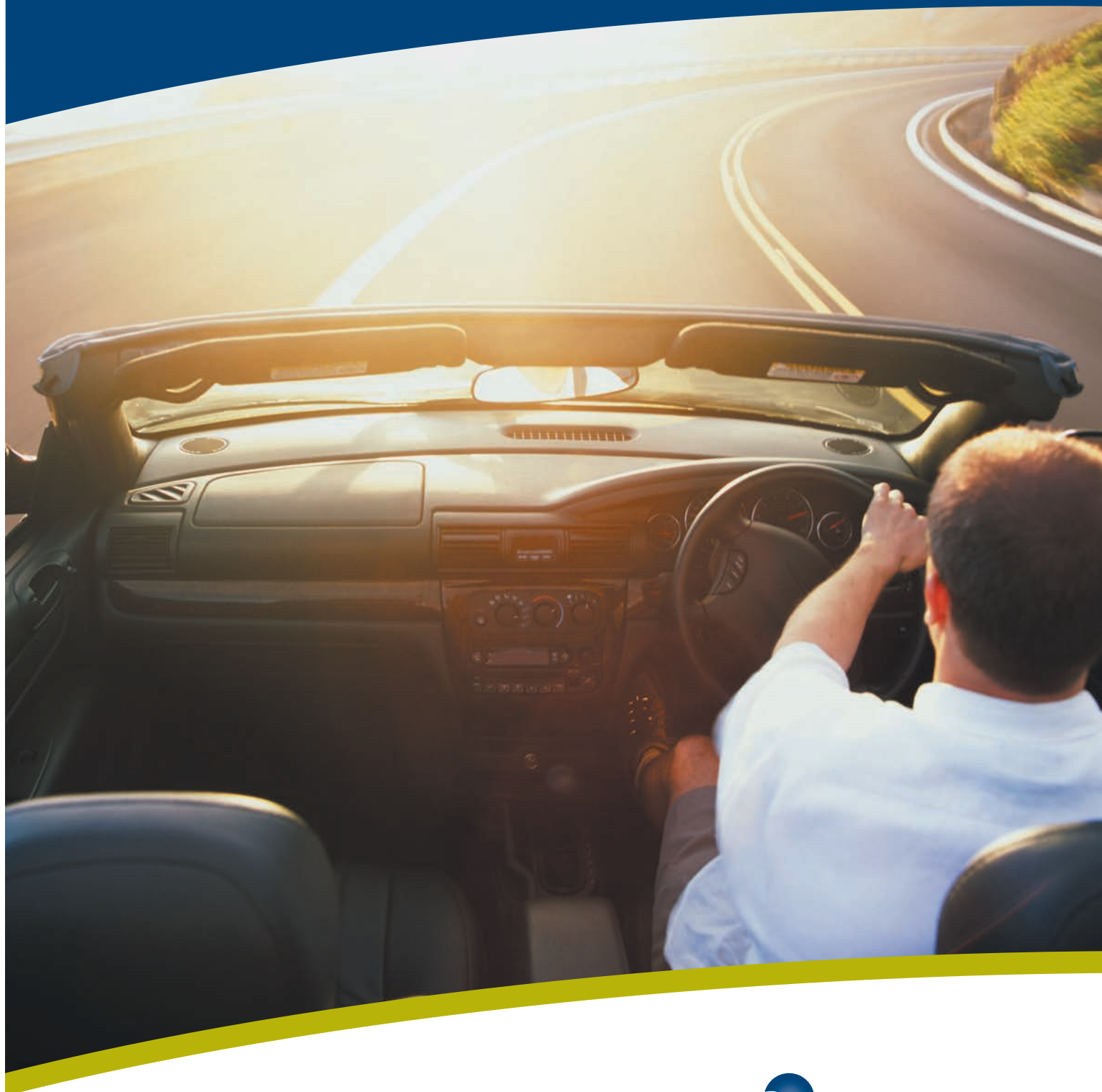


Novated Leasing made easy



Important Information: A Novated Lease may not suit your circumstances and will be subject to your employer's salary packaging policy. Before committing to a Novated Lease, ask your accountant or tax professional to ensure the product is right for you.

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What is a Novated Lease?

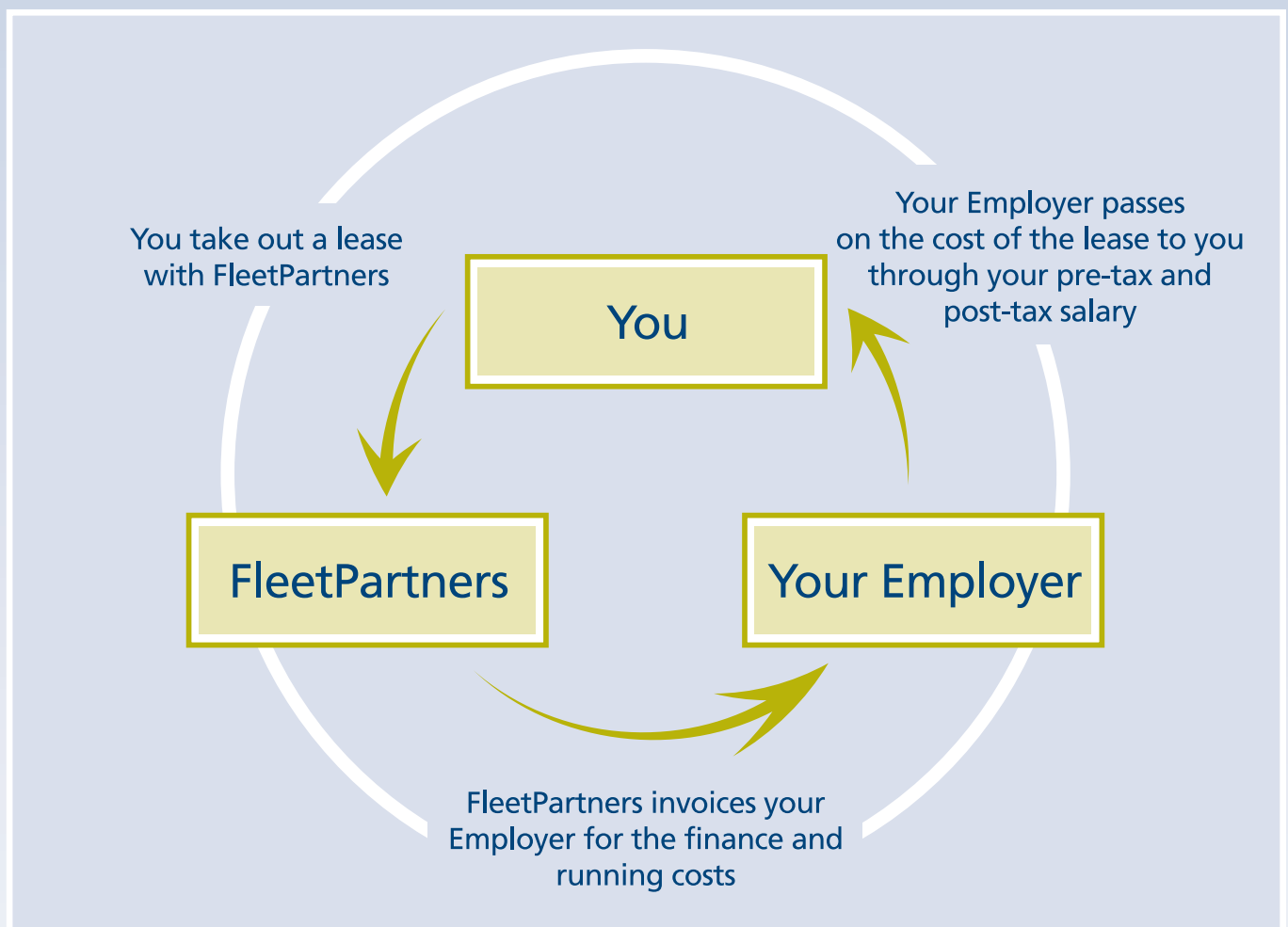


A Novated Lease is a three-way arrangement you enter into with FleetPartners and your employer, under which your lease payments are made by your employer on your behalf out of your pre-tax salary.

Novated Leases have been developed to cater to the Fringe Benefit Tax (FBT) laws applicable to motor vehicle usage, where a driver uses the vehicle for business and/or private use.

The relationship is detailed below.

Novated Lease three-way arrangement



At a glance

Features	Benefits
Vehicle rental can be deducted from your pre-tax and/or post-tax salary (fuel, insurance, registration, maintenance and lease rentals)	Potentially tax effective way of maximising your take home salary by leasing a vehicle through salary packaging
Dedicated Novated Leasing Consultant	Your Consultant will arrange vehicle sourcing, quotations, vehicle registration and insurance
Access to FleetPartners' preferred network of Dealers	An extensive network of Dealers and nationally negotiated vehicle discounts
OneCall/OneClick servicing and maintenance	We manage all the servicing and maintenance of your vehicle with just one phone call, or one click of a mouse, accessing nationally negotiated service discounts with preferred original manufacturer dealerships
24 hour Roadside Assistance	One simple call for emergency and Roadside Assistance 24 hours a day
Actual vs Budgeted reports	Quarterly reports to help track actual spend against budget and reduce 'end of lease' surprises**
FBT tracking reports	Identifies how many kilometres you'll need to travel by the end of the FBT year with quarterly reports and monthly reports from December to March
Fuel cards	Access to fuel discounts and a record of fuel purchases on your quarterly driver reports
Registration renewal processing	The registration renewals are addressed to FleetPartners so we can automatically pay the annual renewal on your behalf
Compulsory Third Party (CTP)	For drivers in NSW, CTP is provided by a preferred supplier
Comprehensive Insurance	Access to our negotiated premiums

** In the instance where you might exceed your running cost budget, we will work with you to recalculate a new budget. If you don't wish to change your budget to address a deficit we reserve the right not to pay any further costs.

What type of vehicle can be leased?

- All new passenger and many light commercial vehicles, subject to your employer's vehicle policy
- Used vehicles;
 - less than eight years old at lease end
 - no more than 200,000km at lease end
 - a minimum of \$10,000 (ex GST) to be financed
 - current roadworthy and registration certificates

How long can I take the lease out for?

A Novated Lease can be taken out for a term of 12 - 60 months.

What residual values are used?

FleetPartners sets the residual values for Novated Leases according to the Australian Taxation Office (ATO) minimum requirements, as supplied in the following table:

ATO Residual Vehicle Bands

Lease Term	Residual values
12 months	65.63%
24 months	56.25%
36 months	46.88%
48 months	37.50%
60 months	28.13%

What happens if I leave my employer during the lease term?

Should you leave your employer, your employer's novation agreement with FleetPartners concludes. A full reconciliation of the running costs, up to the lease end date will be carried out, with any surplus or shortfall being settled in your pay by your employer. Pro-rata FBT will also be settled prior to departing your employer.

What happens next?

- Subject to your new employer's agreement, arrange for a new novation agreement with them, or
- Continue to pay your monthly lease rentals, under your finance lease agreement (vehicle running costs will not be included in this payment), or
- Pay out the lease and make an offer to purchase the vehicle, or

- Return the vehicle to FleetPartners to sell and any profit or loss realised from the sale after pay out of the lease will be passed on to you.

Fringe Benefits Tax (FBT) and Novated Leases

FBT is a tax payable by employers who provide non-cash benefits to employees, such as a Novated Lease. Most employers pass the cost of the FBT onto employees through salary sacrifice.

FBT is calculated annually, based on the FBT year of 1 April to 31 March.

Your employer collects FBT from your pre-tax salary to be passed onto the Australian Taxation Office (ATO).

Where a vehicle is leased for only part of an FBT year, the kilometres travelled are annualised to determine the Statutory Percentage and then the FBT liability is pro-rated. This means the Statutory Percentage will be based on the kilometres that you would have achieved had you continued in that driving pattern.

Calculating your FBT Liability example:

STEP 1

$$\text{FBT Taxable Value} = \text{FBT Capital Value} \times \text{Statutory Percentage} \times \text{Days}^{\wedge} / 365$$

[^] number of days vehicle used or available for use

STEP 2

$$\text{FBT Liability} = \text{FBT Taxable Value} \times \text{Gross Up Factor (2.0647)} \times \text{FBT Rate (46.5\%)}$$

The car fringe benefit rules announced by the Federal Budget in May 2011 introduce a flat 20% statutory rate despite the distance travelled, which will be phased in over four years, as shown in table below.

During the four year transition period you and your employer will be advised at the beginning of each FBT year of the applicable statutory FBT rate and revised monthly deductions.

Distance travelled during the FBT year (1 April - 31 March)	Statutory Rate (multiplied by cost of the car to determine person's car fringe benefit)				
	Existing Contracts	New Contracts entered into after 7.30pm (AEST) on 10 May 2011			
		From 10 May 2011	From 1 April 2012	From 1 April 2013	From 1 April 2014
Less than 15,000km	26%	20%	20%	20%	20%
Between 15,000 and 24,999km	20%	20%	20%	20%	20%
Between 25,000 and 40,000km	11%	14%	17%	20%	20%
Over 40,000km	7%	10%	13%	17%	20%

Employee Contribution Method (ECM)

Post-tax Employee Contributions can be used to reduce or remove the amount of FBT you pay. This can make a Novated Lease more tax effective if **your taxable income is below the top marginal tax rate.**

This is because the FBT is determined using the top marginal tax rate, whereas your taxable income may be taxed at lower than the top marginal rate.

How does ECM work?

ECM allows you to pay some or all of your vehicle costs from after tax dollars. These post-tax payments can be used to reduce the FBT Taxable Value of the vehicle and therefore the FBT Liability payable.

With ECM the FBT Liability can be reduced to zero.

FBT Taxable Value Calculation example:

	FBT Capital	x	Statutory Percentage	x	Days / 365	-	Employee Contribution	=	FBT Taxable
Without ECM	30,000	x	20%	x	1	-	\$0	=	\$6,000
With ECM	30,000	x	20%	x	1	-	\$6,000	=	\$0

FBT Liability Calculation example:

	FBT Taxable	x	Gross Up Factor	x	FBT Rate	=	FBT Liability
Without ECM	\$6,000	x	2.0647	x	46.5%	=	\$5,760
With ECM	0	x	2.0647	x	46.5%	=	\$0

Income tax is payable on the post-tax Employee Contribution that is used to eliminate the FBT taxable value. The advantage of using post-tax Employee Contributions is the difference between the income tax paid on the post-tax Employee Contributions and the FBT liability.

To review how the above calculation may apply to your choice of vehicle please refer to www.fleetpartners.com.au and select the 'Novated Leasing Calculator' button on the home page.

You should ask your accountant or tax professional to ensure that this product is right for you.

Process overview

- 1 Prepare answers to the following questions:**
 - Is a FleetPartners Novated Lease facility set up with my employer?
 - Have I received all the approvals required by my employer?
 - Have I decided on the preferred vehicle, including make and model? (Visit www.fleetpartners.com.au, click on the Novated Lease Calculator button on the home page to look at all vehicle options).
 - What are my expected annual kilometres?
 - What is my preferred lease term?
- 2 Contact FleetPartners for a quote.**

A Consultant will prepare a Novated Lease quote for you, including the purchase of the vehicle and supply this within two working days.
- 3 Accept your quote.**

Complete the appropriate forms and return them to FleetPartners. We'll then conduct a credit assessment.
- 4 Your vehicle will be ordered.**

Your vehicle will be ordered within three working business days of your Novated Lease being approved. An email will be forwarded to you confirming your vehicle delivery date.

- 5 Vehicle delivery.**

Lease documents will be signed one to two days before delivery of your vehicle. FleetPartners will arrange for your vehicle to be dropped off at the specified location.

- 6 Start driving!**

What happens at the end of the lease?

A Novated Leasing Consultant will contact you three months before lease end to help finalise your lease. Your options may include:

- Extend the lease subject to conditions
- Pay the residual value and make an offer to purchase the vehicle
- Return the vehicle to FleetPartners to sell and any profit or loss realised from the sale will be passed on to you.

Frequently Asked Questions

Visit the FleetPartners web site at www.fleetpartners.com.au to review Frequently Asked Questions regarding a Novated Lease.

Want to find out more?

Contact a FleetPartners Novated Lease Consultant on 1300 88 22 66

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