AccessPay
a Smart company

Employer's Guide to

Novated Leasing

Attract and retain top talent by offering your employees the benefits of a convenient, easy-to-navigate and streamlined novated leasing program.

What is novated leasing?

Novated leasing is another name for salary packaging a car. It's one of the most cost-effective ways to buy and run a car. It could help save your employees thousands.

Car finance and all running costs (fuel, insurance, rego, maintenance, tyres, electricity, even car wash costs) can be included in the package to make one regular bundled repayment each pay day. No GST is paid on the purchase price of the car, instantly saving 10%, and GST can be saved on the running costs too.

Why offer novated leasing to your employees?

Give your people a pay rise at no cost to your business

Incentivise your workforce, retain talented staff and maximise every dollar your employees earn by offering this significant tax-saving benefit at no cost to your business.

Enjoy the tax breaks

All lease and running expenses are deductible and your employees can also claim GST input tax credits.

A clever alternative to company cars

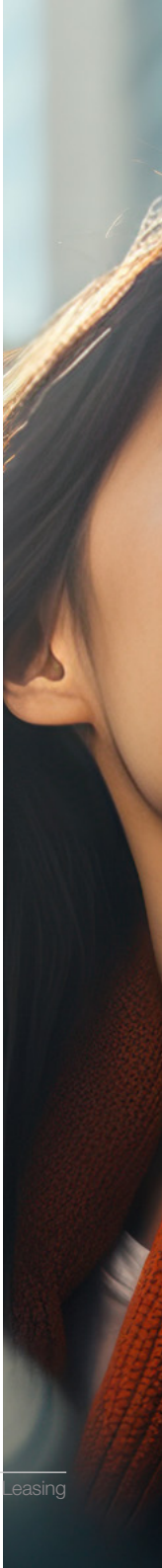
Giving car-driving employees the options of a novated lease reduces the cost and administration time associated with company-funded leases and owned vehicles.

Effortless integration

Seamless, outsourced management and reporting means no additional administrative burden for organisations and no cost to the organisation.

Minimal risk to your organisation

Should an employee leave, the novated lease reverts to a two-way agreement between the employee and financier, with the employee assuming full responsibility for ongoing payments and upkeep.



Why choose us?

Smartleasing has become one of Australia's leading novated lease providers to the not-for-profit, government, health, and corporate sectors. Here's why:

One provider, maximum employee benefits

As well as novated leasing, we offer a full suite of salary packaging benefits, including superannuation, laptops and meal entertainment, which you can choose to offer your employees.

Simple fully integrated systems

We tailor our admin to fit yours, from traditional invoicing to fully-integrated systems that simplify processing for your payroll team and salary packaging employees.

Unrivalled customer service

Our award-winning in-house and on-site customer service teams ensure your employees are informed and satisfied with their employee benefits.

Help minimise your business risk

Smart is trusted to deliver novated leasing to over 50,000 employees across over 1,800 organisations, so you know your employees are in good hands.

A Smart choice for your employees

With a novated lease, employees can improve their financial wellbeing by salary packaging the purchase price and running costs of a new or used car that suits them, their lifestyle and their budget.

7 ways a novated lease benefits your employees

1. Save thousands on purchase price and ongoing maintenance

Smart achieves significant savings through nationwide dealer and vehicle maintenance networks. We negotiate thousands in savings on the vehicle purchase price, while fixed-price car servicing from over 6,000 licensed repairers keeps running costs in check.

2. Significant tax saving for the life of the lease

With a novated lease, there's no GST to pay on the purchase price, instantly reducing the cost of the car by saving 10%. From there, running costs – fuel, servicing, registration, tyres and insurance – are also GST-free and are budgeted for and deducted from pre-tax income, saving employees thousands more over the life of the lease.

3. One easy payment covers everything

All regular expenses – finance, insurance, rego, fuel, tyres, maintenance and roadside assistance – are budgeted for and bundled into one easy payment on pay day. That means no out-of-pocket expenses and no claims to lodge.

4. Flexible lease term to suit their budget

Depending on their budget and other financial goals, employees can choose the length of lease that suits them best, from one to five years.

5. Drive the car they love

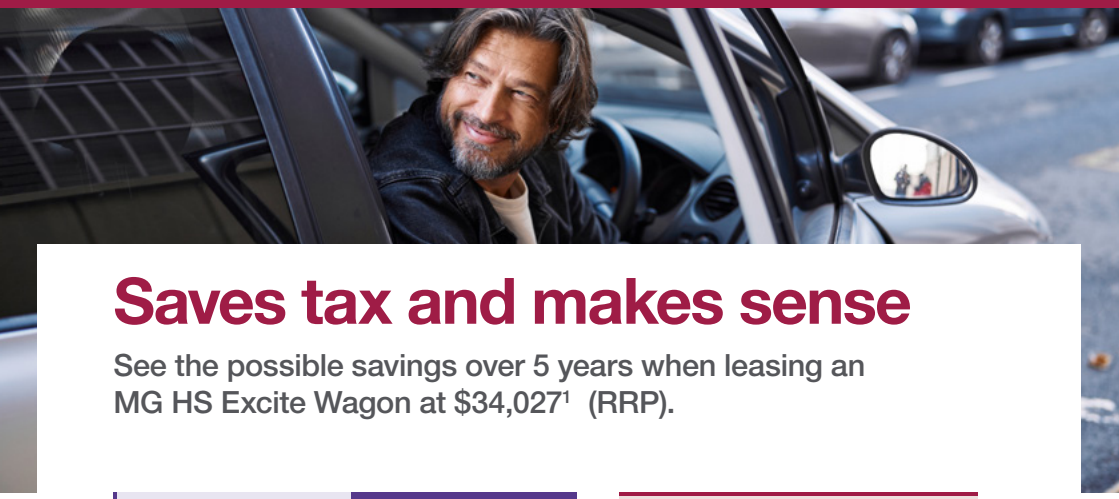
Lease a new or used car with complete freedom to select the make, model, colour and special features. Employees can even take out a novated lease on the vehicle they're driving now, in an arrangement called 'sale and lease back'.

6. Car disposal program

We can help your employees sell their current car for a great price through our vehicle disposal program. Our comprehensive Vehicle Disposal Program is a concierge service assisting with everything from inspection to vetting prospective buyers, vehicle collection and much more.

7. Smart Rewards:

When salary packaging through AccessPay, your employees have access to our Smartrewards program – at no extra cost. Smartrewards provides your staff with discounts available at hundreds of Australia's leading fashion, grocery, dining, entertainment, electronics, and travel retailers.



Saves tax and makes sense

See the possible savings over 5 years when leasing an MG HS Excite Wagon at $34,027[1] (RRP).

Get a great discount
Save **$3,847**[2] on the car's purchase price, using our optional buying power

+

No GST to pay
Save **$2,558**[2] as there's no GST to pay on the car's purchase price

+

GST savings on running costs
Save **$4,086**[3] in GST on running costs over 5 years

+

Enjoy great tax savings
Save **$13,075**[3] in income tax over 5 years

=

Total savings

$23,567[3]

Saving examples are for illustrative purposes. Actual savings may vary based on your individual circumstances.
1, 2, 3, 4 Refer to the disclaimer on the back page of this guide.

Use our online calculator to see how much you could save
novated-leasing.smart.com.au

There are lots of ways to finance a car. Here's how a novated lease stacks up against other forms of car finance when leasing a Mazda CX-5 Maxx Sport Wagon.

Car Loan	Cash	Novated Lease
Drive-away price of cost of the car (inc. GST)[3]		
$42,695	$42,695	**up to $6,050** through our car buying service[1] and GST savings[2]
Running costs over 5 years		
$32,790	$32,790	**$28,542**
AccessPay administration fee over 5 years		
N/A	N/A	**$823[3]**
Finance cost over 5 year term (inc. interest and fees)		
$56,861	N/A	**$38,948**
Income tax savings over 5 years (inc. contribution GST payable on your lease)		
$0	$0	**($11,656)**
Total cost over life[4]		
$89,651	**$81,214***	**$73,736[4]** (including residual)

Smartleasing optional buying power discount and no GST on car's purchase price

GST savings

Total possible savings **$15,915** (compared to car loan)

Saving examples are for illustrative purposes. Actual savings may vary based on your individual circumstances.
1, 2, 3, 4 Refer to the disclaimer on the back page of this guide.

The future is electric

Encouraging your teams to explore an Electric Vehicle (EV) novated lease here could be Smart for them…. and Smart for your business.

By collaborating together to encourage your employees to explore electric vehicles on a novated lease, we can contribute to a better environment for the future.

And, not only will you be helping your employees maximise the significant tax savings available when leasing an EV, but by supporting EV adoption you will help reduce your company's overall carbon footprint, which could support your corporate sustainability and environmental responsibility goals.

The potential savings of purchasing an Electric Vehicle with a Novated Lease[6]

For a **new Tesla Model 3** with a RRP of **$59,792** (including GST and on road costs), the tax savings could be

$31,275 **over 5 years**

For someone earning $90,000 on a 5-year lease

The Electric Car Discount

There's never been a better time for your employees to lease an Electric Vehicle – now 100% Fringe Benefits Tax free.

The Electric Car Discount Policy, introduced by the Federal Government has made EVs under the luxury car tax threshold ($91,387 in 2024-25 Financial Year) considerably cheaper when purchased through a novated lease. This is because these EVs are now exempt from Fringe Benefit Tax (FBT).

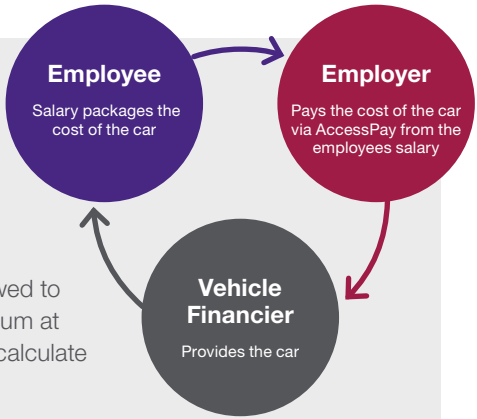
The discount applies to eligible new or used fully-electric vehicles (provided they are first registered after 1 July 2022).

The ins and outs of offering novated leasing

How a novated lease is structured

A novated lease is a three-way agreement between an employer, employee and financier. It allows the lease payment to be deducted from an employee's gross salary and paid on their behalf directly to the lease provider.

As determined by the Australian Taxation Office (ATO), a novated lease arrangement includes the following four components:



1. Payment schedule

This schedule aligns with your company pay cycle, generally fortnightly or monthly.

2. Residual value

This is a percentage of the amount borrowed to purchase the vehicle, payable as a lump sum at the end of the lease term. The formula to calculate the residual is set out by the ATO.

As an employee enters a novated lease, we explain the residual value, and the disposal and refinancing options that will be available at the end of the lease.

3. Term of lease

The length of time over which the lease is taken out. This is determined by the employee and runs from one to five years.

4. Novation agreement

This standard legal document lays out the conditions of the lease as agreed by the employer, employee and financier and is signed by each party.

Who's responsible for what?

Obligations of the employer

In a novated lease arrangement, the primary obligation of the employer is to deduct lease payments from an employee's pre-tax salary and pay it to AccessPay. If an employee terminates their employment or goes on extended leave, the employer must notify AccessPay and the responsibility for lease payments falls to the employee to make directly with the financier.

Obligations of the employee

1. Making the lease payments

In a circumstance where the employee does not earn a wage, such as while on extended leave or after termination of their employment, their employer is not obligated to make the usual pre-tax salary packaging payment for the novated lease. The employee is required to make their own arrangements for the finance repayments post-tax.

AccessPay can assist employees who are unable to continue salary packaging a car with our post-tax vehicle solution 'MyCarPlan'.

2. Paying the residual value

This lump sum is calculated on the amount borrowed to purchase the car and is payable by the employee at the end of the lease period. This requirement – along with the amount due – is clearly laid out for the employee as they enter the lease.

AccessPay offers a number of end-of-lease options for employees to reduce the financial burden of this payment. For example, an employee can refinance the lease, which allows them to continue enjoying the tax savings for a further lease term.

Committed to ensuring employees understand their obligations

You can feel confident that our guidance-based approach ensures your employees are aware of their obligations under a novated lease arrangement.

Your organisation is also protected from financial liability by the terms and obligations built into the novated lease.

What is in cap and employee contribution method (ECM) method of novated lease?

The in cap method is using the salary packaging cap to cover the FBT value of the novated lease. In some cases the employee will have a remaining cap to use on other general expenses.

The ECM method is where the vehicle finance payments and running costs are paid from a combination of your pre and post tax salary resulting in income tax savings, plus you'll receive GST savings on both the cars value and its running costs. The post tax contribution offsets any FBT.

FAQs

What will offering novated leasing to our employees cost our business?

There is no cost to your organisation to offer novated leasing to your employees.

› How much extra work will it place on our staff?

From implementation to ongoing management, we have the people and processes to seamlessly manage your program and reduce the workload for your teams while ensuring employees enjoy their tax savings. The work load for an employer includes approval of the lease, the signing of the Deed of Novation and setting up the payments in your payroll system. All data is provided to payroll within the existing pay files.

› An employee is taking extended unpaid personal leave, how do they manage their lease payments during this period?

If an employee is unable to salary package their car due to extended leave, our MyCarPlan program allows the employee to retain the benefits that made their novated lease so convenient.

The key difference is that deductions come from post-tax income. While there are no income tax savings, MyCarPlan saves them the time and hassle of keeping a car on the road. Through MyCarPlan, employees can:

- fill up cash-free with BP and Shell fuel cards at thousands of locations across Australia
- save up to 30% on regular servicing, tyres and windscreen repair and replacement, with our Vehicle Maintenance Program
- have Smart pay their registration when it's due
- have Smart make finance repayments on their behalf.

› An employee has terminated their employment. How is their leasing arrangement managed going forward?

On termination, the obligation for finance repayments automatically reverts to the employee, and the novated lease arrangement with the employer ceases. Once advised of the termination, AccessPay can provide information to the employee on the options available to either retain or sell the vehicle

FAQs

› Does AccessPay provide Fringe Benefits Tax (FBT) management to ensure employees do not incur FBT liabilities?

Yes. Our unique knowledge of the not-for-profit sector is applied to each circumstance. AccessPay determines the best method for packaging a novated lease to ensure deductions offset FBT payable.

› How do I claim GST Input Tax Credits (ITC)?

ITC should be claimed on your Business Activity Statement (BAS). Smart will issue your ITC report monthly for all novated leases.

› What is the GST Input Tax Credit Report (ITC report) issued by Smart?

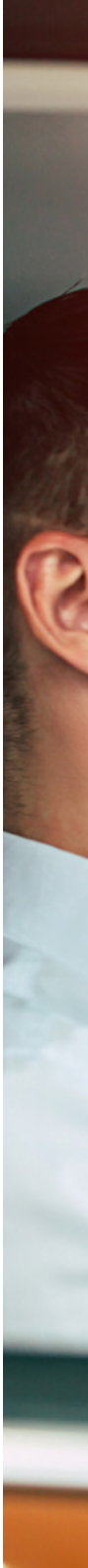
This report is prepared for inclusion on an employer's BAS/IAS Return. This report includes all payments for novated leases in which the GST amount paid is "claimable". Although the Company has not actually paid the GST, the fact that the expenditure is made under a salary package arrangement on behalf of employees makes this a valid Input Tax Credit.

› What is the procedure for claiming GST?

a. Company extracts normal ITC value from own accounting system (supported by held Tax Invoices)

b. Smart provides GST ITC Report monthly for all novated leases.

Note: The amount paid to Smart for the novated lease should be reported at G11 (Non-capital purchases) and the GST amount from the ITC report provided by Smart should be reported at 1 B (GST on purchases).
Company includes, from the Smart report, the total GST ITC.



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Have further questions?

Please contact your Client Success Manager or email clientsuccess@smartgroup.com.au

AccessPay is proudly owned by Smartgroup

Smartgroup is an award-winning, ASX-listed company, trusted by some of Australia's largest and most highly regulated organisations to provide administration and customer service to employees. Smartgroup delivers efficient and easy to access salary packaging, novated leasing, fleet management and other remuneration services through an extensive network of leading industry specialists Information in this brochure is of a general nature and provided without reference to your organisation policies or personal circumstances of your employees. Employees should seek independent financial advice if they are unsure whether salary packaging or a novated lease is right for them.

This is general information only. Before entering into any salary packaging or novated leasing arrangement, you should consider your objectives, financial situation and needs, and obtain appropriate legal, financial, or other professional advice based upon your own particular circumstances.

[1] Vehicle recommended retail price and discount based on quotes obtained by AccessPay from its dealership network in [NSW]. Recommended retail price is based on vehicle model displayed with no optional extras included, NSW registration in NSW and inclusion of all on road costs. Discounts are subject to change and may vary depending on factors such as dealer selection, date of entry into novated lease and state in which vehicle is registered.

[2] GST is not payable on the purchase price of a vehicle financed through a novated lease (GST saving is calculated on the FBT base value of the vehicle, up to the claimable limit unless exempt). GST saving calculated on the vehicle FBT base value.

[3] Based on the following assumptions: living in NSW 2000 salary: $90,000 gross p.a., travelling 15,000 kms p.a., lease term: 60 months, using Net GST processing method and Employee Contribution Method for FBT purposes.

Figures stated factor in budgets for finance, fuel, servicing, tyres, maintenance, Vero by Suncorp comprehensive motor insurance and re-registration over the period of the lease. Your actual savings will depend on your income tax bracket, the GST processing method nominated by your employer, administration fees payable under your employer's salary packaging plan, the negotiated AccessPay discount on your chosen vehicle and your personal circumstances.