

# The Summit Guide to Novated Leasing



Summit means

VALUE  
SERVICE  
STRENGTH



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## Overview

Summit has developed this guide to assist you in understanding what a novated lease is and what benefits you may gain from utilising this type of finance and maintenance product. It does not constitute advice and Summit recommends you obtain independent advice from your personal tax accountant or financial advisor prior to entering into a novated agreement.

## Who is Summit?

Established in Australia in 1997, Summit Auto Lease Australia Pty Limited (Summit) is a wholly owned subsidiary of Sumitomo Corporation of Japan, one of the largest integrated trading companies and a diverse global organisation.

At Summit we are committed to the ongoing service to our customers through a stable and experienced management team. We strive to create a long standing relationship with our customers to assist with day to day fleet leasing and management requirements.

Value, Service and Strength are the core principles that drive the team at Summit.

## What Is a Novated Lease?

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A Novated Lease is a financial arrangement between three parties, the Employee (Lessee), the Employer and the Financier (Lessor). Under a Novated Lease arrangement, the Employee leases a vehicle from the financier, and in turn, with the consent of the financier, novates the lease to their current Employer and passes full responsibility for the payment of lease to the Employer while you are Employed. During the term of the Novated Lease arrangement, the Employee is provided with full and unrestricted use of the vehicle. The Novated Package gives Employees the opportunity of choosing the vehicles they desire (providing it is affordable and is thus subject to Credit Approval).

The Novation Agreement allows the Employer to deduct monthly lease payments pre tax from the Employees salary. Should employment cease during the term of the arrangement, the Novation Agreement expires and full responsibility for the lease, including monthly lease rentals plus GST, passes back to the Employee/Lessee. The Lessee has the option of re-novating the lease to their new Employer, continuing payment of the lease personally, restructuring the lease to suit changed circumstances or terminating the lease. Note that if a lease is terminated part way through its term, a financial shortfall may occur and this will be to the Lessee's account.

The second part to a novated lease is the running costs including all maintenance, tyres, registration, fuel and fuel card and insurance. All of these costs are included in the Summit Novated Lease arrangement.

## Lease Types

By requesting a Summit novated lease, Employees have the choice of an Operating Lease or a Finance Lease, the difference between these two lease types is explained below.

### Novated Operating Lease

A Novated Operating Lease is attractive to Employees that don't want to take any residual value risk or GST obligation at the end of the lease. Summit takes on the risk of ownership and the vehicle is registered in Summits name while the Lessee has possession of the vehicle. Provided the vehicle is kept in the condition required by the agreement (any accident damage is repaired and is within the leased kilometre limit) at the end of the lease, the Lessee can return the vehicle to Summit without responsibility for any loss that may be incurred by Summit on resale.

### Novated Finance Lease:

When the Employee decides to utilise a Novated Finance Lease, the vehicle is registered in the Employees name while Summit retains legal title to the vehicle and most of the risks and benefits of ownership are transferred to the Employee. At lease end the Employee is responsible for payment of the residual value of the vehicle plus GST. If there is a shortfall between the actual vehicle sale price and the agreed residual value on the lease, the obligation to make up the difference sits with the Employee (Lessee).

Finance lease residuals are quoted using Australian Taxation Office (ATO) minimum residual values set on the 1st July 2002. The percentage is taken from the total On Road cost of the vehicle less GST per table below



**Finance Lease Residual Values table**

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

*Example of a Residual Value calculation for a 48 month lease:*

Vehicle cost on road less GST = \$30,000

$\$30000 \times 37.5\% = \$11,250$

**At lease end the Employee would be responsible for \$11,250 + GST ie. \$12,375**

Both Finance and Operating Lease quotes are Fully Maintained with the exception of Fuel and Insurance which is budgeted. This allows the Employee to salary sacrifice all leasing and running costs into one set monthly payment for the term of the lease (See Fuel Section for details on how fuel budget is calculated).

Summit retains the risk on Maintenance given the vehicle operates within its set kilometre limits.

**Responsibilities**

Employer: Confirm to Summit the Employees eligibility to salary sacrifice a motor vehicle

Employee: Prior to asking Summit for a quote, test drive all the vehicles you are interested in  
 Make your vehicle choice and do not leave a deposit or sign any documents at the dealership.  
 Confirm lease type, term and annual kilometres as well as vehicle specification and options.

Summit: Assist Employee in ascertaining viability of a Novated lease via in depth consultation Provide quote within timeframe

**NB: Novated leases may not be beneficial for everyone. Once Summit provides you with a quote, you should obtain independent advice from a Tax Professional prior to entering into a Novated Lease agreement.**

**Leases with External Finance (3rd party payments)**

The Novated Lease product was created to be 'portable'. In other words if you have a Novated Lease and you change jobs your vehicle and lease transfers with you to your new Employer. Summit currently has payment programs in place with most external financiers and accommodates this scenario. It is however wise to check with any prospective Employer on their treatment of Novated leases transferring into the organisation. You may find that your new Employer or their preferred financier will not allow the payment to be made by a 3rd party (another leasing company) and this could mean as the prospective Employee you may need to terminate your current lease early and refinance the vehicle in order to salary sacrifice which could incur an early termination penalty and be quite expensive. Alternately you could continue to pay for the lease post tax and depending on your personal circumstances this may or may not be beneficial to you. You should consult a tax professional to ensure that your benefit has not been eroded.

**Responsibilities**

Employee: Must provide Summit with copies of original lease documentation and any supporting documentation requested by Summit prior to Summit commencing the quoting process.

Summit: To provide Employer with copies of the original finance documents for GST purposes



## Fringe Benefits Tax (FBT)

Fringe Benefits Tax is levied by the Australian Tax Office for a “benefit” Employees may receive as a result of their employment. Motor Vehicles are one of the only “benefits” treated as concessional for FBT and this makes them an attractive option as a package component for Employees.

The FBT year is 1st April to 31st March. The Employer is responsible for paying Fringe Benefits Tax (FBT) to the Australian Taxation Office (ATO) on your behalf and it is normal practise for the FBT to be charged to the Employee as part of the Novated Package deduction by payroll.

Novated Lease quotations provided by Summit include a budgeted estimate of the FBT payable utilising the ATO statutory formula method. The estimate is based on the number of kilometres (see the FBT Brackets table below) you tell us you will travel in a 12 month period. If you don't reach the number of kilometres estimated then your FBT could increase for that year. Similarly if you exceed the number of kilometres estimated your FBT could reduce. If you are not sure how many kilometres you travel annually then it is best underestimate so that the FBT estimate is higher.

Your Employer is responsible for reconciling your FBT account annually.

**Calculating FBT** - Using the Statutory Formula Method table below, you must know the FBT base value of the vehicle and the kilometres to be travelled each year. The more kilometres travelled, the less Fringe Benefits Tax you pay.

### FBT Brackets

Annual Distance Travelled in Kilometres	FBT Formula Rate (% of Vehicle FBT value)
0 - 14,999	26%
15,000 - 24,999	20%
25,000 - 40,000	11%
More than 40,000	7%

**NB:** FBT is pro-rated for vehicles starting / finishing during the FBT year.

The Novated Driver report is issued monthly and has a kilometre tracking flag to indicate whether you are tracking to your nominated annual kilometres. All kilometre projections used are based on captured or provided odometer readings ie; fuel or maintenance. Summit cannot be held accountable for their accuracy.

### Payment of FBT

Summit invoices the Employer the nett amount of the package before FBT and including GST. The Employer will pay this amount to Summit and claim back the GST. The FBT component is debited from the Employee's salary and directed to a holding account by the Employer for payment to the ATO. At the end of the FBT year on March 31st, the Employer reconciles the FBT based on the Employees actual kilometres travelled for that FBT year.

It is important that Employee's travel within their nominated kilometre range, if you fall short of the particular category nominated there could be an additional cost to you of several thousand dollars.

Should you leave your Employer and the Novation Agreement is terminated, the FBT factor no longer applies (FBT is reconciled at this point together with any other budgeted amounts such as fuel). Summit will invoice you the monthly rental plus GST on all lease payments until re-novated or your lease expires. When a vehicle is transferred from one Employer to another, the new Employer records the “FBT Value” as the market value of the vehicle that day. A benchmark for this is Red Book and the new figure is then incorporated into the package as the new FBT Base Value.

**NB:** As FBT is charged at the top marginal tax rate, Employees that are earning under \$60,000 and are doing less then 14,999 kms p/a or Employees who are looking at expensive vehicles over the Luxury Vehicle Tax limit may not gain any benefit from a novated lease. All Employees contemplating a Novated Lease should seek independent advice from your accountant or financial / tax advisor prior to entering into a Novation Agreement.



## Changing FBT

The Fringe Benefits Tax figure remains current until 4 full FBT years have elapsed (a full year is April 1st to March 31st) at which time the value can be reduced by one third. A vehicle may go for four and half years until a change occurs, for example a vehicle starting in September will run six months before the full FBT Year actually begins.

**NB:** For any Employees changing Employers, a new “payroll advice” will be created for the new Employer. Any variations eg: klms can be changed at this time.

Refinancing mid term does not alter FBT. Similarly extensions of leases 36 and 48 months will mean a carry forward of the previous FBT value. Therefore the true cost effectiveness of the package needs to be assessed for extended finance contracts. Additionally if a vehicle is sold by an Employer to an Employee the FBT remains the same as it is calculated from the date first held by the Employer.

### Responsibilities

- Employee:** To accurately record vehicle odometer readings at each fuel fill ie: no rounding, guessing, or entering 777, 999 or zeros.
- Employer:** Encourage Employees to accurately record odometer readings and pre-empt filling up on 31st March each FBT year end.  
An alternative to pre-empting 31st March fuel fills is employees completing declarations. Report and pay FBT for each employee
- Summit:** Provide Driver reports to Employees and Employers.  
Assist Employer with collection of odometer readings if required and provide an FBT data report if requested.

**NB: Summit cannot be held responsible for inaccurate odometer readings provided/captured**

## Employee Contribution Method (ECM)

ECM is a blend of pre and post tax salary sacrifice and is part of FBT legislation. It aims to eliminate the FBT liability by allowing employees to contribute post tax contributions. It also allows the Employee to swap the highest marginal rate of tax to their marginal rate, if lower. The amount of post-tax contribution is equivalent to the taxable value of the vehicle.

You can compare the benefits of utilising ECM, just ask your Summit Novated Customer Service representative when requesting your new vehicle quote.

*Example: Below is a generic example of how salary packaging could benefit you. Please use this as a guide only as everyone's personal financial position is different. It is based on:*

- a medium sized sedan
- on road cost of \$25,000,
- term of lease 36 months
- kms per annum 17,500km
- employee gross salary \$75,000 p/a

Salary Components	Novated Lease Salary Sacrifice	Employee Contribution Method (ECM)	Unpackaged – paid for after tax
Gross Salary (before tax)	\$ 75,000.00	\$ 75,000.00	\$ 75,000.00
MV Annual leasing costs	\$ 15,732.48	\$ 6,386.60	\$ 0.00
New gross salary figure	\$ 59,267.52	\$ 68,613.40	\$ 75,000.00
PAYG Tax	\$ 13,269.10	\$ 16,213.10	\$ 18,225.00
After Tax Contribution	N/A	\$ 5,000.00	\$ 11,625.26
New Annual Nett Salary	\$ 45,998.42	\$ 47,400.30	\$ 45,149.74
New Monthly Nett Salary	\$ 3,833.20	\$ 3,950.03	\$ 3,762.48
<b>Employee Advantage per annum</b>	<b>\$ 848.68</b>	<b>\$ 2,250.56</b>	<b>\$ 0.00</b>



## Lease Inclusions

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### Vehicle Sourcing

Summit will source all new vehicles for the Employee from our preferred dealer network. It is important that Employees do not leave a deposit or make a commitment by signing documents at dealerships they visit on weekends as this will leave the Employee exposed to that particular dealerships processes and pricing. Summit dealers have been selected because of their pricing, level of service, understanding of our paperwork and their agreement with our terms of settlement.

If the driver sources a new vehicle from a non Summit Key Dealer, a Finance Lease is the only leasing option available.

### Luxury Vehicle Tax (LCT) Adjustment

Luxury Tax applies to all vehicles over the set Luxury Vehicle Tax Limit (currently \$57,180) and is included as part of the Dealer invoice. The amount increases in line with the increase in purchase price of the vehicle. In other words the more expensive the vehicle is, the higher the tax.

Additionally organisations with vehicles over the depreciation limit of \$57,180 are required to account for the vehicle differently in their books. A Novated Lease falls into this category as the company is taking on the responsibility of the lease. To this end due to the changes in the accounting procedure for these vehicles there may be a loss of benefit to the company relating to the deductibility of the vehicle.

On Summit quotes for Luxury vehicles an additional line is included in the Package break up which provides for an adjustment to the package for an amount representing the loss of benefit due to the amount non-deductible by the Employer. The decision as to whether this amount is to be deducted/included within the Novated Package is at the discretion of the Employer and therefore prior to committing to a vehicle of this nature you should confirm the policy with your Employer.

(The Luxury Vehicle Tax Limit of \$57,180 is based on the Purchase Price of the vehicle plus accessories less discount plus dealer delivery, Luxury Vehicle Tax and GST).

### Second Hand and Demonstration Vehicles

Second hand vehicles must be sourced from the franchised dealer network. As a rule the vehicle should not be older than 5 years and should not exceed 200,000kms at lease end.

All used vehicle lease quotes must be a 'Finance Lease - Budgeted' with the exception of registration renewals remaining fixed. It is critical that Summit receives a formal quotation and contact details of the dealer in order for Summit to confirm payment terms etc. The pricing must show a break up of any Purchase Stamp Duty, GST, Luxury vehicle tax, additional accessories etc.

Acceptance of the purchase price will be based on Summit's fair market value in view of the age and kilometres of the motor vehicle.

We are unable to provide quotations on vehicles purchased at auctions or from private sales.

### Sale and Leaseback

A Sale & Leaseback may be considered for a Novated Lease for a vehicle the Employee currently owns or has under finance elsewhere based on the following criteria:

- The vehicle must be no older than 5 years at the end of the lease
- Vehicles owned outright by the Employee require formal inspection to ensure a clear understanding of its condition (to be documented on Vehicle Condition Report)
- Clear title to the vehicle must be established
- Original Registration papers must be provided and any available purchase documentation
- Accurate current kilometres are required

All Sale & Leaseback quotes must be a 'Finance Lease - Budgeted' with the exception of registration renewals remaining fixed.

**NB:** Summit cannot finance a vehicle purchased from an individual other than the Employee.

### Responsibilities

Employee: Source used or demonstrator vehicles only

Employer: Agree to allow used or demonstrator vehicles in their policy

Summit: New vehicle sourcing



## Accident Management

Accident Management is a standard inclusion in all Novated Leases. Accident Management supports the driver at the time of an incident by addressing all of their needs from arranging towing to processing of claims.

This service includes:

- 24/7 Australia wide Accident Assist Hotline
- Vehicle Recovery & Transportation
- Free Courtesy Vehicles (metropolitan areas only)
- Free Pick-up & Delivery within all metropolitan areas
- Unconditional Guarantee on all Repairs
- Status & Cost Reports
- National "Not At Fault" Cost Recovery Management Program

## Summit Roadside Assistance

Summit Roadside Assist is in addition to any manufacturer program and is a further value-added service for drivers. Summit's Emergency Roadside Assistance includes the following services and benefits:

- 24-Hour Roadside Assistance via a toll -free 1800 number, for rectification of basic repairs, e.g. flat tyres, flat batteries and other immobilised vehicle faults.
- Free Towing - as a result of mechanical breakdown, to the nearest manufacturer's service provider.
- Free Taxi transport to enable occupants to continue their journey, if vehicle cannot be mobilised due to mechanical breakdown, (one taxi ride to maximum of \$30.00)
- Free Emergency Fuel (petrol or diesel) to enable driver to travel to the nearest available re-fuelling facility.
- Locksmith callout for emergency vehicle access/ replacement of lost keys. (limit \$150 per incident)
- Assist removal of bogged vehicles (specialist recovery vehicles supplied at drivers cost)
- Emergency medical advice, co-ordination of all medical assistance and arrangement of alternative transport.
- Accident Co-ordination including towing and alternative transport arrangements. (towing and alternative transport arranged at drivers cost)
- Urgent message relay, assistance to re-book flights, accommodation, etc.

## Full Maintenance

Full Maintenance includes all standard servicing up to the nominated kilometres and any services required as a result of normal wear and tear eg. brakes, exhausts etc. Full Maintenance means that Summit is taking the risk on the maintenance and there is no need for reconciliation at lease end.

## Budgeted Maintenance

Summit sets a budget for maintenance of your vehicle based on the term and annual kilometres of the contract. At the end of the contract the budgets are reconciled and any surplus is credited to your Employer and returned to you via payroll or if in deficit we invoice your Employer and you are debited via payroll for the outstanding amount.

## Repair Authorisation

All services, repairs (to be conducted at manufacturers franchised dealerships) and replacement tyres (via national tyre franchises) are authorised by Summit from our national maintenance control centre. Through a national network of service providers, Summit is able to prevent over servicing of vehicles and ensure vehicles are being serviced to manufacturer's specifications, while maintaining accurate vehicle cost and performance histories. Cost benefits gained are passed on to Lessees in the form of reduced lease costs.

## Tyres

The standard rule of thumb is 4 tyres for every 40,000 kilometres (this can vary depending on vehicle and tyre type eg low profile or front wheel drive). Your vehicles tyres must be kept in a roadworthy condition at all times.

## Responsibilities

Employee: To advise dealership to seek authorisation through Summit for all work, prior to commencing the service or repairs.  
If tyre allocation is fully utilised the employee can have their contract varied to cover additional tyres.  
Contract variations must be signed off prior to tyres being fitted to vehicle.



## Initial and Future Registrations

Initial and future Registration and CTP Insurance is included in all quotations provided. All Novated Operating Leases are registered in Summits name at Summits postal address while Novated Finance Leases are registered in the Employees name but at Summits postal address. Registrations are received and processed ten days prior to registration renewals.

It is critical that Employees notify Summit of any vehicles to be extended so that we have sufficient time to organise renewal of registration. Extensions should be activated at least 1 month prior to the end of the contract. In addition, a roadworthy may be required for vehicles in NSW in their fourth year prior to renewal.

### Responsibilities

Employee:	Obtain roadworthy certificate if requested in sufficient time to allow Summit staff to register the Vehicle. Forward any registration papers to Summit for processing and payment as soon as received
Summit:	Prompt Employee when a roadworthy is required in order to re- register their vehicle

## Budgeted Fuel and Fuel Card

A monthly Fuel budget is included in the lease. The fuel budget is established based on the fuel consumption provided by the manufacturer and the fuel cost is based on \$1.80 / litre. This includes a buffer to assist in minimising package variations. The fuel budget is reconciled at lease end or when an Employee leaves the Employer.

Summit's preferred fuel supplier is Caltex. A Caltex card will be ordered once your vehicle is delivered.

**NB:** while the Employee remains with their current Employer, any reconciled amounts are invoiced or credited to the Employer who in turn settles with the Employee via the payroll. Fuel cards are automatically cancelled at the termination date once we receive notification that an Employee is leaving.

### Responsibilities

Employee:	Advise Summit if you are leaving your Employer as soon as possible and confirm contact details
Employer:	Complete the Employee Termination Notification Form and submit to Summit advising the employment termination date.
Summit:	Cancel fuel card at the date Employee leaves the Employer and reconcile any budgets

## Insurance

It is a requirement of the lease agreement that the vehicle must be comprehensively insured at all times and the policy must be in place at the time of delivery. Summit will arrange a competitive insurance quote including redundancy insurance through Mitsui Sumitomo Insurance to be included in the lease quote.

If the Employee decides to use a company other than Mitsui Sumitomo then it is the Employees responsibility to ensure that the insurance is in place at time of delivery and that Summits interest is registered on the policy. Insurance is included in the monthly costs, however unless using the Mitsui Sumitomo Insurance arrangement, the Employee is responsible for the initial payment and its annual renewal at which time Summit will reimburse the cost once we receive the reimbursement claim form, original Tax Invoice and receipt as proof of payment. A copy of the current policy must be provided to Summit annually.

It is critical the Employee and Employer understand that Summit is not the insurer and that any changes to premiums are the result of the Insurer and its risk assessment on Employees driving history, vehicle type and location. Insurance will only ever be reimbursed to the total of the original quoted premium (unless the lease is varied to cover the increase). The Insurance component is budgeted to reduce the need for continual change but where a large increase exists variation would be appropriate.

Each Employee will be provided with a proposal form to complete at application time which should be forwarded to the Broker firm Austbrokers. Austbrokers will advise acceptance to the Employee and Summit and forward a Policy and summary. All claims and enquiries must be directed to Austbrokers. The Summit/Mitsui Sumitomo product runs from July to June annually and removes the need for the Employee to pay and have reimbursed, as well as reducing the administration burden of reimbursements at Summit and provides a more secure confirmation of vehicle coverage.



If the Employee wishes to utilise their own Insurer and no premium figure is provided at the time of quoting a figure of \$1000 per annum is included. In these situations the Employee must pay the insurance and future renewals and be reimbursed. A valid Certificate of Currency and original tax invoices and receipts will be required before reimbursement.

**NB:** Vehicles cannot be delivered without receipt of a valid Certificate of Currency confirming an active Comprehensive Insurance policy is in place for the vehicle

### Responsibilities

Employees: Must provide a certificate of currency if you choose your own insurance together with the original Tax Invoice showing the GST component and receipt as proof of payment

### Redundancy Protection

If an Employee with a Novated Lease is retrenched/made redundant, the Employer has no further obligation for the lease or its repayments from the date of employment termination. The Employee therefore becomes responsible for the vehicle and often has no alternative employment in the short-term.

Summit has partnered with Mitsui Sumitomo Insurance Ltd to provide a Comprehensive Insurance Policy available to all Novated Leases contracted through Summit Fleet Leasing and Management. This policy includes Redundancy Protection as part of the standard policy inclusions.

It provides an alternative where the Employee, upon being retrenched, can retain the vehicle for three months during which time the monthly rentals will be paid by the Insurer to Summit. If after three months the Lessee has not been successful in gaining re-employment the vehicle must be returned to Summit to be sold. The Lessee is covered for any shortfall (that is the difference between the lease payout and the sale price of the vehicle) up to the value of \$25,000.

**NB:** The payout by the Insurer does not include any debits for fuel, rental arrears or any other outstanding debits including damage that may exist on the vehicle. To activate an Employee's redundancy insurance Summit must receive notice of their redundancy from the Employer in writing. Summit will then contact the Employee and confirm their intentions and their current address and phone numbers. The Employee has 7 working days to decide whether they will take up the Redundancy Protection option or continue with the lease. After 7 working days the Redundancy.

Protection ceases on the contract. Redundancy Protection is not a stand alone product, cannot be included if you choose to insure with a company other than Mitsui and is only available on vehicles financed by Summit.

### Responsibilities

Employees: Must contact Summit as soon possible after redundancy is known

Employer: Complete Employee termination Notification form for Employees being made redundant and is responsible for all payments to Summit until official notification is given.

Summit: Explain redundancy insurance options to Employee should they be made redundant and follow up with Employer.

### Vehicle Delivery

Once your order has been placed, the delivering dealer will contact you to advise the expected delivery date as well as keep you informed about any delays or changes to the delivery date of your new vehicle that may occur. The delivering dealer will contact you again approx. 2 days prior to delivery to arrange a convenient time for you to pick up or have the vehicle delivered to you.

At the time of delivery you will be required to sign a Delivery Confirmation form once you are happy that the vehicle complies with what you ordered. Do not accept a vehicle if it's not what you ordered and contact Summit immediately. You will also be asked to complete a short survey of 5 questions.

All new vehicles are registered on the day of delivery. In some cases this will mean that the dealer will only have an interim registration label on the windscreen. This is acceptable however the dealer must send you the full registration label within 14 days. Should you not receive the registration label within that timeframe you must contact Summit and we will ensure that you receive the label.

The dealer will notify Summit that you have taken delivery of your new vehicle and advise us the registration number to enable ordering of your fuel card. Your new vehicle should come with a full tank of



fuel which should last until your fuel card arrives. If you need to fill up prior to the fuel card arriving please keep the original Tax Invoice and receipt of payment in order to claim a reimbursement from Summit.

Once we have been notified your vehicle has been delivered we will order your fuel card and send through confirmation in the form of a Payroll Advice to the Employer and Employee so that salary deductions can commence on time.

### Responsibilities

Employee: Sign Delivery Confirmation at the dealership if the vehicle is in order

Employer: Action HR Advice promptly in order to make payroll cut off time.

Summit: Order fuel card  
Provide a Payroll Advice for payroll deduction to nominated Employer departments and copy to the Employee

## Reimbursements

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There may be times when you require reimbursement for vehicle operating costs such as fuel etc. A reimbursement claim form is sent to you with your signed lease documents after delivery. All reimbursement requests must have original Tax Invoices and receipts attached to them and sent to:

**Summit Novated, PO Box 120, Rydalmere BC NSW 1701**

Do not send the reimbursement claim form to your account manager as this will delay payment.

**NB:** We are unable to process your reimbursement without original tax invoices and receipts. The minimum claim amount for reimbursement is \$30.00.

## Reporting

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Summit provides Novated Driver Reports to each Lessee monthly from 10th of the month. All questions relating to the report can be directed to the Novated team [novated@summitlease.com.au](mailto:novated@summitlease.com.au)

Reports include:

- List of the previous month's fuel transactions
- The actual costs for the period as well as the existing life to date allowing an easier and more accurate comparison with the monthly budgeted amounts included.
- A simplified FBT Summary clearly outlines contracted versus projected kilometres and the relevant FBT Bracket
- New FBT tracking indicator is provided to help identify if the lessee is tracking towards their required kilometres at the end of the FBT year.

### Responsibilities

Employee: Take the time to read the reports and query any anomalies with the novated team in a timely manner. [novated@summitlease.com.au](mailto:novated@summitlease.com.au)

Employer: Encourage Employees to vary contracts running outside kilometres and budgets set, sooner rather than later

Summit: Provide reports monthly to each novated lessee via email.

## Driver Support

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Each driver/lessee is provided with a Drivers Information Card which outlines procedures for vehicle service/maintenance and operating guidelines for the facility, including emergency contact numbers. Summit encourages drivers to contact our Maintenance Control Centre via a toll free "1800" number should you have any questions regarding the operation or servicing of their vehicle



## Product Summary Table

Features	FMOL	FMFL	BFL *
Lease Rental	Included	Included	Included
Servicing & Maintenance	Included	Included	Budgeted
Registration Renewal	Included	Included	Budgeted
Insurance	Budgeted	Budgeted	Budgeted
Fuel & Fuel Card	Budgeted	Budgeted	Budgeted
FBT	Budgeted	Budgeted	Budgeted
Roadside Assistance	Included	Included	Included
Accident Management	Included	Included	Included
Residual Risk borne by	Summit	Lessee	Lessee
Maintenance Risk	Summit	Summit	Lessee
Driver reporting	Included	Included	Included

\* BFL = Budgeted Finance Lease is only offered in certain circumstances

## Package Variations

Contracts (leases) can be varied at any time during the course of the lease if the following occurs:

1. You are running more or less than 10,000 kilometres outside your leased kilometres and you will continue to do so for the remainder of the lease
2. Your tyres have been fully allocated and you require additional tyres
3. You want to extend your contract past the natural expiry date (\*\*conditions apply)
4. It is becoming evident you won't make your allocated kilometre bracket and you are likely to incur an increase in the FBT liability
5. You need to increase your fuel budget

Contact [novated@summitlease.com.au](mailto:novated@summitlease.com.au) to request a quote and be guided through the process.

\*\*\* If you wish to extend your contract past the expiry date the contract extension must be completed 2 months prior to the end of the lease.

### Responsibilities

Employee: Check your Driver report and call the Novated Team if you have any questions or would like to vary the contract

## Infringements

Lessees are responsible for all infringements received for their vehicle, this includes but is not limited to speeding and red light camera detected, parking and tolls. It is the Lessee's responsibility to ensure that any infringements are paid promptly within the given timeframe. Failure to do so can affect Summit's ability to re-register your vehicle.

### Responsibilities

Employee: Ensure e -Tags are installed correctly and working at all times.  
Ensure fines are paid within the time allowed by the Infringement Processing Bureau

Summit: Process Statutory Declaration in a timely manner once Employee details are known

## Lease Expiry

Summit Novated will prompt you 4 months prior to your lease expiring to find out whether you intend to replace your vehicle or not. If you intend replacing your vehicle for a new one, Summit Novated will guide you through this process with a view to having your new vehicle delivery coincide with the old one expiring.

At lease termination, vehicles which are to be replaced with new vehicles through Summit will be collected by the dealership supplying the new vehicle. Leased vehicles not being replaced are to be returned to Summit offices in the relevant state or where there is no Summit office in that state, then to the authorised Summit agent, on or prior to the lease termination date. Summit will advise contact details for the agent as necessary.



For all Finance Leases, the Residual Value amount due must be deposited to and funds cleared in Summit's account by the contract end date.

Upon termination all Summit leased vehicles will be inspected and a Vehicle Condition Report completed. The Vehicle Condition Report document is to be signed by the Employee and the Summit representative.

Once the lease has expired any budgeted components will be reconciled to actuals and surplus will be credited to your Employer and returned to you via your salary. Likewise any deficits will be invoiced to your Employer and deducted from your salary.

## Leaving Your Employer

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If you decide to leave your current Employer you must notify Summit of the date you are leaving, as soon as possible and needs to be confirmed in writing by you and your Employer. The Novation Agreement ceases as at your termination date. Summit will reconcile all budgeted amounts and send an invoice or credit note to your Employer for them to debit or credit your final pay. Summit and your Employer will require an accurate odometer reading on your last day for FBT purposes. Summit will provide a declaration for this purpose. It is also critical to confirm the last payment to be made by your Employer.

Once you leave your Employer, you will become responsible for the remaining lease rentals plus GST until the contract expires unless you re-novate to another Employer. Most Employers will accommodate re-novations, but it is wise to check with them in case they have a policy to only deal with one leasing supplier. In some cases the Employer will deem that in order to salary sacrifice for a vehicle you must utilise the services of their preferred supplier. This can result in you having to pay out your current lease and re-finance with your new Employers provider. In this circumstance it is best if you make sure you are not being disadvantaged by doing so. Consult with your independent financial / tax advisor prior to making your decision.

For assistance in setting up the re-novation or your options if the new Employer won't allow the re-novation, contact the Summit Novated Team.

### Responsibilities

Employee:	Respond promptly to the lease end requested information Confirm date of last payment Employer will make on your behalf.
Employer:	Agree on policy to be applied in cases where Employees may have a significant deficit Confirm and agree with Employee on the final rental to be paid
Summit:	Assist you with new quotes or with the lease end return /purchase process and provide reconciliation within agreed timeframe

## Frequently Asked Questions

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### What type of vehicles can I lease?

Passenger or light commercial vehicles only, depending on your Employers motor vehicle policy. Used vehicles can be novated provided they fall within the Summit guidelines for used vehicles (see under heading second hand and demonstrator vehicles in this document). Motorcycles and heavy commercial vehicles are prohibited.

### Can I choose my own dealer?

It is our preference that all vehicles be sourced from our preferred dealerships where possible. If you do find a vehicle at a non preferred dealership it is not recommended that you sign a purchase agreement with that dealership, instead, contact Summit Novated and we will obtain all the information required to give you a Finance Lease quote from the dealer on your behalf.

### I only want Summit to finance the vehicle, not the running costs.

We do not offer funding only as a core product. Summit is a specialist fleet management organisation with many years of experience in managing vehicle running costs.

### I want to use my own insurance company because I get a good discount from them

You can nominate your own insurer however you must pay for the insurance annually and apply for a reimbursement from Summit. Summit will set a budget for your insurance which will be reconciled at the end of the lease.



### **I want to pay my annual bonus into my novated lease**

You are unable to have equity in a leased vehicle and paying in a lump sum is deemed as equity.

### **Can I add options and accessories after the lease has commenced?**

No, all options and accessories must be added prior to the lease starting so they can be included in the FBT purchase price of the vehicle.

### **Who pays for my registration/CTP renewal each year?**

Summit will re-register your vehicle prior to the registration expiry date and post the label to your home address. If you happen to receive the re-registration papers in the mail, please forward them immediately to Summit so that payment is not held up.

### **What happens if I leave my current Employer?**

You must contact Summit Novated Team and advise of the date of termination of your employment. This must be notified as soon as it is known when you will leave your Employer in order for us to carry out the reconciliation of your account. The current novation agreement ceases and your budgeted running cost items are reconciled. You can then decide to re-novate to a new Employer (dependant on the new Employers guidelines), continue to pay the monthly rental after tax or terminate the lease early by handing back the vehicle to Summit to sell or purchase it from Summit

You must complete an FBT declaration prior to leaving your current Employer.

### **What happens at the end of the lease?**

Summit will contact you 4 months prior to lease end giving you a number of options

- If you have a finance lease we will advise the Residual Value due plus GST
- You may have an option to extend the lease for a further term depending on age and kilometres at the end of the current term
- We can quote on a replacement vehicle
- If you have an Operating Lease we can quote you a price to purchase the current vehicle if required.

Summit is unable to extend leases that are not subject to a current novation agreement.

### **What are Excess Kilometres?**

Each lease has a maximum kilometre limit based on the annual kilometres estimated for FBT. This kilometre limit is also used to forecast maintenance for the life of your lease. If you under estimate your annual kilometres and don't sign off on a contract variation each kilometre in excess of the kilometre limit is charged back to you at the end of the lease. The excess kilometre fee is displayed on your lease quote. If you have overestimated your annual kilometres you can request a variation to reduce the kilometre limit. Your novated representative will liaise with you and arrange a variation quote for you to sign off.

### **I have a trade-in, can Summit sell the vehicle for me?**

Summit is not able to sell your existing vehicle for you. If your vehicle is sourced by a Summit preferred dealer we can put you in touch with the delivering dealer to enable you to negotiate a trade-in price for your current vehicle.

### **Fair Wear and Tear**

It is up to the Lessee to keep their leased vehicle in Fair Wear and Tear (FW&T) condition for the age and kilometres of the vehicle. For those who choose the Operating Lease in particular your vehicle will be assessed at the end of the lease for FW&T condition. Any damage deemed to fall outside the Summit FW&T policy is charged back to the Lessee. Summit has adopted the Australian Fleet Lessors Association FW&T policy a copy of which can be downloaded from our website.



## The Novated Lease Process

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The summary below relates to the process of obtaining a novated lease, from the enquiry stage to delivery of the vehicle. Once you have completed your research and estimates on the Novated Lease Calculator, you can request a quote by completing the online quotation request form and sending it to [novated@summitlease.com.au](mailto:novated@summitlease.com.au).

### Quotations

After consultation with the Summit Novated Team a quotation will be prepared based on the discussed vehicle make, model, term, annual kilometres and affordability. This will help expedite the quotation process and to reduce the potential for over quoting. Where there is uncertainty on the kilometre usage we may quote conservatively and use the lower kilometre figure which will attract the higher FBT. (The Employees package can be adjusted once a trend is established)

### Responsibilities

Employees: It is recommended Employees seek independent financial advice before entering into a Novated Lease arrangement

### Credit Application

All Novated Quote/Orders sent we will also include the Novated Credit Application, Confirmation of Employment Letter and Novated Lease Agreement Booklet highlighting step by step instructions.

#### Novated Lease Quotation and Order Form(s)

- Ensure that the correct vehicle, options, term, kilometres and lease services are detailed.
- If you wish to proceed, you will be required to sign and date along with the Authorised Officer from your employer.

#### Novated Credit Application

- Complete the credit application and sign the privacy act .

#### Confirmation of Employment

- Forward to your Payroll representative for completion and then return to the Novated Team.

#### Novated Lease Agreement Booklet

- Ensure you read and understand the terms and conditions set out in this booklet. This document is not required to be returned to Summit and should be retained by you for your records.

**NB:** By completing and returning the documentation, you are requesting Summit, subject to Summit's acceptance of such Novated Quotation and Order Form, to procure a vehicle for the purpose of leasing it to you. Furthermore, this is an offer by you to enter into a Lease of the Vehicle with Summit on the terms and conditions of the attached Booklet and the Novated Quotation and Order Form; and an offer by you and your Employer to agree to a Novation of the Lease from you to your Employer on the terms and conditions set out in the Novation Agreement.

### The delivery

The delivering dealer should contact you at least 2 days prior, to arrange a suitable time for the delivery to take place either at your place of work, home or you may decide to collect the vehicle from the dealership. The dealer will give you a demonstration of your new vehicles features and benefits and how it operates.

Once you are completely satisfied that the vehicle is fitted with all the options and accessories etc. you will be requested to sign the Summit acknowledgement of delivery as well as the dealer paperwork. If you are not completely happy, please do not sign or take delivery of the vehicle at that time and have the dealership contact Summit immediately so that we can assist with resolving any issues you raise.

After you have signed for the vehicle, it's yours to drive away. Your fuel card will be ordered as soon as we receive the delivery paperwork and you will receive it in 5 to 10 days time. Each vehicle is delivered with a full tank of fuel and in most cases this should last until you receive your fuel card. If you are running low, purchase fuel at your nearest outlet and complete a Summit Reimbursement Cash Claim making sure that you keep the original Tax Invoice/receipt and attach it to your reimbursement claim. See Reimbursements for the address details to send your claim.



## What happens next?

Once Summit has received confirmation of delivery and all relevant paperwork, the contract will be activated as of the delivery date and send you a copy of the vehicle schedule. Your payroll department will also be informed to enable the commencement of salary deductions as soon as possible.

### Responsibilities

Employees: Check your pay to make sure the correct salary deduction is being made. If not correct contact your payroll department immediately.

Employer: Commence salary deductions in next pay period

Summit: Complete contract activation same day as delivery where possible and advise Employer/payroll department to commence salary deductions.

### Additional Information

1. Vehicles coming to the end of their lease cannot be re-registered as part of the novated lease unless they are formally extended.
2. All reimbursements must be received and processed by Summit 2 months prior to lease end. Any outstanding claims after this date cannot be processed.
3. Employees must accurately record kilometres each time they fill up with fuel (rounding to nearest 100 kms or '0' is not acceptable)
4. Employees should fill up their vehicle with fuel on 31<sup>st</sup> March each year and record the actual odometer reading at that time. Alternately complete an FBT declaration on 1<sup>st</sup> April.
5. Employees must complete an FBT declaration when you leave your Employer
6. When you change Employers your new Employer will require an accurate odometer reading as at your start date so a new FBT declaration will be required at that time.



## Responsibilities Overview

### The Employer

1. Company Novated Lease policy
2. Signing to authorise approval of each novated lease
3. Action Payroll Advice promptly
4. Obtain annual odometer readings from each Employee/Driver (the means of collection to be agreed internally)
5. Calculation of each Employee/Drivers FBT liability
6. Annual reconciliation of FBT owed to amount collected from the Employees salary account
7. Policy on how Employees pay additional annual FBT amounts due to not reaching their nominated annual kilometres
8. Payment of FBT to ATO
9. Inform Summit if Employee is leaving, prior to the termination date whether notice has been given or redundancy
10. Inform Summit the date of the last rental you will pay on behalf of the Employee
11. Reconciling payroll deductions to amounts invoiced by Summit at lease end or on employment termination

### The Employee/Lessee/Driver

1. Confirm lease type, term, kilometres and accurate vehicle specification prior to commencement of quoting process
2. Source Demonstrator or Used vehicles
3. Obtain independent advice on whether a novated lease will benefit your situation
4. Provide Summit and Employer with copies of original lease documentation and supporting documentation for leases with external finance ie: financed by a company other than Summit
5. Provide copy of Certificate of Currency on or before the day of delivery if you choose your own insurance provider
6. Check your pay and make sure the salary sacrifice is being deducted and that the amount is correct
7. Pay annual Comprehensive Insurance premium and request re-imburement if you choose your own insurance provider
8. Record accurate odometer readings when you fill up with fuel ie: 777 or 0 or rounding to the nearest 100 is not accurate. These odometer readings are easily identifiable on fuel reports.
9. Read your Novated Driver report and contact the novated team [novated@summitlease.com.au](mailto:novated@summitlease.com.au) if you have any questions or require information relating to the report.
10. Contact the novated team at [novated@summitlease.com.au](mailto:novated@summitlease.com.au) to request a contract variation
11. Check your pay when the contract is varied to make sure the deductions have been actioned correctly
12. Complete an FBT Declaration on time if and when requested
13. Keep the vehicle clean, neat and tidy and have any damage fixed promptly.
14. If your vehicle is returned at lease end with damage it will be recharged back to you. (operating lease only)
15. Obtain a Roadworthy certificate for registration purposes if requested by Summit
16. Inform Summit of change of address promptly – call or email the details to [novated@summitlease.com.au](mailto:novated@summitlease.com.au)
17. Inform Summit if you intend to change Employers (by not informing us promptly it will delay the reconciliation process) [novated@summitlease.com.au](mailto:novated@summitlease.com.au)
18. Confirm the date of the last rental your Employer will pay if you are leaving.
19. Keep the vehicle roadworthy at all times including tyres, brakes etc
20. You are responsible for any fines whatsoever on the vehicle and must pay promptly.

### Summit Novated Team

1. Consult with Employees when they are considering a novated lease
2. Provide quote within timeframe
3. New vehicle sourcing
4. Advise Employer and Employee of salary deductions soon after delivery
5. For externally funded leases confirm with Employer the GST component of the lease
6. Provide Employee with Drivers Information Card with contact numbers etc
7. Order, cancel fuel cards
8. Pay registration renewals and send to Employee/Drivers home address with label
9. Provide quarterly Driver Reports to Employee and Employer alike
10. Prompt Employee/Driver to obtain a roadworthy certificate if required by RTA etc.
11. Cancel fuel card at termination
12. Reconcile budgets as required or at termination and report to Employer/Employee.

