ADVERTISING FEATURE

Novated leases

Benefits that go beyond saving on tax

The soaring cost of living and stagnant wages mean that workers need to maximise their takehome salary, while for employers the war for talent has increased the onus on them to offer flexible salary packages to their valuable workers.

Given these imperatives, tax-effective novated car leasing is one way for workers to drive their dollars further - literally - while offering flow-on benefits to the employer

Using long-standing car fringe benefits tax (FBT) concessions, novated leasing also enables employees to choose their preferred vehicle and package all operating costs into one simple regular payment.

For employers, novated leasing in effect enables them to pay their workers higher aftertax income at no additional cost to them.

According to the National Auto Leasing and Salary Packaging Association (NALSPA), 118,000 of the new vehicles sold last year - 10 per cent of the total – in effect were subject to novated leasing arrangements.

On the most recent numbers, 365,000 Australian workers availed of novated leasing – and they are far from top income earners. About 70 per cent of them earn less than \$115,000 and most earn between \$80,000 and \$90,000.

Furthermore, only 5 per cent of the vehicles involved were categorised as luxury According to novated leasing specialist beCarWise,

tight new car supply and surging used car values have contributed to a sharp uptick in inquiries. "The reality is that the ease by which an

employer can now provide a true employee engagement and reward program via novated leasing has never been more relevant," says beCarWise general manager Peter Antoniazzi.

Antoniazzi says the company is often asked why all employers don't offer this benefit – and it's a fair question given the beCarWise model removes the administration concerns and the

service is provided at no cost to the employer. For the motorist, beCarWise estimates that, on average, its novated leasing customers save \$5188 a year in after-tax terms (for petrol vehicles).

"But the benefits go well beyond the tax savings," managing director Chris Penney says. "A beCarWise package offers employees great value right from the start of the lease. "They also get to keep the potential profit at the



Chris Penney, beCarWise managing director (right), and Paul Tomes, fleet sales manager City Ford (left), delivering a new Ford Ranger to novated leasing client Alex Clark. BELOW: beCarWise general manager Peter Antoniazzi.

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end of the lease, which isn't possible with a traditional company car.'

Because it acquires hundreds of vehicles a month, beCarWise has a powerful buying capacity. "We can match the employee to a car of their choice and provide more options rather than simply being a number in a never-ending queue at the dealership," Penney says. "We can provide options in this tight new car market to ensure employees don't have to wait for months sometimes 18 months or more - for their preferred choice.'

With access to a large range of funders, the business can offer not only competitive rates but also a "fit for purpose" finance arrangement that enables the customer to buy a used car, or introduce their existing vehicle into the program.



Should the employee change jobs, the lease remains with the employee and is portable from employer to employer.

Penney adds that beCarWise's bespoke approach is as relevant to SMEs as large organisations employing thousands of people.

Employers, he says, are becoming more aware of the financial and efficiency benefits of removing leasing liabilities from their balance sheets

Meanwhile, the future for novated leasing is about to become even brighter – and greener with the new federal government moving to enact its promise to exempt electric vehicles (and plug-in hybrids) from FBT entirely.

These vehicles currently account for about 9 per cent of new car sales, up from 7.6 per cent last year. But with most major car makers

committing to an EV-only future, this proportion should rise sharply over time.

Penney says the proposed tax changes will bridge the still-substantial cost gap between acquiring an EV and a traditional internal combustion engine (ICE) vehicle, with all associated finance and running costs salarypackaged in the same way.

On the company's analysis, removing the tax will equalise the acquisition and running costs of a circa \$40,000 ICE vehicle, relative to a \$70,000-plus EV.

Penney adds that while the EV reforms are a "massive opportunity" the market will remain ICEfocused for now, given constrained EV stock supply and limited EV charging infrastructure. Proudly Australian owned, beCarWise was

founded a decade ago to fill a service void in a market dominated by inflexible larger players.

"Each and every time we can tailor a program to suit the specific needs of both employers and employees," Penney says. "For instance, if you want to find your own car you can, or maintain comprehensive insurance with a current supplier, we can do that as well."

Antoniazzi says at a time of crimped household budgets, novated leasing gives employees the comfort of set deductions over the period of the lease

"Our customers know they don't have to budget any further car expenses as they are already covered in their novated lease," he says. "That's one less thing to worry about at a time of such economic uncertainty.

Off-balance sheet

program with FBT

mitigated to zero

Attract, reward and retain your employees

Offering a novated leasing program to employees is a proven engagement tool. Here's a few reasons why employers choose **beCarWise** for their novated leasing:







Suitable 'company car' replacement program



