



DRIVE YOUR BUSINESS FORWARD. A GUIDE TO NOVATED LEASING FOR EMPLOYERS.

Novated leasing is an easy way to attract and retain staff – without risk or cost to your organisation. By offering your employees the opportunity to make lease payments directly from their salary, you may save them thousands of dollars on buying and maintaining their vehicle.

WHAT IS A NOVATED LEASE?

A Novated Lease is a three-way agreement between you, your employees, and Cupra Financial Services, that allows your staff to pay for their new vehicle directly from their salary.

Your employee chooses the car and makes lease payments from their pre and post tax salary, Cupra Financial Services provides the financing for the vehicle and manages the lease agreement. You, as the employer, deduct these payments directly from your employee's salary and reroute them to Cupra Financial Services. The lease also bundles all car-related expenses, including registration, compulsory third-party insurance, and maintenance costs, into one regular payment, making the process easy-to-manage for your employee and your business.

It's an easy way for you to help your employees get behind the wheel of a new Cupra, and an enticing work benefit that may help you attract and retain staff.

WHAT ARE THE BENEFITS OF A NOVATED LEASE?

FOR YOUR BUSINESS

- **Attract and Retain Staff** by offering a valuable remuneration benefit.
- **No Financial Risk** with all financial liability resting on the employee.
- **Potential payroll tax savings**
- **Expert Salary Packaging Support** from Cupra Financial Services.

FOR YOUR EMPLOYEES

- **Reduced Income Tax** from their pre and post-tax salary.
- **GST Savings.** No GST is paid upfront on a Novated Leased car.
- **Easy budgeting** with no deposit required and all car costs bundled into one costs bundled into one payment deducted from your employee's pay
- **Flexible lease terms** from 1-5 years.

HOW DOES A NOVATED LEASE WORK?

A novation agreement with us is a contract where the employer deducts lease payments from the employee's salary and pays them to Cupra Financial Services.

It can be a tax-effective and simple way for employees to pay their pay for their car costs through one regular cover-all payment.

GETTING STARTED

It's fast and easy to set up novated leasing for your business.

1.



EMPLOYEE CHOOSES A CAR

Your employee selects a car that suits their lifestyle and budget.

2.



LEASE SET UP

You, your employee and Cupra Financial Services agree to the lease and sign a novation agreement.

3.



PAYMENT

You deduct the lease cost from your employee's salary each pay cycle and remit it to Cupra Financial Services.

4.



ONGOING SUPPORT

Expert help from Cupra Financial Services is just a phone call away.

FREQUENTLY ASKED QUESTIONS

> What are the set up or ongoing costs over the term?

There are no setup or ongoing costs for you, the employer. The lease is fully employee-funded.

> What kinds of employers can offer novated leases?

Novated leasing is not limited to large corporations. Whatever the size of your business, you can offer this benefit to any of your employees who receive a regular salary.

Will this program create extra work for our organisation?

The process is straightforward and Cupra Financial Services manages the administration, minimising work for your HR and payroll teams.

> Who is responsible for the car lease payments?

Your employee is responsible for the payments but the employer facilitates the payments through payroll deductions.

> How are GST credits handled?

Employers can claim input tax credits on lease payments, further reducing costs. Cupra Financial Services will provide you with an input-tax-credit (ITC) report.

> How are FBT obligations met?

Cupra Financial Services use the Employee Contribution Method (ECM) for novated leases. This is where a portion of the lease cost is deducted as an 'employee contribution' from your employee's post-tax salary – effectively eliminating the fringe benefits tax (FBT) obligation. At the end of the tax year, we'll send you a report with the total taxable value of your employee's benefits and all the information you need for the Australian Tax Office.

> Are there government incentives for low-emission vehicles?

Yes, there are tax incentives and exemptions for eligible low-emission vehicles in certain circumstances. Cupra Financial Services can advise on current incentives and benefits.

> What happens if an employee with a novated lease leaves?

Employees can take the lease with them to a new employer or arrange to make personal payments. Our transition support ensures a smooth handover.

> What happens at the end of the lease?

Employees have the option to refinance, purchase the car, or trade it in for a new car and a new lease.

> Is there any liability for our organisation?

No, the lease is the employee's responsibility and they take it with them if they leave.

> Will Cupra Financial Services help with payment calculations and reporting?

Yes, Cupra Financial Services provides comprehensive support for payroll deductions, tax reporting and compliance.

> What happens if an employee takes unpaid leave?

Employees must make alternative payment arrangements during unpaid leave. We help the employee transition to personal payments.

NEXT STEPS

Visit your participating Cupra dealership to speak to a Business Manager today.

<https://www.cupraofficial.com.au/find-your-garage>

This advice is general and does not take into account your objectives, financial situation or needs. You should consider whether the advice is suitable for you and your personal circumstances. Before you make any decision about whether to acquire a certain product, you should obtain independent legal, financial and taxation advice.

It is recommended that you seek appropriate advice from a taxation consultant or financial adviser. Cupra Financial Services is a trading name of Cupra Financial Services Australia Pty Limited. ABN 20 097 071 460, Australian Credit Licence 389344.