



## Novated Leasing for Employees: FAQs

**Q16 How do I know if I am traveling to budget?**

**A16** ORIX provides monthly statements detailing actual versus budgeted expenditure including FBT tracking and projection. This allows you to review your nominated usage against any FBT liability.

**Q17 What happens if I go on unpaid leave (eg, maternity leave, extended leave)?**

**A17** If you take any period of extended leave or unpaid leave before the Novated lease expires, you and your employer will need to decide what is to happen about the salary sacrifice that has been negotiated. If it is decided your employer will repudiate the Novated lease, as provided for under the Novation agreement, ORIX will send you a notice of termination and, thereupon, you will be personally responsible for all future lease rentals plus GST and duty. However, you may not be entitled to an Input Tax Credit for the GST.

**Q18 If I change employment, can I Novate the lease to the new employer?**

**A18** Yes, provided your new employer has an ORIX Novated Lease facility and agrees to the Novation Agreement.

**Q19 What happens when my lease term expires?**

**A19** Before the end of the lease, ORIX will contact you to find out what you want to do about the vehicle and, without commitment, any offer you make at that time to re-lease or purchase the vehicle will be considered.

**Q20 What is my first step?**

**A20** Contact the ORIX Novated Lease Centre on 1300 363 993 or visit [www.orix.com.au](http://www.orix.com.au)

An ORIX Novated Lease is just one of the ways we can take you places. To find out more please speak to an ORIX fleet specialist on **1300 363 993** or email [novated@orix.com.au](mailto:novated@orix.com.au)

*ORIX strongly recommends that you fully understand the workings of the Novated Lease. For further information please visit [www.orix.com.au](http://www.orix.com.au) or contact the ORIX Novated Lease Centre on 1300 363 993. For tax and accounting related matters we recommend you seek independent advice from an accountant or taxation advisor.*

**Q1 What should I do before I proceed?**

- A1** You should be able to answer the following questions:
- Does my employer have a Novated Lease facility with ORIX?
  - Do I have the appropriate approvals in place from my employer?
  - Have I decided on my preferred vehicle (make and model)?
  - What vehicle options or accessories do I require?
  - How many kilometres will I travel each year?
  - What duration of lease do I require?
  - Preferred lease type (Novated Operating Lease or Novated Finance Lease)? Please see your employer's vehicle policy.

For further information and calculators to assist you with these decisions, please visit [www.orix.com.au](http://www.orix.com.au) If you are uncertain about how these arrangements will affect your position, ORIX recommends that you obtain independent financial advice.

**Q2 How do I request a formal quotation or submit an application to ORIX?**

**A2** The ORIX Novated Lease Centre (1300 363 993) will provide a quotation for your selected vehicle. Alternatively, complete and forward the online quotation request form available on the ORIX website.

**Q3 When should I start this process?**

**A3** Vehicle delivery times may be up to three months, depending on your vehicle selection, therefore you should commence the process as soon as possible.

**Q4 What vehicle choice do I have?**

**A4** Generally ORIX does not impose any restrictions. However, some employers have policies that specify certain types of company vehicles.

**Q5 Can I lease a second-hand vehicle?**

**A5** ORIX will consider providing Novated Leases for second hand vehicles from reputable dealers. However, at the end of the lease the vehicle should be no older than seven years (conditions apply, please visit [www.orix.com.au](http://www.orix.com.au) for details). Your employer's company vehicle policy must also permit second-hand vehicles.

**Q6 Can I source my own vehicle quotation?**

**A6** Yes, you may source your own vehicle quotation within ORIX's preferred dealer network. Use the Dealer Locator, located on the ORIX website, to find the nearest ORIX preferred dealers.

**Q7 What lease term can I choose?**

**A7** Lease terms range from 12 to 60 months. Terms for used vehicles will be determined by the age and kilometres traveled.

**Q8 What residual value will apply?**

**A8** ORIX sets residual values for Novated Finance Leases with full regard to relevant rulings by the Australian Taxation Office. The following table identifies the depreciation bands, as stipulated by the Australian Taxation Office (correct as at 1 January 2004), applicable to the corresponding lease terms.

Term	Residual Value Range
12 months	63.75 - 70%
24 months	52.50 - 60%
36 months	41.25 - 50%
48 months	30.00 - 40%
60 months	18.75 - 30%

The Australian Tax Office also allows the use of higher "safe harbour" residual value bands however use of the original lower bands remains permitted. ORIX recommends use of these lower bands to maximise the chance of building positive equity in the vehicle and to minimise any lease end exposure.

When you have selected a vehicle, the Novated Lease Centre (1300 363 993) will recommend an appropriate residual value for that vehicle depending on expected usage. If you are uncertain about how these arrangements will affect your position, ORIX recommends that you obtain independent financial advice.

**Q9 How does Fringe Benefits Tax affect my lease?**

**A9** During the lease term, your employer is responsible for the calculation and payment of Fringe Benefits Tax (FBT). Your employer's FBT liability for your lease may be passed on to you and incorporated into your salary package. ORIX can provide you with an estimate of the FBT applicable to your lease using the statutory cost method. The following table identifies the statutory cost percentage bands, as stipulated by the Australian Tax Office (correct as at 1 January 2004), applicable to the corresponding annual kilometres traveled:

Total kms traveled during the year	Statutory percentage
0 - 14,999	26%
15,000 - 24,999	20%
25,000 - 40,000	11%
40,001+	7%

Please note actual kilometres traveled will determine the statutory percentage applicable to the FBT calculation. If you are uncertain about how these arrangements will affect your position, ORIX recommends you speak to your employer and obtain independent financial advice.

The online ORIX Customer Centre is also available to all Novated Lease customers, providing 24/7 access to comprehensive information about your lease including budget position reports and FBT management information. A Customer Centre login is provided to you on commencement of your ORIX Novated Lease.

**Q10 What happens to my credit application details?**

**A10** ORIX handles personal information according to a Privacy Policy that is consistent with the National Privacy Principles. With your credit application, you will also be asked to complete a Privacy Acknowledgement and Agreement. It outlines the limits the Privacy Act places on ORIX so far as use of your personal information is concerned.

**Q11 How do I find out about details such as car services, tyres, etc.?**

**A11** You will receive a Driver's Manual, which gives you a national dealer network through which you arrange maintenance and other services, along with instructions on what to do in the event of an accident.

**Q12 Do I need to insure my vehicle?**

**A12** Yes, we offer you the choice of our comprehensive insurance underwritten by Lumley General Insurance, or your own insurer. If you choose your own insurer, you will need to provide evidence of insurance before the vehicle is delivered to you. Please ensure that the insurance policy has ORIX's interest noted and that you are covered for any business travel. If you choose a comprehensive insurance policy from ORIX your premium is fixed for the term of your lease. There is no need to worry about annual renewals or increases, just one premium fixed until your lease terminates. With ORIX's comprehensive insurance you will also enjoy no claim bonus protection, personal property coverage and no excess on windscreen claims. For further information about comprehensive insurance with ORIX or to obtain a quote, visit [www.orix.com.au](http://www.orix.com.au)

**Q13 Who is responsible for the payment of insurance renewals?**

**A13** If you choose ORIX's comprehensive insurance, the policy is automatically renewed. If you choose another insurer you will be responsible for ensuring insurance cover is renewed and that evidence of renewal is provided to ORIX before the expiry date. Reimbursement is available from ORIX on proof of payment.

**Q14 Who is responsible for the payment of registration renewals?**

**A14** You will be responsible for the payment of registration renewals as they fall due. Where registration is included in your lease, ORIX can assist with the payment of your registration renewal. Should you require assistance, please contact the ORIX Novated Lease Centre on 1300 363 993 (conditions apply, please visit [www.orix.com.au](http://www.orix.com.au) for details). Should you select to pay the registration renewal, reimbursement is available from ORIX on proof of payment.

**Q15 Can I add items to my car after delivery and have them accommodated through my package?**

**A15** Once your contract has commenced it will not be possible to add options through your package. If you choose to add options to the vehicle they will need to be done at your expense and paid up front. It is therefore important that you consider all options and accessories you require when requesting a Novated Lease quotation.