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## Novated Lease

<b>Novated Lease</b>	
Overview	<p>A Novated Lease is a variation of a normal Finance Lease arrangement</p> <p>It is three-way arrangement between an employer, their employee (client) and a vehicle financier, offering an alternative to the standard company car.</p> <p>The leases a motor vehicle of their choice from the financier who the novates the agreement to their employer.          It is now the employer's responsibility to ensure the monthly lease payments are paid to the financier out of the client's gross salary.</p> <p>The car is now available for the client's unrestricted use, including private use.</p> <p>Other running costs can also be deducted directly by the employer, offering significant benefits to both.</p>
Suitable for	<p>The majority of clients that benefit from novated leases are those who have a portion of their salary in a higher tax bracket as deductions for the novated lease and associated costs are taken out of their pre-tax salary.</p> <p>Other who can benefit are those who use their car a lot, since Fringe Benefits Tax (FBT) is calculated not only on the value of the car, but also on the distance travelled each year. The greater the distance, the lower your pre-tax salary and the less tax you'll pay.</p>
Security	<p>The loan is secured by the vehicle.</p>
Other	<p>The credit decision is based on the credit-worthiness of the employee          The client indemnifies the lessor for the residual value. That is, the client would need to make up any shortfall if the net asset sale at the expiry of the lease was less than the agreed residual value.</p>

If this product suits your requirements please contact DWF Finance. Remember check with your accountant as these contracts are binding and cannot be closed out without incurring expense.