

# Employee Information Booklet

## Employee Information Booklet

QGP0065-21 Salary Packaging Administration Services and

QGP0066-23 Novated Leasing Services SOAs

***Novated Leasing and  
Salary Packaging Information Booklet  
For Queensland Government Employees***



**Queensland  
Government**

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# 1. About this booklet

## Disclaimer

This booklet provides information on the salary packaging a novated lease. It has been written specifically for you as an employee of the Queensland Government.

Salary packaging is allowed under the *Income Tax Assessment Act 1997* and *Fringe Benefits Tax Assessment Act 1986 (Cth)* and through the standing offer arrangements QGP0065-21 and QGP0066-23 with the Queensland Government.

The information contained in publications relating to salary packaging (and novated leasing) has been prepared for general information purposes only, without taking into consideration any individual circumstances. Before acting on any of the information contained within the salary packaging publications, you should consider your objectives, financial situation and needs, and if necessary, take the appropriate legal, financial or other professional advice based upon your own particular circumstances.

The contents of salary packaging publications should be read carefully to ensure you understand the salary packaging arrangement and the benefit item profiles. The Queensland Government takes no responsibility for any adverse outcomes that may result from an employee deciding to enter into any salary packaging agreement.

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**The Queensland Government strongly recommends you obtain independent financial advice before entering into a salary packaging agreement.**

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Deputy Director-General  
Queensland Government Procurement  
Department of Energy and Climate  
GPO Box 123  
Brisbane Qld 4001

## More information

Visit the [Queensland Government Arrangement Directory \(QGAD\)](#) for more information about the following Standing Offer Arrangements (SOA):

- [QGP0065-21 - Salary Packaging Administration Services SOA](#)
- [QGP0066-23 - Novated Leasing Services SOA](#)

## 2. Definitions

<b>ATO</b>	Australian Taxation Office
<b>Benefit item</b>	items available for salary packaging by the employee which have been approved by the CBRC
<b>Business day</b>	between 9am and 5pm on a weekday other than a Saturday, Sunday or public holiday
<b>CBRC</b>	Cabinet Budget Review Committee
<b>Employee</b>	the person employed by the employer
<b>Employer</b>	Those Queensland Government agencies, Queensland Government bodies, including statutory authorities and government-owned organisations and entities, as defined by the <i>Financial Accountability Act 2009</i> and the <i>Government Owned Corporations Act 1993</i> and meeting the definition of “employer” under the FBT legislation.
<b>FBT</b>	fringe benefits tax, has the same meaning as defined under FBT legislation
<b>FBT legislation</b>	<i>Fringe Benefits Tax Assessment Act 1986</i> and any related tax imposition Act; includes any legislation which is enacted to validate, recapture or recoup the tax imposed by any such Acts
<b>FBT concessional employer</b>	an employer with employees eligible for the FBT exemption cap
<b>FBT exemption cap</b>	a capped FBT exemption which allows for concessional FBT treatment under the respective provisions of the <i>Fringe Benefits Tax Assessment Act 1986</i> and includes FBT exemption caps for public hospitals (currently \$17,000 grossed-up), ambulance services (currently \$17,000 grossed-up), and Legal Aid Queensland (currently \$30,000 grossed-up)
<b>FBT year</b>	The FBT year runs from 1 April to 31 March each year
<b>Financier</b>	either: <ul style="list-style-type: none"> <li>• The Novated Leasing Service Provider’s (NLSP) approved finance or the finance provided by an approved member of a panel of financiers established by the NLSP when seeking vehicle finance; or</li> <li>• the Employee’s preferred finance provider who may or may not be offered by the NLSP</li> </ul>
<b>GST</b>	a goods and services tax imposed by or through the GST legislation
<b>GST legislation</b>	<i>A New Tax System (Goods and Services Tax) Act 1999</i> and any related tax imposition Act (whether imposing tax as a duty of customs excise or otherwise) and includes any legislation which is enacted to validate, recapture or recoup the tax imposed by any such Acts
<b>Novated lease</b>	the lease of a vehicle between the employer, employee and the finance company
<b>Novated Lease administration fee</b>	the fees the NLSP receives according to standing offer arrangement QGP0066-23 via the Salary Packaging Administrator from the employer on behalf of the employee for the management of the Novated Lease Services arrangement
<b>Novated Leasing Service Provider (NLSP)</b>	the person, business, corporation or other entity which enters into the standing offer arrangement QGP0066-23 with the Queensland Government to be a provider of novated leasing services for the employer; also referred to in this guide as the Novated Leasing Service Provider (NLSP)

<b>Payment</b>	the payment of an expense incurred by the employee in respect of salary packaged benefit item/s in an employee's salary packaging agreement
<b>Payroll office</b>	the employer's area within or external to their organisation which is responsible for payroll functions/systems
<b>Pre-tax income</b>	the salary received by the employee prior to income tax being deducted
<b>Principal</b>	the State of Queensland (acting through the Department of Energy and Climate - Queensland Government Procurement (QGP))
<b>Reimbursement</b>	the repayment of an expense incurred by the employee in respect of salary packaged benefit item/s in an employee's salary packaging agreement
<b>Salary packaged amount</b>	the amount of salary specified by the employee and advised to the Salary Packaging Administrator for the duration / term of their salary packaging
<b>Salary packaging</b>	an agreement between the employee and the employer which allows an employee's salary to be taken as benefits before tax (payments made by the employer on behalf of the employee for benefits in lieu of salary), according to Australian Taxation Office guidelines expressed in Taxation Ruling TR 2001/10
<b>Salary packaging account</b>	the account where salary packaged amounts are held for the processing of salary packaging reimbursements and/or payments
<b>Salary packaging administration fee</b>	the fees the Salary Packaging Administrator receives according to standing offer arrangement QGP0065-21 from the employer on behalf of the employee for administering the salary packaging arrangement
<b>Salary Packaging Administrator</b>	the person, business, corporation or other entity which enters into the standing offer arrangement QGP0065-21 with the Queensland Government to be a provider of salary packaging services for the employer; also referred to in this guide as salary packaging provider
<b>Salary packaging participation agreement (SPPA)</b>	an agreement between the Employee and the State of Queensland, through the relevant Queensland Government department or agency; so that the Employee can commence salary packaging under the SOA, which may be amended from time to time
<b>Standing offer arrangement QGP0066-23</b>	the salary packaging novated leasing services arrangement between the Principal and the Novated Leasing Service Provider/s
<b>Standing offer arrangement QGP0065-21</b>	the entire salary packaging arrangement between the Principal and the Salary Packaging Administrator

### 3. About the salary packaging arrangements

The Department of Energy and Climate – Queensland Government Procurement (QGP) established two Standing Offer Arrangements (SOA) in relation to salary packaging:

- [QGP0065-21 for Salary Packaging Administration Services SOA](#) (SPA Services SOA)
- [QGP0066-23 for Novated Leasing Services SOA](#) (NL Services SOA).

Information including employee eligibility and how salary packaging / sacrificing works, is available from the *Salary Packaging Information Booklet*, published on the [SPA Services SOA page](#) on QGAD.

Further details about both SOAs are provided below.

## QGP0065-21 for Salary Packaging Administration Services SOA

This arrangement commenced on 1 April 2022 and is due to expire on 31 March 2026. The successful Salary Packaging Administrators available via the SOA are:

Salary Packaging Administrators	Contact details
Remuneration Services (Qld) Pty Ltd (RemServ)	1300 304 010 <a href="http://www.remsevsalarypackage.com.au/">http://www.remsevsalarypackage.com.au/</a>
Smartsalary Pty Ltd	1300 218 598 <a href="https://qld.smartsalary.com.au/">https://qld.smartsalary.com.au/</a>

Queensland Government employees are able to only:

- Choose either of the two Salary Packaging Administrators under the arrangement.
- Salary package with only one of the two Salary Packaging Administrators per FBT year.
- Transition between the Salary Packaging Administrators at any time, with requests processed twice a year, on 1 April and 1 November (Transition Effective Date).

### Things to know before you start

- The Queensland Government ***strongly recommends that Employees obtain independent financial advice*** prior to entering into a salary packaging agreement (including novated leasing).
- Queensland Government employees ***MUST read the terms and conditions of their salary packaging agreement and understand their commitments*** prior to committing, entering into or amending a salary packaging agreement (including novated leasing).

***It is your responsibility*** to ensure that you are fully aware and understand your rights, obligations and the likely risks associated with your salary packaging agreement.

Websites which may be useful in this process include, but are not limited to:

- ATO website
  - BCOP website
  - ACCC website
  - OFT website; and
  - ASIC website
- Participation in salary packaging and novated leasing is strictly voluntary and is ***at the sole discretion and risk to the Employee.***

Refer to the [SPA Services SOA page](#) on QGAD for more information, including Buyers Guides, Information Booklets and Benefit Item Fact Sheets.

Salary packaging can be a tax effective way of receiving your salary as a combination of income and benefits. Salary packaging allows you to deduct some of your pre-tax income and use it to pay for benefits.

By reducing your pre-tax income you can reduce the amount of income tax you pay and increase the amount you take home each fortnight.

Your own circumstances will determine whether salary packaging will be a benefit to you. There are tax implications which will make some benefit items unattractive for some people, so it is important to discuss your chosen benefits with your financial adviser.

Salary packaging is subject to Commonwealth legislation. This legislation may change from time to time and impact the salary packaging arrangements you have in place.

Employers (agencies) who offer their Employees the novated lease benefit item, the NL Services SOA must be used.

## QGP0066-23 for Novated Leasing Services SOA

QGP0066-23 for NL Services SOA (commenced on 1 March 2024 and is due to expire on 29 February 2028). Refer to the [NL Services SOA page](#) on QGAD for more information, including Buyer's Guide and Pricing.

The Novated Leasing Service Providers (NLSPs) available under the arrangement are:

Provider Details	Contact Details	Status / Office Locations
<b>Alliance Leasing Pty Ltd</b> ABN: 34 138 986 295	1300 225 582 <a href="https://qldallianceleasing.com.au/">https://qldallianceleasing.com.au/</a>	Small to Medium Enterprise (SME) Brisbane and Canberra
<b>EasiFleet Pty Ltd</b> ABN: 63 071 816 263	1300 614 078 <a href="http://www.easifleet.com.au/qld-gov">www.easifleet.com.au/qld-gov</a>	Small to Medium Enterprise (SME) Brisbane, Canberra, Darwin, Melbourne and Perth
<b>FAA Payroll &amp; Admin Services Pty Ltd (FAA Sal Pac (FSP))</b> ABN: 74 626 528 256	1300 322 777 <a href="https://faasalpac.com.au/">https://faasalpac.com.au/</a>	Small to Medium Enterprise (SME) Sunshine Coast
<b>FleetPlus Pty Ltd</b> ABN: 59 099 217 320	1300 092 565 <a href="https://www.fleetplus.com.au/qld-govt">https://www.fleetplus.com.au/qld-govt</a>	Brisbane and Sydney
<b>JJCT Packaging Pty Ltd (Positive Salary Packaging)</b> ABN: 71 643 583 171	1300 946 527 <a href="https://qld.positivesp.com.au/">https://qld.positivesp.com.au/</a>	Small to Medium Enterprise (SME) Brisbane, Adelaide, Darwin and Launceston
<b>LeasePLUS Pty Ltd</b> ABN: 29 155 287 442	1300 13 13 16 <a href="https://leaseplus.com.au/qldgovt">https://leaseplus.com.au/qldgovt</a>	Small to Medium Enterprise (SME) Brisbane and Melbourne
<b>Remuneration Services (Qld) Pty Ltd (RemServ)</b> ABN: 46 093 173 089	1300 731 429 <a href="https://remservlease.com.au/">https://remservlease.com.au/</a>	Brisbane
<b>Salary Packaging Australia Pty Limited</b> ABN: 53 009 643 485	1300 786 664 <a href="https://qgov.salpacaus.com.au/">https://qgov.salpacaus.com.au/</a>	Small to Medium Enterprise (SME) Brisbane and Darwin
<b>Smartleasing (a division of Smartsalary Pty Ltd)</b> ABN: 24 096 796 100	1 DRIVE (13 74 83) <a href="http://www.qld.smartleasing.com.au">www.qld.smartleasing.com.au</a>	Brisbane, Sydney, Canberra, Melbourne, Adelaide and Perth
<b>Statewide Novated Leasing</b> ABN: 48 101 218 731	1300 761 114 <a href="https://www.statewideqld.net.au/">https://www.statewideqld.net.au/</a>	Small to Medium Enterprise (SME) Brisbane and Sunshine Coast

### Things to know before you start

- The Queensland Government **strongly recommends that Employees obtain independent financial advice** prior to entering into a salary packaging agreement (including novated leasing).
- Queensland Government employees **MUST read the terms and conditions of their salary packaging agreement and understand their commitments** prior to committing, entering into or amending a salary packaging agreement (including novated leasing).

***It is your responsibility*** to ensure that you are fully aware and understand your rights, obligations and the likely risks associated with your salary packaging agreement.

Websites which may be useful in this process include, but are not limited to:

- ATO website
- BCOP website
- ACCC website
- OFT website; and
- ASIC website



- Participation in salary packaging and novated leasing is strictly voluntary and is **at the sole discretion and risk to the Employee**.
- Queensland Government employees that have a novated lease are responsible for managing their novated lease and its budget.
- Employees should monitor their vehicle usage to ensure that their budget costs are appropriate. Where the budget amounts are too conservative to cover expected expenses, Employees should review and contact their NLSP to discuss amending their budgets accordingly. Amending budgets in a timely manner may assist in reducing the amount owed at the end of the lease.
- If you haven't already, you must establish a Salary Packaging Administration account under the Salary Packaging Administration Services SOA (QGP0065-21), as part of establishing your Novated Lease. Information including employee eligibility and how salary packaging/sacrificing works, is available from the *Salary Packaging Information Booklet*, published on the [Salary Packaging Administration Services SOA page](#) on the QGAD.
- Where an employee utilises the services of a financial advisor, they need to ensure that information and communication in relation to their employee account issued by your chosen Salary Packaging Supplier and Novated Leasing Service Provider is both sent to yourself and your nominated financial advisor.

## Existing Novated Leases

### Existing Queensland Government Employees

Leases established prior to the 1 March 2024, will remain with your current Provider until its expiry date. Your Salary Packaging Administrator will advise Employees three (3) and six (6) months prior to the expiration of the novated lease.

Depending on when your lease was established, you may be required to provide additional information to your Salary Packaging Administrator and / or 3rd Party Lease Provider.

### Employees new to Queensland Government

Where Employees had a previous novated lease and now wish to establish a novated lease with the Queensland Government, the Employee may contact their existing Provider / Financier to discuss options.

Some of these options may include:

- Paying out the lease in full
- Continuing to meet lease costs from post-tax dollars
- Transferring the lease to one of the [NL Services SOA \(QGP0066-23\)](#) panel of providers. This will require a new novation with the Queensland Government in the form of the Standard Novation Agreement (SNA).

## 4. Salary packaging a motor vehicle

### Novated lease agreement

Under a novated lease agreement, your private-use vehicle becomes a car fringe benefit through the payment of the lease and operating costs from pre-tax or a combination of pre-tax and post-tax dollars (known as employee contribution method (ECM)). Your vehicle is acquired by the finance company (financier) and leased back to you for a contracted period of time, in return for regular fixed payments and an agreed residual value.

You, your Employer and the financier must sign the Queensland Government Standard Novation Agreement. This agreement transfers the rights and obligations of the lease to your Employer who



provides a car fringe benefit to you. The agreement also transfers the payments from you via your *salary packaging participation agreement* (SPPA) through to the Salary Packaging Administrator onto the NLSP and Financier. This payment mechanism operates throughout the term of your employment, or to the end of the lease (whichever is the earlier).

If you leave employment with the Queensland Government, your novated lease agreement with your Employer will immediately cease to operate and you will become personally liable for ongoing lease payments to the Financier. You must therefore notify your Salary Packaging Administrator as soon as you cease, or become aware that you will cease, employment with the Queensland Government. Refer to transfers and secondments document for more information.

## What it costs

All new novated leasing arrangements and re-financing (including extending a current lease) of existing leases must be established with one of the approved panel of Providers from the [NL Services SOA \(QGP0066-23\)](#).

### Leases established under QGP0066-23

You can find an overview of each NLSP's fees, charges, and commissions in the Provider Pricing Fact Sheet, available from the [NL Services SOA page](#).

In addition to the NLSP fees, your Salary Packaging Administrator will charge a fortnightly benefit item administration fee, which is for the coordination of payroll deductions and payments to your NLSP.

For more information, refer to the [SPA Services SOA page](#) on QGAD.

### Lease established prior to 1 March 2024

Leases established prior to 1 March 2024 will continue to operate through your current Provider (Salary Packaging Administrator or 3rd Party Lease Provider) until the expiry of the lease. Your Salary Packaging Administrator will issue a notice three (3) and six (6) months prior to the expiration of your existing novated lease, to provide information regarding your available options.

## 5. Things to know

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**The Queensland Government encourages Employees to consider environmental factors when choosing their vehicle.**

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You may choose a vehicle that is defined as a *car* under the FBT legislation, including a vehicle identified as light commercial.

A light commercial vehicle can include utilities, dual cabs and vans with a carrying capacity of less than one tonne. The Queensland Government will not approve any FBT exemption that may be available under the FBT legislation on light commercial vehicles and which is packaged under a novated lease arrangement.

The Queensland Government will not approve a novated lease arrangement for any vehicle with a load carrying capacity of one tonne or more, or passenger carrying capacity greater than nine (9) people, as these vehicles are not 'cars' and do not qualify for consideration as a car fringe benefit.

Further, novated leases will not be permitted for motorcycles or any other kind of motor vehicle not defined as a car under the FBT legislation. For these classes of vehicles which are out of scope of these arrangements, FBT is calculated under a different methodology and would significantly add to the costs for the employee.

You have a choice of lease type (self-managed or fully maintained) and can salary package a new or used vehicle (there may be an age restriction applicable to used vehicles).

In some circumstances, you may be able to salary package more than one vehicle.

Salary packaged costs associated with running a novated lease include fuel, service and maintenance, registration, tyres, insurance and roadside assistance.

You can choose to include a number of optional products as part of the novated leasing quote, e.g. vehicle procurement and accessories such as bull bars, car mats and window tinting.

If you include accessories after the commencement of the vehicle lease, the cost of these accessories must be included in the cost of the vehicle, which could alter the tax effectiveness of the lease.

When salary packaging a vehicle through a novated lease, you **must** also salary package fuel and use a fuel card, unless the vehicle is a Battery Electric Vehicle, in which case, the employee may choose not to package a fuel card.

Note that salary packaging a motor vehicle previously owned or leased by the Queensland Government (including ownership through another employee's salary packaging of the vehicle) may allow for a reduced value of the vehicle for FBT purposes (where certain conditions are met).

This may be the case even if you obtain a vehicle from another supplier (such as a car dealership) and there has been a break in the period of the Queensland Government's ownership.

Refer to Financial advisors for more information.

## FBT exemption cap

If you are an employee of an agency that is eligible for an FBT exemption cap (e.g. Legal Aid Queensland, Queensland Ambulance Service and some parts within Queensland Health) you will need to consider the FBT values around the FBT exemption cap.

For:

- Legal Aid Queensland Employees, refer to the *Salary Packaging Information Booklet*
- Queensland Ambulance Service and some Queensland Health Employees, refer to the *Queensland Health Salary Packaging Administration Information Booklet*

available on the [SPA SOA page](#) on QGAD.

## 6. Getting started

Participation in salary packaging and novated leasing is strictly voluntary and at the sole risk to the Employee.

The Queensland Government **strongly recommends** that independent financial advice (i.e. fee based rather than commission based) is obtained by Employees prior to entering into a salary packaging and novated leasing agreements.

[Refer to the Novated Leasing Establishment Process Flow \(Appendix 1\)](#), for a step-by-step guide.

## Financial advisors

You should ensure that independent financial advice is received from qualified Financial Advisors, which may include:

- Chartered Accountants (CA)
- Certified Practising Accountants (CPA)
- Registered or licensed member of the Financial Planning Association of Australia (FPA)
- Member of the Institute of Public Accountants (IPA).

The Salary Packaging Administrators are required to maintain a list of registered financial advisors. It is **not mandatory** for you to use a financial advisor from the Salary Packaging Administrators' list and you can choose your own. Refer to [Choosing a financial advisor](#), published by the Australian Securities and Investment Commission's (ASIC) MoneySmart for more information.

Where an employee utilises the services of a financial advisor, ensure that information and communication in relation to your employee account issued by your chosen Salary Packaging Provider and Novated Leasing Service Provider is both sent to yourself and your nominated financial advisor.

## Salary Packing Administration Account

You must establish a Salary Packaging Administration account (under QGP0065-21), as part of establishing your Novated Lease. A novated lease **will not be established** until you complete the required documentation to commence a Salary Packaging Administration account.

Your Salary Packaging Administrator will charge a fortnightly novated lease benefit item fee (which is in addition to your NLSP's fees) which is for the coordination of your payroll deductions and payments to your NLSP.

If you do not have an existing Salary Packaging Administration account, you will need to contact your preferred Salary Packaging Administrator and complete the required documentation (e.g. salary packaging participation agreement (SPPA), application form and relevant declaration form/s) to establish an account.

Refer to the [SPA Services SOA page](#) on QGAD for more information, including Buyers Guides, Information Booklets, Benefit Item Fact Sheets and pricing.

## Obtaining quotes

You must obtain quotes from at least one of the NLSPs on the Novated Leasing Services SOA. It is recommended that you should obtain at least two quotes to compare costs, however there is no minimum number of quote requirements.

All NLSP's quotes must:

- Include a Quote Summary Table - to assist you when comparing NLSPs' quotes on a like-for-like basis
- Be based on a 2-month deferred basis - to allow sufficient funds to accumulate in your novated leasing account (i.e. lease payments are not required in the first two months of the lease term).

Details of the NLSP's fees, charges and commissions are available in the Provider Pricing Fact Sheet, available from the [Novated Leasing Services SOA page](#) on QGAD.

## Financiers

The NLSPs' panel of financiers must be used. This means that one of the NLSP's panel of financier/s must be used for vehicle finance from this date (for a new novated lease, or to re-novate an existing lease).

## Different lease types (available under QGP0066-23)

The panel of NLSP's offer two novated leasing types, which may attract different fortnightly administration fees, for more information refer to the Pricing Guide available from the [Novated Leasing Services SOA page](#) on QGAD.

## Self-managed leases

- The monthly payment to the financier to cover the lease finance charges only

- Fuel costs must be included and a fuel card will be issued by your NLSP only for use with the novated lease vehicle (if you cannot use your fuel card for purchases you can claim reimbursements for fuel purchases)
- Registration and insurance costs should be included in the package
- Flexibility in your choice of service suppliers and parts
- Claim for payment of registration, insurance, servicing and parts, these can be claimed by requesting to either:
  - Direct payment by your NLSP to the supplier
  - Reimbursement to you (you will pay the costs and claim reimbursement from your NLSP) via electronic funds transfer (EFT).

### Fully maintained leases

- The monthly payment to your NLSP covers the finance charges and amounts for registration, insurance, fuel and some ongoing maintenance (However, if you do not want your NLSP to pay the registration provider, insurance provider or your vehicle service provider, you can claim reimbursements for the servicing and maintenance of your vehicle)
- A Fuel card is supplied by your NLSP for use only with the novated lease vehicle only (if you cannot use your fuel card for purchases you can claim reimbursements for fuel purchases)
- An authorisation team makes sure that your servicing is appropriate and at the right price
- Discounted rates that may be available for tyres, windscreens and other services from your NLSP
- There are no out of pocket expenses in most circumstances
- Servicing and parts, these may be managed by your NLSP. You may also be given a list of their approved service suppliers.

## 7. Novated leasing calculations

### FBT

The taxable value for FBT on your novated lease vehicle will be calculated using the statutory formula method under the FBT legislation.

The calculations for your novated lease budget will include amounts from either your:

- Pre-tax salary to pay the applicable FBT
- Post-tax salary to reduce the taxable value of the car for FBT purposes.

A third alternative may be available for certain employees of Queensland Health hospitals, Queensland Ambulance Service, and Legal Aid Queensland who may be eligible to use the FBT exemption cap to cover the FBT otherwise payable.

If you are salary packaging your novated lease with post-tax contributions, you will need to allow one eleventh of the post-tax amount to be paid as GST, as the post-tax contribution is consideration for a taxable supply (also known as Employee Contribution Method (ECM)).

ECM is the most common means of managing the FBT liability for employees whose income is below the top marginal tax rate. The ECM allows you to make a contribution towards the vehicle running costs from your post-tax salary to reduce the taxable value for FBT calculation purposes. By balancing the costs of the lease, operating and maintenance costs between pre and post-tax dollars, you can substantially reduce or even remove the potential FBT liability.

It is **strongly recommended** employees seek independent financial advice to ensure you appropriately manage FBT as part of your novated lease responsibilities.

## GST

Novated lease budgets do not need to include GST, as the Salary Packaging Administrator will initially float any GST applicable to vehicle lease and running costs. Your employer will claim this GST from the ATO and refund to the Salary Packaging Administrator.

If packaging your novated lease with post-tax contributions, you will need to allow one eleventh of the post-tax amount to be paid as GST, as the post-tax contribution represents consideration for a taxable supply.

## 8. Fuel cards

You **must** salary package fuel when salary packaging a vehicle through a novated lease. This can be done through the use of a fuel card, or in certain circumstances fuel expenses may be reimbursed through your NLSP (or Salary Packaging Administrator / 3rd Party Lease Provider, if the novated lease was established prior to 7 November 2016).

**Important:** Fuel cards can be used **only** for the purchase of fuel for the vehicle under the novated lease. Any fuel purchased with the fuel card that is not for the nominated vehicle may result in the novated lease being terminated by your Employer, and potentially further action in terms of employee misconduct and tax fraud.

If required, you may request the provision of more than one fuel card supplier from your NLSP (or Salary Packaging Administrator / 3rd Party Lease Provider, if the novated lease was established prior to 7 November 2016). The fuel cards may be for different fuel suppliers, however must be used only for the nominated vehicle subject to the novated lease.

It is a requirement of using the fuel card that an accurate odometer reading is provided to your NLSP (or Salary Packaging Administrator/3rd Party Lease Provider if the novated lease was established prior to 7 November 2016) when requested.

Employees leasing a Battery Electric Vehicle can elect not to package a fuel card.

It is recommended you monitor your fuel use to ensure you remain within your budgeted amounts. In the event you exceed your budgeted amount, you will need to amend your payroll deductions with your NLSP (or Salary Packaging Administrator/3rd Party Lease Provider, if the novated lease was established prior to 7 November 2016) to ensure enough funds are available for the payment of fuel purchases.

## Discounts and charges

Each NLSP offer their own fuel arrangements. Further information including discounts and charges are available from the Pricing Guide on [the NL Services SOA page](#) on QGAD.

For leases established prior to the 1 March 2024, contact your Salary Packaging Administrator / 3rd Party Lease Provider for details of their fuel providers agreements, discounts and charges.

## Reimbursement

In situations where you are unable to use the fuel card (e.g. prior to issue or in a remote area) you should keep your tax invoices from your fuel purchases and submit these to your NLSP (or Salary Packaging Administrator / 3rd Party Lease Provider, if the novated lease was established prior to 7 November 2016) for reimbursement. Your NLSP will not reimburse you the funds if there are insufficient funds available.

## 9. Vehicles insurance

### Leases established under QGP0066-23

You **must** provide your NLSP with documentation to prove the vehicle is registered.

Regardless of the lease type (self-managed or fully maintained), you can choose either:

- For your NLSP to pay the registration fees directly to the insurance provider
- Pay the registration fees yourself and claim reimbursement from your NLSP.

### Leases established prior to 7 November 2016

You **must** provide your Salary Packaging Administrator with documentation to prove the vehicle is registered.

Regardless of the lease type (finance-only (self-managed) or fully maintained), you can choose either:

- Having your Salary Packaging Administrator / 3rd Party Lease Provider pay registration directly to the Department of Transport and Main Roads
- Paying the registration yourself and claim reimbursement from your Salary Packaging Administrator / 3rd Party Lease Provider.

## 10. Vehicle registration

### Leases established under QGP0066-23

You **must** provide your Novated Leasing Service Provider (NLSP) with documentation to prove the vehicle is registered.

Regardless of the lease type (self-managed or fully maintained), you can choose either:

- For your NLSP to pay the registration fees directly to the insurance provider
- Pay the registration fees yourself and claim reimbursement from your NLSP.

### Leases established prior to 7 November 2016

You **must** provide your Salary Packaging Administrator with documentation to prove the vehicle is registered.

Regardless of the lease type (finance-only (self-managed) or fully maintained), you can choose either:

- Having your Salary Packaging Administrator / 3rd Party Lease Provider pay registration directly to the Department of Transport and Main Roads
- Paying the registration yourself and claim reimbursement from your Salary Packaging Administrator / 3rd Party Lease Provider.

## 11. Vehicle maintenance / servicing

### Leases established under QGP0066-23

For self-managed leases, you do not need to obtain any approvals from your NLSP for vehicle maintenance / servicing or spare parts.

For full maintained leases, generally your vehicle maintenance / servicing and spare parts will be approved, supplied and arranged through your NLSP preferred supplier.

You may be able to arrange the maintenance / servicing of your vehicle and the supply of spare parts, provided you obtain approval from your preferred supplier that it does not void any manufacturer's warranties / guarantees.

Regardless of the lease type (self-managed or fully maintained), you can choose either:

- For your NLSP to pay the costs directly to the provider
- Pay the costs yourself and claim reimbursement from your NLSP.

## Leases established prior to 7 November 2016

Under a finance-only (self-managed) lease, you do not need to obtain any approvals from your Salary Packaging Administrator for vehicle maintenance / servicing or spare parts.

You can choose either:

- Having your Salary Packaging Administrator pay for the maintenance / servicing costs and spare parts directly to the provider
- Paying the maintenance / servicing fees and spare parts yourself and claim reimbursement from your Salary Packaging Administrator.

Under a fully maintained lease, generally your vehicle maintenance / servicing and spare parts will be approved, supplied and arranged through the 3rd Party Lease Provider.

You may be able to arrange the maintenance / servicing of your vehicle and the supply of spare parts, provided you obtain approval from your 3rd Party Lease Provider and it does not void any manufacturer's warranties / guarantees.

You can choose either:

- Having your 3rd Party Lease Provider pay for the maintenance / servicing fees and spare parts directly to the provider
- Paying the maintenance / servicing fees and spare parts yourself and claim reimbursement from your 3rd Party Lease Provider.

## 12. Vehicle accessories

Vehicle accessories should be added to the vehicle at time of purchase and included in the total initial cost of the vehicle.

If you include accessories after the commencement of the vehicle lease, the cost of these accessories must be included in the cost of the vehicle for FBT purposes, which could alter the tax effectiveness of the lease. Example vehicle accessories include:

- |                              |                             |                     |                            |
|------------------------------|-----------------------------|---------------------|----------------------------|
| • Window tinting             | • Bull bars                 | • Customised wheels | • Radios/CD/DVD player     |
| • Bluetooth fittings         | • Handrails                 | • Fire extinguisher | • Windscreen protection    |
| • Tow bars                   | • Vehicle stability control | • Car seat heating  | • First aid kit            |
| • Satellite navigation / GPS | • Sports kit                | • Mud flaps         | • Parking sensors          |
| • Seat and wheel covers      | • Fabric proofing           | • Metallic paint    | • Rust and paint proofing  |
| • Roof racks                 | • Chrome exhaust            | • Technology pack   | • Additional keys and pads |
| • Car mats                   | • Reversing camera          | • Sunvisor          | • Prestige speakers        |
| • Headlight protectors       | • Leather trim              | • Spotlights        |                            |
|                              | • Cargo carrier             |                     |                            |



- Bonnet protector
- Rear bumper / boot-lip protector.

## 13. Vehicle delivery

You cannot take delivery of your vehicle until:

- The establishment of your salary packaging administration account has been confirmed, or the SPPA has been returned to your NLSP
- The Queensland Government Standard Novation Agreement has been signed by yourself, your Employer and the Financier (and Guarantor where relevant)
- Your novated leasing application has been successfully processed.

## 14. Salary packaging administration arrangements

Your Salary Packaging Administrator will check all figures and associated documentation to ensure your novated lease complies with QGP0065-21 requirements.

Your Salary Packaging Administrator may contact you or your NLSP if they discover any issues or require clarification.

## 15. Payroll deductions

Deductions from your pay will begin once all processing have been completed by the NLSP and Salary Packaging Administrator. Your Salary Packaging Administrator will report final details to your payroll office (on the next scheduled payroll office report).

In some instances, your payroll deduction will start before delivery of your vehicle. If deductions from your salary have not commenced prior to, or closely following, delivery of your vehicle, contact your Salary Packaging Administrator **immediately**.

This is important for FBT purposes, as where an after-tax payment arrangement is in place, it is vital that the correct amount is received in the course of the FBT year to avoid paying FBT. You also need to ensure you do not fall behind in your lease payments.

## 16. First lease payment

Quotes supplied through the panel of NLSPs under QGP0066-23, will be based on a 2-month deferred basis, to allow sufficient funds to accumulate in the Employee's novated leasing account. Therefore, your financier will not receive sufficient funds to cover lease payments until 2 months after the commencement of the lease.

## 17. Reimbursement payment

The following expenses **cannot** be claimed:

- Stamp duty
- Toll fees
- Vehicle deposit
- Personal number plates
- Fines
- Parking
- Driver's licence

## Leases established under QGP0066-23

If you require reimbursement or payment of an expense incurred on the vehicle, you must complete your NLSP's relevant payment / reimbursement claim form, including the provision of required substantiation to support your claim.

You can claim any items for which you have budgeted as part of your novated lease agreement.

Payments and / or reimbursements will be made once it is established that you have sufficient funds available to cover your next lease and fuel card payments. You may need to allow additional time for funds to accumulate before some items can be packaged. For example, you may not be able to claim for your first registration and insurance payments immediately, as sufficient funds may not have accumulated in your novated leasing account at the time these costs are incurred.

### Precedence of funds

A precedence of the allocation of funds apply under the salary packaging arrangements. Your Salary Packaging Administrator will allocate your salary packaged amounts to your:

1. Mortgage (if applicable), then
2. Novated lease benefit items.

Your NLSP will allocate these funds to the lease payment (financier) and fuel payments, over all other payment and / or reimbursement claims.

## Leases established prior to November 2016

You can claim any items for which you have budgeted as part of your novated lease agreement.

If you require reimbursement or payment of an expense incurred on the vehicle, you must complete the relevant payment / reimbursement claim form (available from your Salary Packaging Administrator [RemServ](#) or [Smartsalary](#)) including the provision of required substantiation to support your claim.

### Precedence of funds

Lease and fuel payments will take precedence over all other payment and / or reimbursement claims.

## 18. Novated leasing amendments

Budget estimates are too conservative to cover expected expenses, you should review your novated lease budget and make the relevant amendments and payroll deductions (if required).

For leases established under QGP0066-23, you must contact, complete and submit to your NLSP the relevant amendment form/s.

For leases established prior to 7 November 2016, you must complete and submit a *salary packaging amendment form* to your Salary Packaging Administrator (available from [RemServ](#) or [Smartsalary](#)).

## 19. Novated leading cessation

You will be advised three (3) and six (6) months prior to your lease ending by your Salary Packaging Administrator.

Your current Provider may contact you regarding your available options. However, all new leases and re-financed leases must use the NL Services SOA (QGP0066-23). You should contact your Salary Packaging Administrator and / or financial advisor to discuss your available options:

## Lease another vehicle

The Queensland Government **strongly recommends** that independent financial advice is obtained by Employees prior to entering into a salary packaging and novated leasing agreement.

If you wish to lease another vehicle, you should consider your personal circumstances and refer to getting started for more information about the current arrangement and obtaining quotes.

## Remaining/excess funds

Any surplus funds will be retained for up to 60 days to enable payment of all outstanding transactions. All outstanding amounts in relation to any applicable FBT will also be deducted.

Any remaining funds remaining in your 3rd Party Lease Provider's or NLSP's account will be returned to your Salary Packaging Administrator.

These funds cannot be taken as a cash payment and you may direct your Salary Packaging Administrator to:

- Use the funds for other benefit item payments / reimbursements (e.g. new novated lease)
- Transfer the funds to your superannuation account (only if salary packaging superannuation), or
- Be returned to your payroll office to be paid as salary and taxed accordingly.

## Not leasing another vehicle

If you choose not to lease another vehicle, you should:

- Advise your NLSP and confirm your responsibilities (e.g. disposal of fuel card)
- Discuss with your NLSP the options available for keeping or disposing of the vehicle and your preferred arrangement for lease end
- Advise your Salary Packaging Administrator, financial advisor (if appropriate) that your novated lease is ceasing and you do not wish to re-lease another vehicle
- For lease established prior to 7 November 2016, complete and submit the *novated lease cessation form* to your Salary Packaging Administrator (available from [RemServ](#) or [Smartsalary](#)) so they can advise your Employer and make the appropriate adjustments to your salary packaging account.

## Remaining / excess funds

Any surplus funds will be retained for up to 60 days to enable payment of all outstanding transactions. All outstanding amounts in relation to any applicable FBT will also be deducted.

Any remaining funds in your 3rd Party Lease Provider or NLSP's account will be returned to your Salary Packaging Administrator. These funds cannot be taken as a cash payment and you may direct your Salary Packaging Administrator to either:

- Use the funds for other benefit item payments / reimbursements
- Transfer the funds to your superannuation account (only if salary packaging superannuation)
- Be returned to your payroll office to be paid as salary and taxed accordingly.

## Novated lease ceased early

Depending on the lease terms, there may be penalty costs involved if you terminate the lease before the end of the agreed term. Information regarding penalty costs can be obtained from your 3rd Party Lease Provider, Salary Packaging Administrator and / or NLSP.

You should:

- Advise your 3rd Party Lease Provider, Salary Packaging Administrator and / or NLSP and confirm fees and charges applicable and your responsibilities (e.g. disposal of fuel card)
- Advise the financier you will be taking over the lease payments and make the relevant arrangements on the best way to do this
- Advise your Salary Packaging Administrator, financial advisor (if appropriate) that you are ceasing your novated lease
- For lease established prior to 7 November 2016, complete and submit the *novated lease cessation form* to your Salary Packaging Administrator (available from [RemServ](#) or [Smartsalary](#)) so they can advise your Employer and make the appropriate adjustments to your salary package account.

### Remaining / excess funds

Any surplus funds will be retained for up to 60 days to enable payment of all outstanding transactions. All outstanding amounts in relation to any applicable FBT will also be deducted.

Any remaining funds in your 3rd Party Lease Provider's or NLSP's account will be returned to your Salary Packaging Administrator. These funds cannot be taken as a cash payment and you may direct your Salary Packaging Administrator to either:

- Use the funds for other benefit item payments / reimbursements
- Transfer the funds to your superannuation account (only if salary packaging superannuation)
- Be returned to your payroll office to be paid as salary and taxed accordingly.

## 20. Residual value

The residual value of a motor vehicle reflects its estimated market value at the end of the lease. This amount is deemed to be the capital value of the vehicle and excess salary packaging funds cannot be used as payment against this value.

Only expenses required for the running of your novated lease motor vehicle can be paid using salary packaged amounts, such as fuel, servicing, maintenance, registration, insurance and roadside assistance.

More information regarding the options available for your residual value can be discussed with your 3rd Party Lease Provider, NLSP or financial advisor when you establish your lease.

If the residual value is paid out, under the GST legislation a sale has occurred and you must then pay the residual value plus 10 per cent GST. This is irrespective of the fact that the car is registered in your name.

In some instances, the car may be returned to be disposed of by your 3rd Party Lease Provider or NLSP, the nett proceeds will be determined as the gross amount received at sale, less 10 per cent GST, less the direct selling costs. If there is a shortfall between the residual value and the net sales proceeds, you are required to pay the difference to your financier, 3rd Party Lease Provider and / or NLSP.

If the car is re-financed, then no sale has occurred and no GST will be deducted by the financier, 3rd Party Lease Provider or NLSP. This method can be used to reduce the final GST obligation you must pay when the car is to be disposed of or purchased.

## 21. Transitioning salary packaging administrators

You can transition between Salary Packaging Administrators only during QGP-designated transition periods. QGP at its entire discretion may introduce different transition procedures. Refer to the [SPA Services SOA page](#) on QGAD for more information regarding transition periods.

Transitioning is the only way employees can move between Salary Packaging Administrators, your novated lease remains with your current Provider and Financier of the vehicle. Employees transitioning between Salary Packaging Administrators must repay any outstanding FBT liability and / or Bus Travel Benefit debt prior to transition.

Employees must not use other methods to move between Salary Packaging Administrators. This would increase their risk of incurring an FBT liability and may also have their salary packaging agreement terminated.

Employees commencing salary packaging must disclose to their Salary Packaging Administrator if they have salary packaged previously in that FBT year. This is important to avoid the possibility of incurring a personal FBT liability.

## 22. Transfers and secondments

If you are transferring or seconding to another agency (including machinery of government changes), you must advise your Salary Packaging Administrator and your 3rd Party Lease Provider / NLSP so your payroll deduction details can be amended.

Depending on the nature of the employment change, your NLSP or Salary Packaging Administrator / 3rd Party Lease Provider may require you and your new Employer to sign a new Queensland Government SNA for example if transferring to an employer which is a separate legal entity to the State of Queensland.

**Note:** If you are transferring to or from an agency/work unit that may be eligible for an FBT exemption cap, you should consider the effect on your salary packaging arrangements and consider whether any amendments are required.

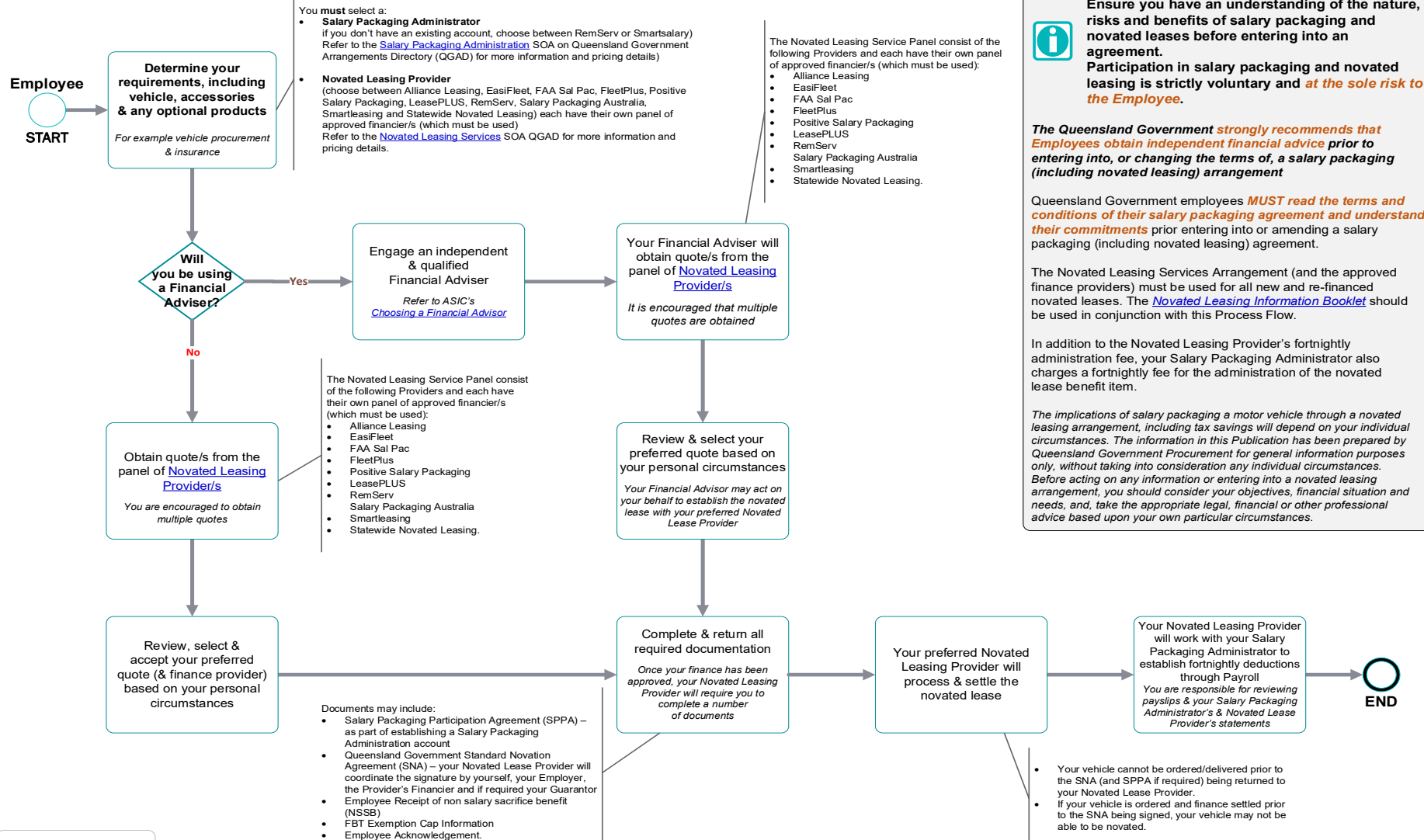
## 23. Ceasing employment

24. If you cease employment with the Queensland Government, the Queensland Government Standard Novation Agreement (that is, the agreement between you, your employer and the financier) is immediately void from that date and your employer has no obligation to continue any payment for the lease or operation of the vehicle.
25. You become **personally responsible** for the payment to your financier and 3rd Party Lease Provider or NLSP for the remainder of the term of the lease contract and all other costs to discharge the lease.
26. When you know your cessation date, you should advise your 3rd Party Lease Provider or NLSP and your Salary Packaging Administrator and complete the relevant forms.
27. Completion of this process may take up to 60 days as your 3rd Party Lease Provider or NLSP and Salary Packaging Administrator must ensure that all final invoices are received, and reporting requirements have been adhered to.
28. **Note:** Your new Employer may agree to set up a novated lease agreement to continue packaging your vehicle.

# Appendix 1 – Process flow to establish a novated lease

## Process Flow to Establish a Novated Lease (from 1 March 2024)

via Queensland Government's Novated Lease Services Arrangement (QGPO066-23)



## Appendix 2 – Frequently asked questions

### Can I get government pricing?

Employees are not able to take advantage of the government fleet discount on salary packaged novated lease arrangements. To do so would mean the employee is receiving an advantage in a private capacity from the government fleet purchasing arrangements which apply only to fleet vehicles used for operational purposes.

Some NLSPs may include optional car procurement services, which employee may choose to use.

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### What if I do not have sufficient funds in my account?

You should monitor your novated lease account and ensure that you do not exceed your budgeted amounts.

You may be contacted by your NLSP or Salary Packaging Administrator if you have insufficient funds for your regular payments and it may be suggested that an amendment to your novated lease account is required.

It must be noted that if there are insufficient funds in your account and a payment is unable to be made, you are personally liable for the consequences that may arise.

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### What if I want to change budget allocations?

You will need to contact your 3rd Party Lease Provider or NLSP and request a change to your novated lease budget.

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### What if I transfer employers?

If you transfer to another Queensland Government employer, you must notify your 3rd Party Lease Provider or NLSP and your Salary Packaging Administrator. Your NL Services and SPA Services arrangements will be transferred to your new employer.

If you leave Queensland Government employment, you must cease your novated lease.

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### What if I incur an FBT liability?

Your Salary Packaging Administrator will complete the process to recoup the money from you. Recoupment of FBT liability will be carried out in accordance with the:

- requirements under [standing offer arrangement QGP0065-21](#);
  - salary packaging participation agreement (SPPA); and
  - [Arrangements for salary packaging \(Circular 02/24\) | For Gov.](#)
- 

### What if I have an accident in my vehicle?

If you have an accident, advise your insurance company and your 3rd Party Lease Provider or NLSP of the incident.

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Your Salary Packaging Administrator needs to be advised only if the vehicle has been classified as a complete loss by your insurer. In this situation, you will need to complete a novated lease cessation form for the damaged vehicle. Details of your new vehicle should be forwarded as soon as possible to your 3rd Party Lease Provider or NLSP and Salary Packaging Administrator.

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### **What if my vehicle is off the road and is unavailable for use?**

If your vehicle is unavailable for use during the FBT year (e.g. due to accident repairs), it may be possible to reduce the taxable value of the car fringe benefit proportionately.

A car will be taken to be unavailable for private use where it is being held by a panel beater or mechanic and the repairs being performed are substantial. By substantial, this refers to repairs that are beyond routine maintenance or repairs.

The ATO takes the position that a car is **still available** for private use when garaged for routine maintenance or repairs.

In the case that your vehicle is deemed to be unavailable for private use under the FBT legislation, the taxable value of your car fringe benefit may be reduced according to the number of full days the vehicle was unavailable.

This would require you to submit a *Declaration of Vehicle Unavailable For Use* to your NLSP, and also to retain supporting documentation able to be produced on request (e.g. repair dockets).

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### **Can I have my monthly insurance direct debit reimbursed?**

Yes, however you will need to provide the required substantiation to support your claim.

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### **Can I make advance novated lease payments?**

Employees cannot make advance lease payments under this arrangement (QGP0066-23). Otherwise if an Employee was to cease employment during the period when advance lease payments have been made, an FBT liability may arise.

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