

**Table 2 – Leaseback**

*Further information to assist in interpreting this table is found in the Guidelines for Providing Cars*

Cost Calculations	Notes / Assumptions / Additional Information											
<b>Capital Costs</b>												
Purchase Price = \$31,500.00	Car travels 30,000 KMs per year. 30% private use / 70% council use Council provides fuel except for annual leave and long private trips including long distances to work.											
GST (GST is 1/11 of the GPP) = \$3,150.00												
Gross Purchase Price = \$34,650.00												
Less ITC (input tax credits) = \$3,150.00												
<b>Net purchase price = \$31, 500.00</b>												
<b>Operating Costs</b>												
<b>Capital Cost = 5.0% = \$1, 575.00</b>	<u>Capital Cost</u> and <u>Depreciation</u> are determined with reference to the Net Purchase Price (NPP) (as this represents the net cost to the council/employer).											
<b>Depreciation = 18.75% = \$5,906.25</b>												
<b>Fixed Cost (use GST exclusive cost i.e. net cost for these calculations):</b>												
<b>Item</b>	<b>Gross</b>	<b>ITC</b>	<b>Net Cost</b>	<b>Depreciation when vehicle is kept:</b> <table border="1"> <thead> <tr> <th>Number of years kept</th> <th>Depreciation rate</th> </tr> </thead> <tbody> <tr> <td>1 year</td> <td>18.75% pa</td> </tr> <tr> <td>2 years</td> <td>17% pa</td> </tr> <tr> <td>3 years</td> <td>15.5% pa</td> </tr> </tbody> </table>	Number of years kept	Depreciation rate	1 year	18.75% pa	2 years	17% pa	3 years	15.5% pa
Number of years kept	Depreciation rate											
1 year	18.75% pa											
2 years	17% pa											
3 years	15.5% pa											
Registration	\$548	-	\$548									
CTP	\$340	\$30.91	\$309.09									
Insurance	\$587	\$53.36	\$533.64									
<b>Net Fixed Cost = \$1,390.73</b>				<p>For some <u>Fixed Costs</u> councils can claim ITCs. GST exclusive cost (i.e. net costs) should be used. This example assumes that the CTP is in Sydney and the Tare Weight of the vehicle is between 1155-1504 KGs, but council should use actual costs.</p> <p><u>Running Costs</u> are calculated on the SES rate used by the NSW State Government (see Table 2A at the end of this example). For a Holden Trax this is currently 20.6 cents per KM (inclusive of GST). In determining the cost to council the GST exclusive price (net amount) should be used.</p> <p>The <u>Total Operating Cost</u> is the total of the Capital Cost, Depreciation, Net Fixed Costs and Net Running Costs.</p>								

**Running Cost (use GST exclusive cost i.e. net cost for these calculations):**

Item/Quantity	Gross	ITC	Net Cost
30,000 KMs	\$6,180	\$561.82	\$5,618.18

**Net Running Cost = \$5,618.18**

**Total Operating Cost =**  
**[Capital Cost]+[Depreciation]+[Net Fixed Cost]+[Net Running Cost]**  
**\$14,490.16**

Personal Private Usage = 30%

**Attributable Net Operating Costs = \$4,347.048**

**Employee Contribution**

The employee contribution (after tax) to negate FBT is the Taxable Value.

The Taxable Value = [GPP] x [Statutory Percentage]

**Taxable Value = \$6,930.00**

**Leaseback Model:**

Attributable Net Operating Costs	\$4,347.048
Plus GST	\$434.70
Leaseback Rate pa	\$4,781.75
Leaseback Rate pw [pa / 52.2]	<b>\$91.60</b>

**To extinguish council's FBT Liability:**

Leaseback Rate = Taxable Value	\$6,930.00pa
Plus GST	\$693.00
Leaseback Rate pw [pa / 52.2]	<b>\$132.76</b>

**New 2016 statutory percentage:**

<15,000KMs	20%
>15,000kms but <24,999KMs	20%
>25,000KMs but <40,000KMs	20%
>40,000KMs	20%

The employee is required to pay the Taxable Value from their after tax earnings in order to negate council's fringe benefit tax (FBT) liability. To explain:

- The total cost which the employee is required to pay from their after tax earnings is the Attributable Net Operating Costs. Council will need to increase the after tax contribution by 10% to compensate for the GST.
- As the Leaseback Rate of \$4,781.75 is less than the taxable value (\$6,930.00), council will have to pay a portion of the applicable FBT. In order for council to negate FBT, the Leaseback Rate would need to be moved up to \$6,930.00 (incl. GST).

**Table 2A – Running Costs From 1 April 2019**

<b>Vehicle</b>	<b>\$ per KM</b>
<b>Passenger Vehicles</b>	
Hybrid – Prius; Corolla Hybrid; Camry Hybrid	0.113
Light - Yaris; Fiesta; Rio	0.154
Small - Corolla; Cerato;	0.151
Medium – Camry; Mondeo; Octavia	0.148
Large- Commodore	0.196
People Mover – Carnival; Tarago; iMax	0.208
<b>Sports Utility Vehicle</b>	
Small - Trax; ASX; Kona; Qashqai	0.206
Medium – Rav 4; Outlander; Sportage	0.177
Large- Everest; Kluger Sorento;Pathfinder;	0.199
Upper Large – Landcruiser; Pathfinder	0.236
<b>Commercial</b>	
Utility/Dual Cab/Utility – Hilux; Triton; Commodore	0.222