

Table 3 – Leaseback/Salary Sacrifice

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

Cost Calculations				Notes / Assumptions / Additional Information
<u>Capital Costs</u>				
Purchase Price = \$31,500.00				Car travels 30,000 KMs per year. 50% private use / 50% 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				
Net purchase price = \$31, 500.00				
<u>Operating Costs</u>				
Capital Cost = 5.0% = \$1, 575.00				Capital Cost and Depreciation are determined with reference to the Net Purchase Price (NPP) (as this represents the net cost to the council/employer).
Depreciation = 18.75% = \$5,906.25				
Fixed Cost (use GST exclusive cost i.e. net cost for these calculations):				
Item	Gross	ITC	Net Cost	
Registration	\$548	-	\$548	
CTP	\$340	\$30.91	\$309.09	
Insurance	\$587	\$53.36	\$533.64	
Net Fixed Cost = \$1,390.73				
				Depreciation when vehicle is kept:
				Number of years kept
				Depreciation rate
				1 year
				18.75% pa
				2 years
				17% pa
				3 years
				15.5% pa
				For some Fixed Costs 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.
				Running Costs are calculated on the SES rate used by the NSW State Government (see Table 3A 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.
				The Total Operating Cost is the total of the Capital Cost, Depreciation, Net Fixed Costs and Net Running Costs.

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 = 50%

Attributable Net Operating Costs = \$7,245.08

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

In addition, the employee must pay an additional cost. The additional cost which the employee is required to pay is attributable to the Net Operating Cost less the employee's after tax contributions plus the GST incurred on the after tax contributions.

The additional cost -

Salary Sacrifice Model:

Attributable Net Operating Cost	\$7,245.08
Less employee contribution (after tax)	\$6,930.00
Plus GST incurred on employee's after tax contribution	\$630.00

Additional Cost = \$945.08

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 ('the employee's after tax contribution').

The additional cost is the amount to be salary sacrificed. The employee pays no tax on this amount. In this example, the employee pays \$6,930.00 after tax and a further \$945.08 is salary sacrificed.

Alternatively, if the employee opts for a Leaseback arrangement:

Leaseback Model:

Attributable Net Operating Cost	\$7,245.08
Plus GST	\$724.50
Leaseback rate pa	\$7,969.58
Leaseback rate pw (pa rate / 52.2)	\$152.67

Comparison of the Salary Sacrifice Model and Leaseback Model

Salary Sacrifice Model:

Gross income	\$65,000
Less Salary Sacrifice (no tax paid on this amount)	\$945.08
Taxable Income	\$64,054.92
Less Tax	\$12,364.85
Less the employee's after tax contribution	\$6,930.00

Disposable income: \$44,760.07

Leaseback Model:

Gross income	\$65,000
Less Tax	\$12,672
Less Leaseback rate pa	\$7,969.58

Disposable income: \$44,358.42

Difference: \$401.65

This comparison assumes the employee's gross salary is \$65,000 and compares the net (disposable) income left to the employee using both models.

The employee is \$401.65 better off under the Salary Sacrifice Model.

Table 3A – Running Costs From 1 April 2019

Vehicle	\$ per KM
Passenger Vehicles	
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 - Tarago; imax; Carnival	0.208
Sports Utility Vehicle	
Small - Trax; Kona; Qashqai	0.206
Medium - Sportage; Outlander; Rav4;	0.177
Large-Kluger; Sorento; Everest	0.199
Upper Large – Landcruiser; Pathfinder	0.236
Commercial	
Crew/ Dual Cab/ Utility – Hilux; Triton; Commodore	0.222