

## What you and your novated lease need to know about the EOFBTY.

The end of FBT year is the time to make sure you get the most out of your salary packaging. But it can also be an important time for your Novated Lease Vehicle!

### What is End of FBT year, and how does it affect me?

The ATO requires you to pay a certain amount of Fringe Benefit Tax (FBT) on your novated lease.

The amount of FBT is based on the taxable value associated with your vehicle and this must be collected or offset within the current FBT year, 1 April – 31 March.

To offset the FBT, an annual amount of post-tax is deducted from your pay. This is known as the Employee Contributed Method (ECM).

For most customers, there is nothing they need to do prior to the end of the FBT year as Maxxia will have already taken the appropriate steps to ensure everything runs smoothly.

Some customers, especially those recently entering into a novated lease, may need to readjust their post-tax contributions to meet ATO requirements.

### Collecting your annual amount of Employee Contribution Method (ECM or post-tax)

Rather than pay the FBT directly to the ATO, ECM allows you to reduce the taxable value of your novated lease to zero by contributing your own post-tax funds to the running costs of your novated lease.

This essentially offsets the need to pay any FBT at all, and you can use these post-tax funds for your novated lease vehicle expenses throughout the year. The funds are simply added to your balance for:

- Monthly lease payments
- Maintenance
- Running costs
- Fuel
- Claims for any eligible expenses such as registration and insurances

### Shortfall

In some cases Maxxia can either collect too much post-tax (ECM excess) or not enough, which is called a shortfall. A shortfall is not a penalty or fine and can occur for a range of reasons, such as:

- When income is missed and not recovered.
- The lease terminates before its natural end date and there are no pay cycles remaining to collect more post-tax.
- A new vehicle is set-up late in the FBT year and there are no more pay cycles remaining to collect the required post-tax.

If a shortfall is not resolved prior to the end of the FBT year, it will become an FBT liability for your employer, which you are required to pay.

### How can I resolve a shortfall?

There are a number of options available to you should we contact you regarding a shortfall:

1. You can choose to pay the remaining post-tax amount directly to Maxxia. If Maxxia doesn't receive your deduction directly from payroll, the funds are simply paid to you instead, so they will be in your bank account. Start by putting aside the amount quoted for your post-tax contribution, which you will find on your novated leasing estimate. The post-tax must be received on or before 31 March. If the post-tax is received after, it will be counted towards the new FBT year.
2. You can choose to pay the remaining post-tax amount directly to Maxxia. The post-tax must be received on or before 31 March. If the post-tax is received after, it will be counted towards the new FBT year.
3. You can claim for **Unreimbursed Running Costs** which were incurred during the period of the lease, but have not already been claimed and received a pre-tax reimbursement for. This will reduce the shortfall by the claim amount that you have paid. Any claims used for this purpose cannot be claimed in the future.



4. You may be eligible to claim Days Unavailable if your vehicle was under repair or where the vehicle was left (with keys) with your employer. Days unavailable can only be applicable if the vehicle was unavailable for 3 days or more (this does not include when you dropped off or picked up the vehicle). Substantiation may be either in the form of a tax invoice from the mechanic showing the date the car was dropped off and picked up, or a letter from your employer confirming that they had the vehicle on site and were in possession of the keys.

If you work in the Health or Charity industries, there may be other options available to you. However it is imperative that you contact us prior to 31 March to discuss your options.

### FBT Liability

If we do not rectify the shortfall of ECM, your employer has to pay the FBT owing to the ATO, as the amount is now an FBT liability and must be paid by you to your employer. We will contact you to discuss this further and organise payment. Whilst a shortfall can be offset, a liability must be paid.

### What happens if I have a liability?

If you were unable to resolve your shortfall prior to the end of the FBT year, you will be required to cover the FBT liability.

If this occurs, there are a number of options available to you:

1. Depending on your account balance. We may be able to use some of the funds in your vehicle account with Maxxia. Liability amounts up to \$100 will be paid automatically from your balance if funds are available.
2. Depending on your employer's requirements, you may be able to pay the liability over a number of pay cycles with pre-tax dollars.
3. You can pay the FBT liability directly to Maxxia using post-tax funds, who will then send this to your employer on your behalf.

### Why do my deductions differ from my proposal?

One of the most common questions at this time of year is why does my contribution amount differ from my original proposal? The answer is that each time we provide you with an estimate we use the remaining pay cycles in the FBT year (ending March 31) to calculate the numbers. As we get closer to March you have less pay cycles and this is why there may be a difference in the estimate we calculated a month ago and the contribution amount you end up starting with.

We have therefore temporarily adjusted your deductions based on how many pay cycles are left and on the pro-rata FBT requirement.

This is to ensure that you do not incur a FBT shortfall. Your deductions will automatically return to the proposed amount from April 1st.

### Need more information?

Contact our friendly Customer Care Team on **1300 123 123**.

**Important information:** This general information doesn't take your personal circumstances into account. Please consider whether this information is right for you before making a decision and seek professional independent tax or financial advice. Conditions and fees apply, along with credit assessment criteria for lease and loan products. The availability of benefits is subject to your employer's approval. Maxxia may receive commissions in connection with its services. Maxxia Pty Ltd | ABN 39 082 449 036.

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# Motor Vehicle Declaration 2021/2022 FBT Year –

## DAYS UNAVAILABLE

In the event that you incur a FBT liability, you may be able to reduce the liability amount by claiming days unavailable.

Please read the facts at the bottom of this declaration for more information.

### To claim days unavailable:

Complete this declaration and send it back to us by **5 April 2022** via one of the following:

Mail **Maxxia Pty Ltd**  
**Locked Bag 18, Collins Street East**  
**MELBOURNE VIC 8003**

Email **fbt.shortfall@maxxia.com.au**

If you are claiming three or more days unavailable then you will need to provide evidence when you return this form - see the facts below for examples of evidence.

If you do not provide the required evidence, or we do not receive the declaration by the due date, your request will not be processed.

## NUMBER OF DAYS UNAVAILABLE

Please note: Do not include the vehicle drop off and collection days when calculating 'Days Unavailable'.

I declare that my novated motor vehicle was unavailable for private use during the FBT Year ended 31 March 2022 and I have provided the documentation to substantiate this declaration.

**NAME** \_\_\_\_\_ **EMPLOYER** \_\_\_\_\_

**PAYROLL NUMBER** \_\_\_\_\_ **TOTAL DAYS UNAVAILABLE** \_\_\_\_\_

**CAR REGISTRATION** \_\_\_\_\_ **SIGNED** \_\_\_\_\_ **DATE** \_\_\_\_\_

## FACTS - DAYS UNAVAILABLE

You may be able to offset any FBT liability that you have if your car was unavailable for private use for a number of days during the 2021/2022 FBT year. Please note, days unavailable can only be applied to the FBT year in which they are incurred and cannot be submitted or claimed in subsequent years of the lease term.

### What are days unavailable?

Days unavailable are simply days when you don't have access to your car. Your car may be considered 'unavailable' when car keys were held with employer or it was in the care of a garage or service centre for

service or repairs for more than two days. You cannot claim the day of drop off nor the day of collection of the vehicle as days unavailable.

### How do I claim days unavailable?

Please complete and return this declaration to Maxxia, along with your substantiation (i.e. evidence). You need to submit your declaration and substantiation to Maxxia before **5 April 2022**.

**Remember, you must provide substantiation with any claim you submit.**

# Motor Vehicle Declaration 2021/2022 FBT Year – UNREIMBURSED RUNNING COSTS

In the event that you incur a FBT liability, you may be able to reduce the liability amount by claiming unreimbursed running costs.

Please read the facts at the bottom of this declaration for more information.

To claim unreimbursed running costs:  
Complete this form and return it to Maxxia before 5 April 2022.

Send your completed form and receipts to:

**Maxxia Pty Ltd**  
**Locked Bag 18, Collins Street East**  
**MELBOURNE VIC 8003**

Or scan and email to: [fbt.shortfall@maxxia.com.au](mailto:fbt.shortfall@maxxia.com.au)

It is recommended that you keep copies of these receipts for your own records.

## CLAIM UNREIMBURSED RUNNING COSTS

I declare that I have incurred unreimbursed running costs for my novated motor vehicle for the FBT Year ended 31 March 2022 to the value of \$ \_\_\_\_\_

**NAME** \_\_\_\_\_ **EMPLOYER** \_\_\_\_\_

**PAYROLL NUMBER** \_\_\_\_\_ **CAR REGISTRATION** \_\_\_\_\_

**SIGNED** \_\_\_\_\_ **DATE** \_\_\_\_\_

## FACTS – UNREIMBURSED RUNNING COSTS

You may be able to offset any FBT liability that you have by claiming any unreimbursed running costs you have incurred during the 2021/2022 FBT year.

### What does 'unreimbursed running costs' mean?

Unreimbursed running costs are simply any operating (or 'running') costs of your leased car that you have paid for out of pocket. To offset these costs against your FBT liability, you must have paid for these expenses *before* 31 March 2022.

### What are unreimbursed running costs?

Expenses that you can claim as unreimbursed running costs include:

- lease payments not paid by Maxxia
- registration
- repairs and maintenance
- insurance
- fuel/oil for the leased car.

Expenses that you cannot claim include:

- lease payments paid by Maxxia
- road tolls
- e-tags
- capital improvements to the car such as alloy wheels.

### How do I claim unreimbursed running costs?

To claim your unreimbursed running costs, simply fill in this declaration and send it to us with your receipts before **5 April 2022**.

If your claim is not received by Maxxia prior to 5 April 2022, it will be returned to you without action.

**It's important that you only send in receipts which you do not intend to claim as normal reimbursements into your regular bank account.**

### What if I claim more unreimbursed running costs than I need to?

If you send in receipts and the total value is more than you need to offset your FBT liability, we will treat any excess as a **normal claim for reimbursement**. We will send you a letter to advise you of this.

**Remember, your employer or Maxxia can ask you to provide substantiation of the expense claimed as unreimbursed running cost claim.**