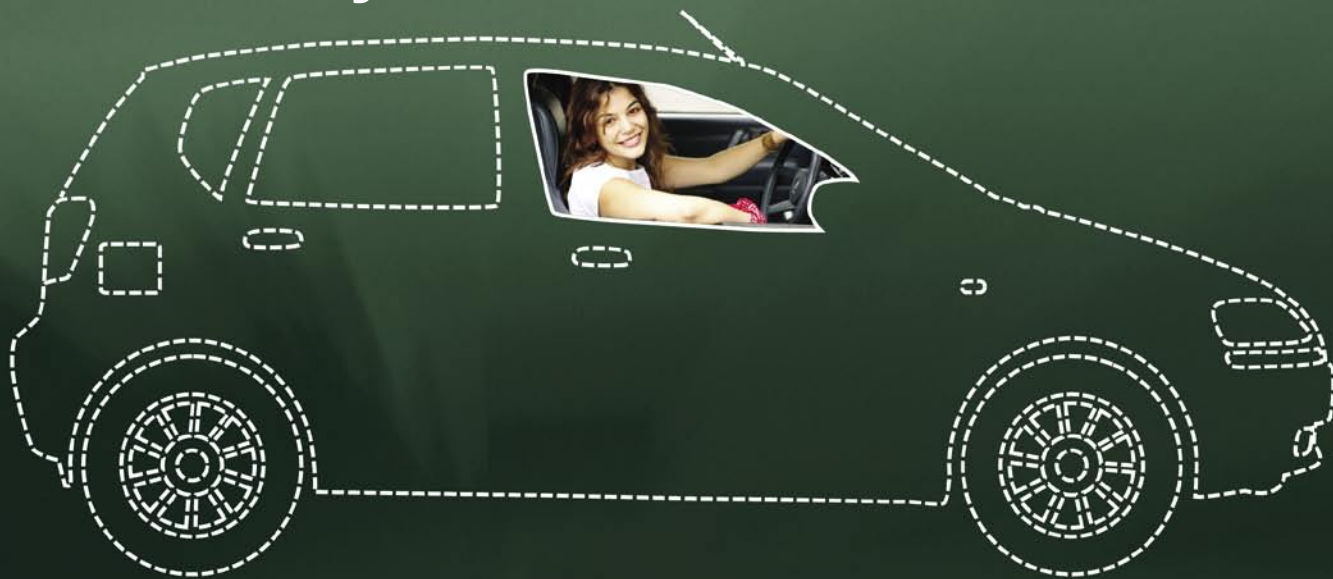


What if my car isn't on the road?



What is Days Unavailable?

Situations may arise where you cannot use your novated lease vehicle for private purposes. In these circumstances, you may wish to make a days unavailable claim to avoid paying Fringe Benefit Tax (FBT) on those days you could not drive your vehicle.

Days unavailable can only be claimed if you do not have custody of your vehicle for a full 24-hour period.

For your vehicle to be considered unavailable for your private use, one of the following conditions must apply:

1. Your vehicle is left at your employer's premises, the keys are left in the possession of your HR manager and your employer explicitly prohibits the use of the vehicle for private purposes;
2. Your vehicle is involved in an accident and is taken to a smash repairer; or
3. Your vehicle cannot be driven as a consequence of requiring major servicing or repairs.

If your vehicle is left at the airport, or kept at or near your place of residence, it will not qualify for days unavailable.

All days unavailable claims must be approved by your employer. To find out more about your company's current policy, please check with your HR adviser for details. Days unavailable declaration forms can be printed from the **nlc** website www.nlc.com.au/novatedlease/forms

When your vehicle is unavailable

If your days unavailable claim is successful you will be exempt from paying FBT on the days claimed.

This does not mean your kilometre target is reduced.

In other words, there is no pro-rata adjustment of your kilometre target with days unavailable. You must still reach your nominated FBT bracket to avoid paying extra FBT.

If you do not drive your nominated number of kilometres, FBT will be payable at a higher rate than budgeted.

How claiming days unavailable works

The best way to illustrate how days unavailable works is by way of example:

Henry has a novated lease vehicle that is experiencing some engine problems. One day his vehicle's engine overheats resulting in oil contamination of the cooling system and total engine failure. The new engine has to be ordered in from overseas and the total repair takes eight weeks.

At the end of the FBT year Henry declares his closing odometer reading. He has driven 21,165 kilometres, which is less than his budget.

As Henry has only driven 21,165 kilometres FBT is payable at a rate of 20% and not at Henry's budgeted rate of 11%. Henry also submits a days unavailable claim for 56 days, which represents the eight weeks of mechanical repairs.

As Henry has only driven 21,165 kilometres and not his budgeted 25,000 kilometres, the amount of FBT payable is higher than what Henry has allowed for in his package. Even with his 56 days unavailable claim, he must still pay an additional \$2,588.27 in FBT to his employer.

How the short fall is calculated

Henry's Information

ATO Statutory Rates

FBT start date	1 April	Kilometres	Rate
FBT end date	31 March	0 - 14,999	26%
FBT cost base of vehicle	\$45,450	15,000 - 24,999	20%
Opening odometer reading	12,203 km	25,000 - 40,000	11%
Closing odometer reading	33,368 km	Over 40,000	7%
Budgeted kilometres	25,000 km		
Actual annual kilometres travelled by Henry	21,165 km		

Because Henry submitted the days unavailable claim, FBT is payable on 309 days (365 less 56 days unavailable) at a rate of 20%. The amount of FBT payable is:

$$\frac{\$45,450 \text{ (cost base)} \times 20\% \times 309 \text{ (no. of days vehicle available for private use)}}{365 \text{ (days in FBT year)}}$$

= taxable value of \$7,695.36
(grossed-up by 2.0647 and times the rate of tax 46.5%)

= FBT payable of \$7,388.21

The amount Henry has salary sacrificed for FBT based on 11% is \$4,799.94. Actual Amount of FBT payable \$7,388.21

FBT shortfall \$2,588.27 - This is the amount Henry would need to pay to his employer.

If Henry did not claim days unavailable, his FBT shortfall would be even higher.

Keeping track of your kilometres

It's important to keep in mind your minimum kilometre target during the year. You can check your odometer target from your online account by going to the **nlc** website www.nlc.com.au and clicking 'my **nlc** login' on the right-hand side of the page.

Once in your account, select your vehicle, then select the report FBT Tracking Odometer reading and potential shortfall. If you routinely provide odometer readings, this report will tell you whether you're on track to make your FBT bracket.

*If you are concerned about your kilometre target as a result of your vehicle being unavailable, please contact **nlc** Customer Support:*

t 03 8699 7000

e customersupport@nlc.com.au



Please return to **nlc**
Locked Bag 4014
South Melbourne Victoria 3205
Telephone 03 8699 7000 Facsimile 03 8699 7189
www.nlc.com.au

Vehicle Unavailable for Private Use Declaration

Your details	
Name	Registration number
Employer	Work number
Email	

For your novated leased vehicle to be considered unavailable for your private use you must surrender charge of the vehicle to your employer. During this time you must hand over the vehicle's keys and your employer must prohibit the use of the vehicle for private purposes. The vehicle must also not be stored at, or near, your place of residence.

You can only claim days unavailable if you do not have custody or control of the vehicle for a full 24 hour period.

Date From/ To and Explanation of days unavailable claim(s)	
Date From	Date To
Explanation	
Date From	Date To
Explanation	

Employee declaration
Number of full days during the FBT year, 1 April to 31 March that the vehicle was unavailable for private use. _____ full days
Having made this declaration I acknowledge that I have read and understood my employer's novated lease policy as it relates to claiming days unavailable.
Signature _____

Employer authorisation
To be signed by a person who has the proper authority to verify days unavailable on behalf of the company.
Name _____
Title _____
Signature _____

Please submit this form with the supporting documents to your Employer. **nlc** will only accept Days Unavailable claims that have been authorised by your Employer.