

ASSOCIATE LEASE BENEFIT PROFILE

Information Sheet

An Associate Lease (AL) allows an Employee to use their Associate's vehicle as a benefit and allows the Associate the opportunity to convert an asset that does not earn income into one that does. Effectively, a form of income splitting arrangement occurs and shifts higher taxed income of the Employee to a lower taxed entity.

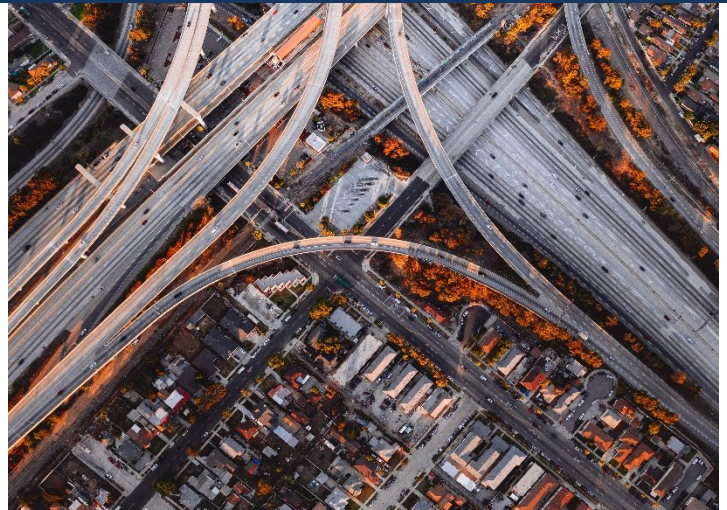
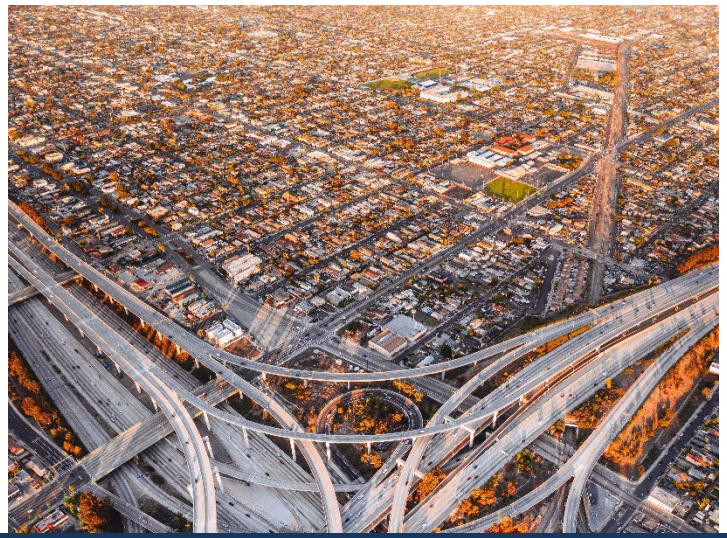
Typically, the Associate is the Employee's spouse, however maybe a partner, relative, family company/ trust or child of driving age. The Associate leases their car to the Employer who then makes it available to the Employee as a Car Fringe Benefit.

The Associate earns income from the arrangement in the form of the lease/Rent payments. These payments are paid to the Associate from a combination of both Pre and Post tax deductions from the Employee's Salary that are held at the Salary packaging Provider. Since the Associate Lease is an operating lease, it requires no principal repayment at the end of the lease term. Additionally, the associate's assessable income can be reduced by depreciation and any interest on funds that may have been borrowed to finance the car. There are no age restrictions on the vehicle provided it is registered and roadworthy.

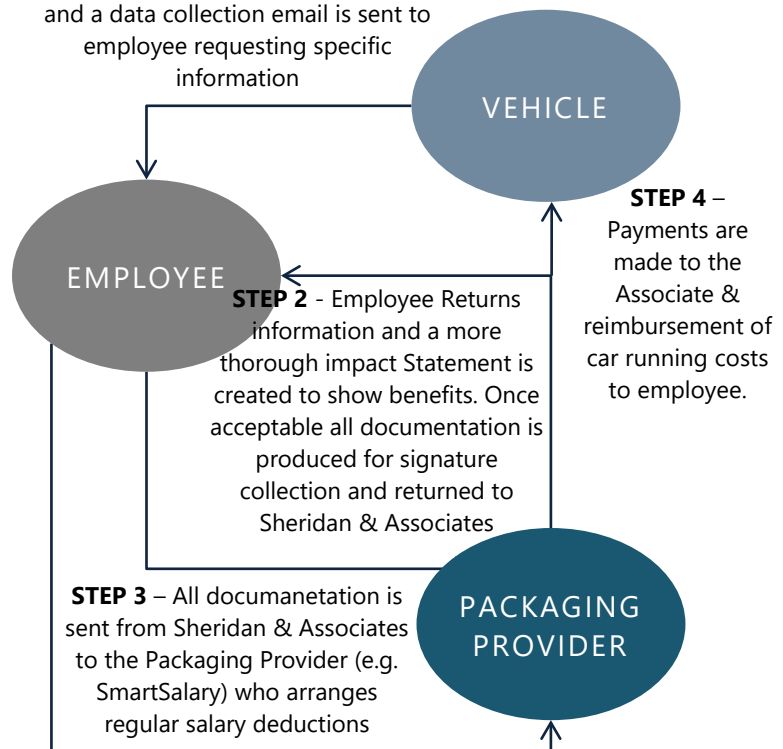
PROCESS OVERVIEW

The Employer makes lease payments to the Associate (normally via a salary packaging provider) from the pool of funds deducted from the Employees Salary and makes the vehicle available to the Employee. The Associate is required to show both the income and any deductions in their tax return.

Other operating expenses, such as registration, car servicing and insurance are reimbursed to the employee's nominated bank account and usually a fuel card is issued by the Salary Packaging Provider.



STEP 1 - Employee Contacts Sheridan & Associates to assess if an Associate Lease is a viable option and a data collection email is sent to info@sheridanfp.com.au employee requesting specific information



STEP 2 - Employee Returns information and a more thorough impact Statement is created to show benefits. Once acceptable all documentation is produced for signature collection and returned to Sheridan & Associates

STEP 3 - All documentation is sent from Sheridan & Associates to the Packaging Provider (e.g. SmartSalary) who arranges regular salary deductions

STEP 4 - Payments are made to the Associate & reimbursement of car running costs to employee.