

novalease

Frequently Asked Questions



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We hope you will find these FAQs helpful. If you have a question not covered in this document you can contact SG Fleet directly on **0344 85 45 161** or **consumer@sgfleet.com**.

Novalease information



1. What is Novalease?

Novalease is a car leasing scheme which provides a personally financed **ULEV (Ultra Low Emission Vehicle)** in exchange for a reduction in your salary. This is also known as salary sacrifice.

Your monthly payment for the vehicle also includes the following:

-  Servicing and full maintenance
-  Tyres
-  Consumables (i.e., brake pads/discs, wiper blades, bulbs)
-  Roadside Assistance by National provider

With NovaleaseEV the following choices can also be included:

-  Fully comprehensive insurance (fixed for the duration of your term)
-  Accident management (included as part of our fully comprehensive insurance)

Flexibility, choice, convenience, cost savings

- All ULEV cars in the UK market are available to lease
- You can choose a lease term from 24 to 48 months
- You can choose a mileage between 5,000 and 30,000 per annum
- Enhanced manufacturer discounts
- Easy to budget (all services are included in a fixed monthly payment)
- **No deposit required**

2. How does a salary sacrifice agreement work and how does this impact my Tax?

Your contractual entitlement to gross pay is reduced by the amount you have given up (the gross lease cost shown on your quote as 'without Novalease'), and you will pay Tax and National Insurance on the reduced salary amount. The car you receive in return is then taxable as a Benefit in Kind, this is calculated by multiplying the P11d of the vehicle (i.e. an official retail price) at a percentage defined by HMRC (see below link for current rates). This resulting Benefit in kind amount is then what you pay tax on at your income tax rate - this is what is referred to as company car tax. For further information on Benefit in Kind rates for fully electric cars (zero CO2 emissions), please visit:

<https://www.gov.uk/calculate-tax-on-company-cars>

Monthly pricing examples:	Small Car 20% Taxpayer	Medium Car 40% Taxpayer	Prestige Car 45% Taxpayer
Cost of car including maintenance	£330	£580	£995
Optional car insurance	£68	£107	£145
Total cost of car	£398	£687	£1,140
Tax saving by paying via salary sacrifice	£80	£275	£513
NI saving by paying via salary sacrifice	£48	£14	£23
Net cost of car after NI/Tax savings	£270	£398	£604
Company car tax due (BIK)	£9	£29	£55
Net cost of car to employee	£279	£427	£659

3. What is a novation agreement?

NovaleaseEV is a salary sacrifice scheme that is based on personal leasing. In the first instance you will sign a personal lease agreement which is an agreement between you and SG Fleet for the lease of the car. However, once signed, the lease agreement is then altered by a modifying agreement that adds your employer as an additional party to the lease agreement. The modifying agreement has the effect of transferring or "novating" (hence our references to a "novation agreement" and the scheme name "Novalease") certain responsibilities under the lease agreement to your employer whilst (under normal circumstances) you remain their employee.

The novation agreement has the effect of moving responsibility to your employer for making direct payments to SG Fleet for the monthly car leasing costs, which allows your employer to reduce your gross salary accordingly via a salary sacrifice arrangement, thereby maximising your tax savings. The novation agreement will fall away in certain circumstances, for example if you leave your employer or in some instances where your sacrifice cannot be taken (please see Leave of Absence section below for more detail), meaning all responsibilities (including on-going payment to SG Fleet of all costs associated with leasing the car) under the lease agreement revert back to you.

4. Can insurance be included?

Yes, the cost of the insurance is fixed for the term of the lease and (if chosen) is included in your salary sacrifice deduction giving you further Tax and National Insurance savings.

You can add up to 2 additional drivers, plus the insurance includes business use (for the main driver and can be added for a small fee for additional drivers), travel in the EU (subject to SG Fleet approval) and legal cover. A copy of the Key Features is available from SG Fleet upon request.

It is not compulsory to include insurance with Novalease and you can arrange your own fully comprehensive insurance. Please ensure your insurer knows that this is a personal contract hire vehicle when obtaining your policy and SG Fleet will be the registered keeper of the car.

5. What costs are not included in my lease?

Some items will not be included in your lease such as charging, fines and road & bridge tolls. Also, things like repairs due to driver behaviour, excess mileage, car/tyre damages and driving induced faults will be recharged directly to you by SG Fleet.

6. Are there any drawbacks to a salary sacrifice arrangement?

Such an arrangement is strictly a change in the terms and conditions of your employment. However, you should be aware of the following:

- As National Insurance payable is reduced this may have an impact on any State Earnings-Related Benefits such as SERPS (State Earnings-Related Pension Scheme)
- Some lenders will look at the lower salary when deciding how much to lend and on what terms; although most will refer to notional pay (which is generally taken to be the pre-salary sacrifice amount). If you are about to buy a house or re-mortgage, you should check with the provider whether this will make any difference
- Higher rate maternity pay is based on 90% of an employee's Average Weekly Earnings. As a salary sacrifice arrangement reduces your salary, it may reduce the amount of maternity pay you receive from your employer
- Salary sacrifice can affect an employee's entitlement to earnings related benefits such as Maternity Allowance (if you are not entitled to Maternity Pay) and Additional State Pension

If your salary falls below the National Living Wage (after deduction of the full monthly car lease amount), the novation agreement may fall away (please see Leave of Absence section below for instances where it **does not** fall away, such as most instances of Parental Leave, or long-term sickness absence for up to 6 months). If the novation agreement does fall away, your employer's responsibilities under the lease agreement will cease. You will retain the car and have responsibility for making payments directly to SG Fleet, however you will lose the Tax and National Insurance saving (please see pages 7 and 8).

At the end of your lease, the novation agreement would also fall way and any outstanding end of lease agreement items and payments, such as excess mileage and damage charges, are managed directly between you and SG Fleet.

Choosing your car

1. Who is eligible to take part in the scheme?

The scheme is open to all UK benefit eligible employees subject to credit checks and whose salary can be sacrificed without going below the National Living Wage.

2. What is the process for ordering a car?



**Subject to the same modification agreement / novation agreement discussion above*

All cars are available to view online. You can access the SG Fleet site through your intranet benefit portal or company intranet. You can search for cars by make, model, body style etc. and the site will provide indicative costs based on example terms and mileages. Should you need a quote for an alternative term or mileage, please contact SG Fleet directly.

Once you have accepted the quotation for a car, you will complete a short online credit application. Your payroll team will also confirm to SG Fleet that the monthly rental will not take you below the National Living Wage at the point of ordering the car and that they know of no reason why it would in the future.

On acceptance, SG Fleet will send you a "hire pack" via email with documents, which will include the lease agreement and the novation agreement, for electronic signature. Once we receive the signed versions, your car will then be ordered. At this point, SG Fleet will advise you of the expected delivery date and keep you up to date with progress.

Salary deductions do not start until the month after the car is delivered, for example if your car is delivered in May, whether that be the 1st or 31st, the payroll deductions will start in June. You will also have a 14-day cooling off period after signing the lease agreement, should you change your mind.

3. Can I lease more than one car?

Yes, subject to affordability and acceptance of the credit application and confirmation the additional car does not take you below the National Minimum Wage.

4. How long can I lease a car for?

You can choose any lease term from 24 through to 48 months.

5. How many miles can I include in the lease?

You can choose any mileage between 5,000 and 30,000 miles per year.

6. Do I have to make any upfront payments?

Through Novalease no initial payment is required. This maximises your Tax savings and ensures you do not have a large initial deduction from your pay.

Servicing & maintenance

1. Will my lease include service, maintenance and tyres?

Yes, every lease through SG Fleet will include full maintenance. This doesn't just cover regular servicing but also;

- Other scheduled items such as brake pads/discs and lubricants
- Unscheduled maintenance such as replacing any faulty components
- Replacement tyres on a fair wear and tear basis

Please note, that although servicing and maintenance is included with Novalease, it is your responsibility to make the arrangements for this - see below.

2. Are drivers' licences checked?

As part of SG Fleet's due diligence and as the registered keeper of the vehicle, we will carry out a licence check for those drivers who will be operating the vehicle whilst the vehicle is under contract with ourselves. Our duty of care is to ensure that we do not operate any vehicles registered to SG Fleet which are being used by "unlicensed" or "improperly licensed" drivers. The licence check will be carried out on an annual basis.

Please look out for an email from Applied Driving Techniques (ADT) our licence checking provider shortly after you sign your agreement.

Please note the SG Fleet privacy policy at <https://www.sgfleet.com/uk/policies/privacy-policy>

3. Where can I get my car serviced?

Your car should always be serviced at a Manufacturer Franchise Dealership. You can book your car into your local dealer or call our Driver Assistance number on **0344 85 45 161** for help.

4. Will I be provided with a courtesy car when my car is being serviced or repaired?

A courtesy car is only provided if the dealership or garage are able to provide one whilst your car is being serviced or repaired, or if you have replacement car cover as part of your own insurance policy.

If you do require a courtesy car whilst your car is being serviced, please allow adequate time when booking in your car and request at the point of booking.

5. What if my new car is off the road due to a warranty issue, will I get a like for like replacement automatically?

Any replacement car in this period is subject to the manufacturer or dealer decision on a case-by-case basis, and where provided is most often not the same car or of the same value as the car which is off the road. You have no contractual right to a replacement from SG Fleet, the dealer or manufacturer- this is the same as if you obtain a new car by any other method. Most manufacturers offer some support when this occurs and SG Fleet will make every attempt to assist in this situation.

6. Where can I get my tyres replaced?

You can book your car into any **Kwik Fit**. For assistance call our Driver Assistance number on **0344 85 45 161**.

7. What is fair wear and tear tyre replacement?

If your tyres need replacing due to being worn out (subject to fair usage) or a puncture, SG Fleet will pay for your replacement tyres. However, if you need to replace a tyre because they have been damaged due to driver error, we will still arrange for your tyres to be replaced but may charge those costs to you.

8. What if I have an accident or breakdown?

If you have an accident or breakdown, simply call our 24/7 Driver Assistance number on **0344 85 45 161** and select the breakdown option. We will do everything we can to get you back on the road promptly. Breakdown cover is provided by a national supplier. Please note that the full scope of accident management services is only included if you have chosen to insure the car through us.

If you have an accident, and you provide your own insurance then please notify your insurer as soon as is safe to do so after the accident.

9. Can I take my car abroad?

Yes, if you intend to travel abroad using your lease car, please call the Driver Assistance Line on **0344 85 45 161**. You will require a 'Vehicle On Hire (VE103)' certificate. You must apply for your VE103 at least 7 working days before you travel, and it is valid for 12 months from the date of issue. This will cover you for all foreign travel within that 12-month period. There will be a small charge for the VE103.

You will also need to have Eurocover (Foreign Travel Breakdown Cover) which we can also arrange for you when calling the Driver Assistance Line.

If your insurance is provided by SG Fleet as part of your Novalease package then this includes use of your car in the EU, up to a period of 60 days.

Leave of absence

What happens if I take leave of absence that affects my pay?

If you take a long-term leave of absence in certain circumstances that affects your pay (namely, maternity, adoption or paternity leave for up to 12 months ("Parental Leave"), or long-term sickness absence for up to 6 months) and in any month during such absence period your salary drops below the National Living Wage (after deduction of the full monthly car lease amount):

You will retain the car

- In cases of Parental Leave:

If in any month during the 12 month leave period (measured as 12 months from the date your Parental Leave begins) your salary reduces below the National Living Wage (after deduction of the full monthly car lease amount), the car lease costs for that month will be reduced to nil and no deduction will be taken from your salary or owed by you.

- In cases of a long-term sickness absence:

If in any month during a 6-month absence period (measured from the first confirmed day of such absence) your salary reduces below the National Living Wage (after deduction of the full monthly car lease amount), the car lease costs for that month will be reduced to nil and no deduction will be taken from your salary or owed by you.

- For all other situations where your salary may drop below the National Living Wage (after deduction of the full monthly car lease amount) due to leave of absence (for example, taking a sabbatical), the salary sacrifice arrangement will immediately stop and the novation agreement will fall away, meaning:

- You will lose the salary sacrifice tax and national insurance saving; and
- You will continue to make payments directly to SG Fleet via direct debit

If your absence will affect your ability to meet your repayments, we recommend that you contact SG Fleet directly to discuss options as soon as you can.

Upon your return to work after your Parental Leave or long-term sickness absence, your previous salary sacrifice arrangement will automatically resume provided no other events have occurred during your absence which would result in the Novation Agreement falling away (for example, your employment with your employer has ceased, or your remuneration arrangements have changed so they are no longer sufficient to cover the monthly car lease costs).

Upon your return to work after any other leave of absence situation, you can request to re-enter the salary sacrifice arrangement by contacting SG Fleet directly to discuss options. Please note, this request can only be granted if both you and your employer expect you to stay in the arrangement for at least another 12 consecutive months (or the end of your lease term, whichever is sooner).

Change of employer

1. What happens if I leave my employer?

Leaving your employer or moving to a non-UK payroll/contract: the novation agreement automatically stops on your termination date and you will lose the salary sacrifice saving; the lease agreement reverts to a direct debit payment at the gross amount. You will keep the car and pay SG Fleet directly for the remainder of the agreed term of the personal contract hire agreement. Should you wish to return the car a charge will apply, please see the below guidance for ending your agreement early. You should contact SG Fleet as soon as you are aware you will be leaving your employer regardless of the reason for leaving.

There may also be an option to sign a new novation agreement with your new employer allowing you to continue to save Tax and National Insurance subject to SG fleet approval on a case-by-case basis. If you would like more information on this and how your new employer can join the scheme, please contact SG Fleet.

Ending the agreement early: if you decide to end your agreement early (and the reason is not in the below section 4), the following charges will apply. For the exact terms and conditions please refer to your lease agreement.

Minimum Period of Hire Remaining	% of remaining rentals
37 to 48 months	35%
31 to 36 months	40%
25 to 30 months	45%
19 to 24 months	50%
13 to 18 months	55%
7 to 12 months	60%
1 to 6 months	65%

2. What if I am made redundant or suffer permanent disability?

If you are in an involuntary redundancy situation, suffer permanent disability or terminal illness you will be allowed to return your car without incurring any early termination charges (up to £15,000, anything over that amount will still be payable). Supporting evidence from you or your employer may be required. For further information, please contact SG Fleet directly.

End of your agreement

1. What happens at the end of the agreement?

We will contact you well before the end of the agreement to explain your options. You can hand your current car back, extend the lease of your current car (up to a total of 48 months including your current term length), or of course you can take another lease to replace your existing car.

2. Will my car be inspected?

On the day of collection, we will inspect your car with you and take note of the actual mileage. We understand that cars will not come back in showroom condition and expect a level of Fair Wear and Tear. We adopt the British Vehicle Rental and Leasing Association's guide to Fair Wear and Tear, a copy of which can be found [here](#). Any damage levels will be agreed with you at the time of collection. It is important to take good care of your car and repair any damage that may occur following a conversation with our Driver Assistance Team.

If you are replacing your car with a new one from SG Fleet, this is usually done via a 'key for key' service, meaning that the supplying dealer will drop off your new car and collect your old one at the same time. Therefore, we will contact you around 2 weeks before your new car is due for delivery to arrange for an inspection of your old one; it is this inspection that will determine if there is any chargeable damage.

If your actual mileage has exceeded your budgeted mileage, an excess mileage charge may be payable. The charge per mile will be shown on your car quotation and lease agreement.



For further assistance
please contact

Tel 0344 85 45 161

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