

Private use component of employer–provided motor vehicle instruction sheet and definitions

This fact sheet provides instructions on how to complete the private use component of an employer–provided motor vehicle sections of the spreadsheet.

Following are several categories employees can fall into (each employee should only fall into one of these categories).

1. Please select the appropriate category for each Active Super Retirement Scheme member employed by your organisation.
2. Complete the attached spreadsheet by entering the appropriate category (A, B, C, D, E, F, G, H, I) in the column 'PUMV'
3. For categories E, F, G, H, I complete the 'Value' column with the corresponding information requested below

CATEGORY A

Is the employee:

- a. not employed under an award or industrial agreement, or
 - b. employed under an individual contract (even if the contract is award regulated), or
 - c. an 'executive officer' (see the definition of 'executive officer' set out later in the 'Definitions' section)
- In the PUMV column in the attached spreadsheet enter 'A'
 - You don't need to complete the 'Value' column

OR

CATEGORY B

Is the employee:

- a. employed under an award or industrial agreement (and not under an individual contract and they are not an 'executive officer' as defined in the 'Definitions' section), **but**
 - b. not provided with a motor vehicle at all
- In the PUMV column in the attached spreadsheet enter 'B'

- You don't need to complete the 'Value' column

OR

CATEGORY C

Is the employee:

- a. employed under an award or industrial agreement (and not under an individual contract and they are not an 'executive officer' as defined in the 'Definitions' section), **and**
 - b. provided with a motor vehicle, but solely for work use, not for any private use
- In the PUMV column in the attached spreadsheet enter 'C'
 - You don't need to complete the 'Value' column

OR

CATEGORY D

Is the employee:

- a. employed under an award or industrial agreement (and not under an individual contract and they are not an 'executive officer' as defined in the 'Definitions' section), **and**
 - b. provided with a motor vehicle for use that is or includes private use, **but**
 - c. the motor vehicle is not provided by your organisation, instead it is provided by a third party such as a car-leasing company (even though this is facilitated by your organisation)
 - this is sometimes called a novated lease arrangement
- In the PUMV column in the attached spreadsheet enter 'D'
 - You don't need to complete the 'Value' column

OR

CATEGORY E

Is the employee:

- a. employed under an award or industrial agreement (and not under an individual contract and they are not an 'executive officer' as defined in the 'Definitions' section), **and**
 - b. provided with a motor vehicle by your organisation for use that is or includes private use, subject to post-tax salary deductions – this is sometimes called a lease-back arrangement
- In the PUMV column on the attached spreadsheet enter 'E'
 - In the 'Value' column on the attached spreadsheet enter the annual amount reported for Fringe Benefits Tax (FBT) purposes in respect of the private use of the vehicle. If nil enter '0'.

OR

CATEGORY F

Is the employee:

- a. employed under an award or industrial agreement (and not under an individual contract and they are not an 'executive officer' as defined in the 'Definitions' section), and
- b. provided with a motor vehicle by your organisation for use that is or includes private use, subject to pre-tax salary deductions – this is sometimes referred to as a salary sacrifice arrangement
- In the PUMV column on the attached spreadsheet enter 'F'. In the 'Value' column on the attached spreadsheet enter the annual amount reported for Fringe Benefits Tax (FBT) purposes in respect of the private use of the vehicle. If nil enter '0'.

OR

CATEGORY G

Is the employee:

- a. employed under an award or industrial agreement (and not under an individual contract and they are not an 'executive officer' as defined in the 'Definitions' section), **and**
- b. provided with a motor vehicle by your organisation for use that is or includes private use, where the employee has a 'total remuneration package' – and your organisation has specified a value of the private use of the vehicle as part of the package (including by positively specifying a nil value)
- In the PUMV column on the attached spreadsheet enter 'G'
- In the 'Value' column on the attached spreadsheet enter the value of the private use specified in the employee's total remuneration package. If nil, enter '0';

OR

CATEGORY H

Is the employee:

- a. employed under an award or industrial agreement (and not under an individual contract and they are not an 'executive officer' as defined in the 'Definitions' section), **and**
- b. provided with a motor vehicle by your organisation for use that is or includes private use, where the employee has a 'total remuneration package' – and your organisation has not specified a value of the private use of the vehicle as part of the package
- In the PUMV column on the attached spreadsheet enter 'H'
- In the 'Value' column on the attached spreadsheet enter the annual amount reported for FBT purposes in respect of the private use of the vehicle. If nil, enter '0'

OR

CATEGORY I

Is the employee:

- a. not covered by any of the above
- In the PUMV column on the attached spreadsheet enter 'I'
- In the 'Value' column on the attached spreadsheet enter as much detail as possible about the relevant circumstances of the employee, focussing on why they did not fall within any of Categories A – H.

Definitions

Private use component of a motor vehicle

The trust deed and schedules are available on our website

<https://www.activesuper.com.au/about-us/corporate-governance/>.

Relevant definition of salary

The relevant definition of salary under the Retirement Scheme is (Schedule 2, rule 1.2.1):

For the purposes of these Rules, Salary, in relation to a Contributor (other than an Executive Officer or a Contributor on an individual contract (including an individual on an award regulated contract)) who is a Contributor employed under an award or registered industrial agreement means the sum of:

- a) the monetary remuneration payable to the Contributor in the Contributor's capacity as Contributor, as reported to the Trustee from time to time by the Contributor's Employer (excluding any allowances or Leave Payments); plus
- b) the amount of any allowances (including shift allowances) actually paid during the 12 months immediately preceding the date on which the Salary is calculated and which are taken to be 'ordinary time earnings' for the purposes of the Superannuation Guarantee Charge Acts; plus
- c) the amount of any weekly workers' compensation payments which are to be taken as 'ordinary time earnings' for the purposes of the Superannuation Guarantee Charge Acts; plus
- d) **the value of the 'private use' component of a motor vehicle provided by the Contributor's Employer (if any); plus**
- e) the value of any childcare facilities provided by the Contributor's Employer; plus
- f) the amount of any voluntary employer (salary sacrifice) superannuation contributions; plus
- g) the value of any other salary sacrifice arrangements and any

associated fringe benefits tax payable on such other arrangements.

Paragraph (d) has been highlighted because it is the relevant limb of the definition of salary.

Employed members falling within the definition

The definition of salary set out above applies only to a fund member who is employed under an award or registered industrial agreement. It does not apply to a fund member who is employed under an individual contract (including an award-regulated contract). Nor does it apply to an 'Executive Officer', defined in Rule 1.1 as an employed member who is:

- (a) a chief executive officer;
- (b) a senior executive officer;
- (c) an office holder nominated for the purposes of section 11A of the Statutory and Other Offices Remuneration Act 1975; or
- (d) such other person as is nominated by the Employer in accordance with clause 10.5A.

In relation to paragraph (a) of the definition of 'Executive Officer', 'Chief Executive Officer' means:

- (a) a chief executive officer within the meaning of the Public Sector Employment and Management Act 2002; or
an employee (not being an officer referred to in paragraph (a)) of an authority specified in Schedule 1 of the First State Superannuation Act 1992, being an employee who holds an office designated by the Director General of the Premier's Department as the office of a chief executive officer.

In relation to paragraph (b) of the definition of 'Executive Officer', 'Senior Executive Officer' means:

- (a) a senior executive officer within the meaning of the Public Sector Employment and Management Act 2002; or
- (b) an employee (not being an officer referred to in paragraph (a)) of an authority specified in Schedule 1 of the First State Superannuation Act 1992, being an employee who holds an office designated by the Director General of the Premier's Department as the office of a senior executive officer.

In relation to paragraph (d) of the definition of 'Executive Officer', clause 10.5A provides:

An Employer may nominate an Employee as an "eligible person" for the purposes of the definition of "Executive Officer" in the Divisions and the employee will only be

eligible to be nominated as such if the person satisfies the following:

- (a) has the skills and responsibilities and receives a salary equivalent to or greater than the Executive Band of the Local Government (State) Award; and*
- (b) is on a fixed term contract of employment.*

VALUATION OF PRIVATE USE OF MOTOR VEHICLE

An important point is that the value of the private use component of a motor vehicle provided by an employer is determined in accordance with rule 1.2.6, which says that, in rule 1.2:

***value** or **amount** means the amount or value specified by the Employer as forming part of the Contributor's total remuneration package, and if not specified by the Employer in the case of a benefit that requires a value, the value of the arrangement or contribution referred to for fringe benefits tax purposes.*

This definition of 'value' in rule 1.2.6 involves two elements: flexibility for the employer (and employee), combined with a default valuation approach. To elaborate, the employer can specify a value of the private use component of a motor vehicle as forming part of the employee's total remuneration package. If the employer does so, the employer would appear to be free to select (subject to the employee's agreement) an appropriate method for arriving at that value. It may even be possible for the employer and employee to agree to the specification of a nil value. However, if the employer does not specify a value of the private use component of a motor vehicle as forming part of the employee's total remuneration package, the default valuation approach applies. The default valuation approach is the FBT approach (although it is acknowledged that the FBT rules may, themselves, leave scope for choice between different methods of valuation).

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