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## CARLY CAR SUBSCRIPTION SECURES FAVOURABLE TAX RULING FOR ITS SUBSCRIBERS

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Collaborate Corporation Limited (ASX:CL8) (**Collaborate** or the **Company**) is pleased to announce that **Carly** car subscription has secured a product ruling from the Australian Taxation Office (**ATO**) that provides a clear framework for **Carly** subscribers using cars for business or work purposes to claim tax deductions (the **ATO Product Ruling**). The ATO Product Ruling is exclusive to **Carly** and sets the benchmark for the car subscription category. It does not provide coverage to any other car subscription offerings. As a result, **Carly** is the only car subscription offering that can currently provide certainty of tax deductibility on car subscription payments.

Because **Carly**'s subscription model differs from a traditional lease or loan model, the Company worked with the ATO to obtain a product ruling on its car subscription service. The ATO Product Ruling (PR 2020/11), which applies from 26 August 2020, ensures subscribers can claim the car subscription payments as a tax deduction when the subscription is used for business or work purposes. Importantly the ruling covers individuals as well as businesses, which will be critical as **Carly** extends its offering into the significant business market.

The ATO Product Ruling is specific to **Carly** and provides a number of benefits for individuals and businesses as set out below.

- + Individuals can claim Subscription Fee payments as a deduction in their income tax return if the vehicle is being used for business or work purposes, including carrying out business travel between two places of work, or in the course of employment but not for private purposes.
- + Businesses that use **Carly** can claim the full dollar amount of the Subscription Fee as a deduction if the cars are used in carrying out business and/or provided to employees for their usage. Fringe Benefits Tax (**FBT**) is payable in respect of the portion of private usage by an employee.
- + Businesses that reimburse employees can claim a deduction for the full dollar amount of all the Subscription Fees reimbursed to employees for the period of the subscription, as long as the car is used for business (which will be the case where the car is provided to an employee). The Subscription Fees will be subject to FBT if the expense is reimbursed by the business to the employee. A car fringe benefit will not arise under this scenario, but the reimbursement would be an expense payment fringe benefit.

The certainty provided by the ATO Product Ruling is very significant as it does not apply to any other car subscription services as the ATO Product Ruling only applies where an arrangement is implemented strictly in accordance with the rules reviewed by the ATO. This ruling only applies to individuals and businesses that have entered into a **Carly** Car Subscription agreement.

A full outline of the ATO Product Ruling and more information regarding calculating car fringe benefits can be found at the following link: <http://Carly.co/tax-benefits>

**Carly** CEO Chris Noone commented: "**Carly** is always looking for ways to innovate and improve its service. The ATO Product Ruling comes at the perfect time, when working Australians and Australian businesses are looking at ways to increase their flexibility, de-risk finances and save on household or business budgets in the wake of COVID-19".

The Company believes this will be a key product differentiator for **Carly** in the car subscription category and will use the ATO Product Ruling to provide certainty to businesses and to support its focus on securing market share in the business vehicle market.

"Car subscription is a hot topic right now. We recently conducted research with Omnipoll\* and found 38% of Australians would consider subscribing to a car rather than purchasing or leasing a vehicle. The financial pressures created by COVID-19 were found to be a key factor in consumer attitudes towards car subscription, with 18% of Australians more likely to consider subscription as the best way to obtain a car compared to six months ago," explained Mr Noone.

**Carly** is an alternative to car purchase and provides a lower risk option for consumers and businesses that require cars but do not want to take on long-term financial obligations. **Carly** offers access to a range of new and used vehicles including insurance, registration and maintenance packaged into a single monthly payment with no long-term commitments.

\* OmniPoll research was conducted in June 2020 on behalf of **Carly** and surveyed a sample of 1,228 people aged 18+. Data was post-weighted to Australian Bureau of Statistics Census data.

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**About Collaborate Corporation Limited**

Collaborate Corporation Limited is listed on the Australian Securities Exchange (ASX:CL8). It is Australia's leading listed company focused on providing innovative mobility solutions for consumers and the automotive industry. Collaborate operates [www.DriveMyCar.com.au](http://www.DriveMyCar.com.au) Australia's leading peer-to-peer car rental business, and [www.Carly.co](http://www.Carly.co), Australia's first flexible car subscription service, supported by our proprietary PeerPass trust and reputation platform.