



INFORMATION REGARDING **ELECTRIC VEHICLES**



WHAT IS **FRINGE BENEFITS TAX (FBT)?**

FBT is the tax typically covered by your employer for any additional benefits you receive as an employee, alongside your regular wages or salary. FBT is applicable to Novated Lease vehicles, with the exception of zero or low-emission vehicle that qualify for FBT exemption.

FBT EXEMPTIONS AND ELIGIBILITY CRITERIA INCLUDE:

- Zero or low-emission vehicles enjoy exemption if first held or used after July 1, 2022.
- Second-hand electric cars may still qualify for exemption if initially purchased and used after July 1, 2022.
- Vehicle types include electric vehicles, hydrogen fuel cell vehicles, and plug-in hybrid vehicles (PHEVs phased out by March 31, 2025).
- The total value of the car, including accessories, must fall below the Luxury Car Tax (LCT) threshold for fuel-efficient vehicles, which stands at \$91,661 for the 2026/27 period.



REPORTABLE FRINGE BENEFITS

While zero or low-emission vehicles under the Luxury Car Tax (LCT) threshold are exempt from FBT, your employer will still factor in the value of this benefit when calculating your Reportable Fringe Benefits Amount (RFBA).

Although the RFBA isn't directly added to your taxable income or Medicare levy, it is considered for Medicare levy surcharge liability and is included in income tests for family assistance, child support assessment, and various other government benefits and obligations.

S.P.A strongly recommended consulting with financial and tax professionals to determine if this product aligns with your individual needs and circumstances.

HOME CHARGING UNITS & INSTALLATION COSTS

The installation of a charging station at an employee's residence constitutes a distinct property or expenses fringe benefit and is not considered part of the car benefit. Therefore, the FBT exemption for electric vehicles cannot be extended to cover home charging stations.

CALCULATING ELECTRIC VEHICLE CHARGING COSTS

The ATO has issued draft practical compliance guidelines (PCG2024/2) for calculating electricity costs incurred when charging a vehicle at an employee's or individual's home. Effective for the FBT year or income year starting on or after April 1, 2022, the rate applicable is 5.47 cents per kilometre travelled.

Charging costs accrued at a commercial station can also be claimed, provided you have a valid tax receipt. Additionally, if you utilise a combination of home and commercial charging, you can still claim expenses, provided the percentage of home charging is accurately determined.

EXAMPLE

Susan works for ABC Pty Ltd as a full-time employee and earns \$85,000 per annum. She is interested in the latest 2025 Tesla Model Y which costs \$67,205 drive away price.

Signing up for a Novated Lease with S.P.A., Susan's taxable income will be reduced to \$69,299, potential reduction in annual tax equating to \$5,018.

* calculation based on income tax rate 26/27

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