



Making electric dreams a reality for your people

A guide to the electric car discount for employers



What is the Federal Government's electric vehicle (EV) discount?

The EV discount might seem complicated, but it's really about improving electric car affordability for Australian employees and supporting greener choices.

The EV discount is a chance to help your people get into electric cars in a cost-effective way

1

When an employee has a novated lease on a new or used car, they're paying for it through a regular deduction from their pre-tax salary.

2

What's new is a novated lease on an eligible electric car is now fringe benefits tax (FBT) exempt.

3

This results in employees potentially saving thousands of dollars more over the life of their novated lease on an eligible electric car, compared to a petrol car.



A fringe benefit is treated as a 'payment' to an employee, but in a different form to wages. As the value of these benefits can be significant, the purpose of the fringe benefits tax (FBT) is to treat these benefits as if they were income.

The electric car's driveaway price is over \$20,000 more than the petrol car, but with a novated lease employees could pay a similar price per week.[^]

One is electric

\$59,921

Vehicle driveaway price



BYD Sealion 7 Premium

\$229

Net cost per week[^]

One is petrol

\$38,637

Vehicle driveaway price



MG HS Essence Auto MY25

\$236

Net cost per week[^]

Both based on an annual \$90,000 salary, an annual distance travelled of 15,000kms and a 5-year lease term.[^]

[^] [Click here for disclaimer](#)

Why are HR paying attention to the electric vehicle (EV) discount?

Electric cars represent the future. EV popularity is on the rise in Australia with a reported 65% increase in novated lease referrals for EV vehicles over the last year¹.

By tapping into this trend, the EV discount presents employers with an opportunity to stand out in a competitive market:

1

Improve employee financial wellbeing

Help your workforce with potential tax savings.

2

Enhance your EVP

Offer greener benefits that resonate with today's workforce.

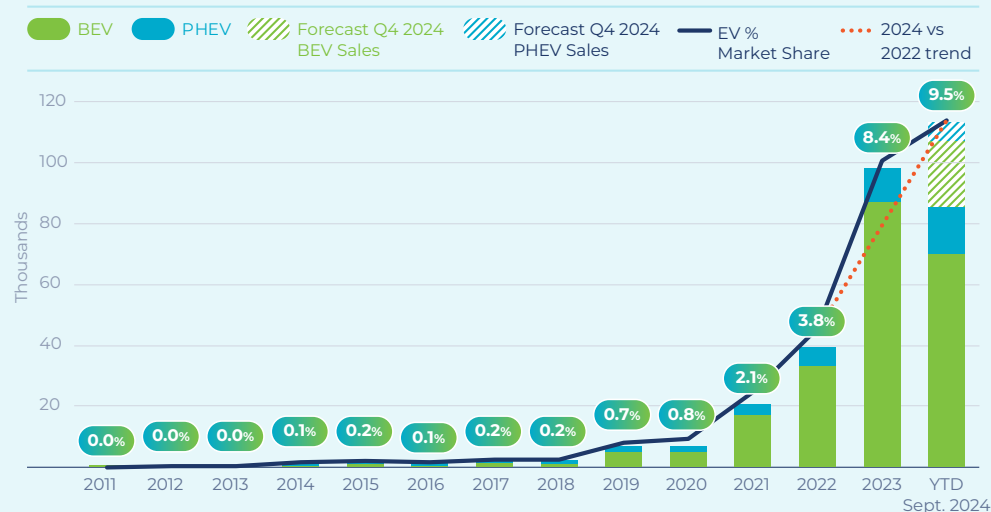
3

Sustainability goals

Have a positive impact on your organisation's ESG initiatives.

9.53% of all new cars sold are EVs².

EV SALES IN AUSTRALIA: 2011-2024



SOURCES: EVC Vehicle Sales Report, VFACTS. OEM-supplied data, AAA EV Index, government sources and EVC database.

Source: [Electric vehicle council, state of electric vehicles 2024](#)

90%

increase in high-power public charging locations across Australia continues to expand to make owning and charging your EV easier³.

1. Source: [Novated lease referrals climb 65% as EV demandsurges](#): LMG | Mortgage Professional Australia

2. & 3, Source: [Electric vehicle council, state of electric vehicles 2024](#)

Eligibility criteria for the electric vehicle (EV) discount

Price

The EV discount FBT exemption applies to electric cars with a retail price under the luxury car tax (LCT) threshold which is adjusted annually by the ATO.

The LCT threshold is \$91,387 as at FY24-25.⁴

Type

The car type is a zero or low emission vehicle including BEVs.

Timing

The EV discount was introduced in Australia on 1 July 2022 and can apply to novated leases entered into on or after this date.

Making sense of BEV, PHEV and hybrid

BEV

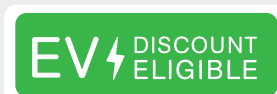
Battery electric vehicles (BEVs) are solely electric - you plug them into a charger, and they use only available battery power to drive.

PHEV

Plug-in hybrid vehicles (PHEVs) have petrol motor and electric motor components - once the available battery power is used up, they switch to the petrol motor.

Hybrid

Hybrid cars have a small battery and recharge from regenerative braking. They cannot be plugged in and charged.



**Battery
Electric Vehicles**

BEVs

Fuelled by: Electricity

**NOT ELIGIBLE
FOR EV DISCOUNT**

**Plug-in Hybrid
Electric Vehicles**

PHEVs

Fuelled by: Petrol/Electricity

**NOT ELIGIBLE
FOR EV DISCOUNT**

**Hybrid
Electric Vehicles**

Hybrids

Fuelled by: Petrol

4. Australian Taxation Office, Luxury car tax rate and thresholds

Case study: The Electric Vehicle (EV) discount in action

A more affordable choice

Novated lease payments for electric cars don't just cover on-road costs such as vehicle price, insurance and registration. They can also include other car running costs like electricity, tyres and servicing.



Servicing



Finance



Tyres



Insurance



Registration



Electricity

Price based on drive away cost of vehicle based in NSW	Novated lease (FBT exempt)	Novated lease (petrol with FBT)
Weekly payment including running costs	\$59,921.01	\$38,637
Estimated tax and medicare savings per week	\$229	\$236
Potentially more in your pocket each week	\$107.72	\$45.36
	\$135.24	\$53.39

The electric car's driveaway price is over \$20,000 more than the petrol car, but with a novated lease employees could pay a similar price per week.[^]



[^]Savings shown are indicative and reflect estimated tax savings over the full-term of the lease. The total amount saved is a comparison between a novated lease with a petrol car and a novated lease with an eligible EV based on the assumption outlined above. Actual savings will depend on your personal circumstances.

Novated Lease example: The estimated potential tax benefit is over the full-term of the lease, is exclusive of GST and is based on the assumption that you would salary package using Employee Contribution Method (ECM) or Fringe Benefits Tax Exempt Method. The Fringe Benefits Tax Exempt Method is only used for eligible electric vehicles under the luxury car tax threshold of \$91,387. Payment includes: Your car payments, fuel or charging, registration, tyres, insurance, scheduled servicing, fleet management fee and are exclusive of GST. The estimated annual benefit will vary depending upon salary, employment circumstances, selected benefits and applicable tax treatment. The example assumes you earn \$90,000 a year, a 5-year lease term, an annual distance travelled of 15,000kms and a 28.13% residual value. GST of 1/11th is payable on your ECM contributions. State Stamp Duty rates apply. PAYG tax rates effective 1 July 2024 have been used.

Things you need to know: This general information doesn't take your personal circumstances into account. Please consider whether this information is right for you before making a decision and seek professional independent tax or financial advice. Conditions and fees apply, and you should consider if they are acceptable before you accept any arrangements with Maxxia, along with credit assessment criteria for lease and loan products. The availability of benefits is subject to your employer's approval. Maxxia may pay and/or receive commissions in connection with its services.

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How do electric cars compare to petrol cars?



Petrol cars need almost five times more energy than electric cars to travel the same distance.⁵



On average, electric cars typically cost 70% less per km than a petrol powered car.⁷



Electric cars can be controlled through apps, regulating the car's inside temperature before you go anywhere near the vehicle.⁶



Charging at home can be more convenient than refilling at a fuel station.

The electric feel good factor

Knowing the car you're driving is contributing to reduced fuel emissions is a feel-good factor for electric car drivers.

Transport in Australia is our second highest source of emissions and using more electric cars will help our country meet our global commitments to emissions reduction.⁸

By enabling access to an electric car through a novated lease, organisations can support their own sustainability strategy as well as aligning with the Federal Government's sustainability goal of net zero emissions by 2050.

Running costs

Electric cars may have lower running costs than petrol cars, given they have no engine, transmission, head gasket or spark plugs.

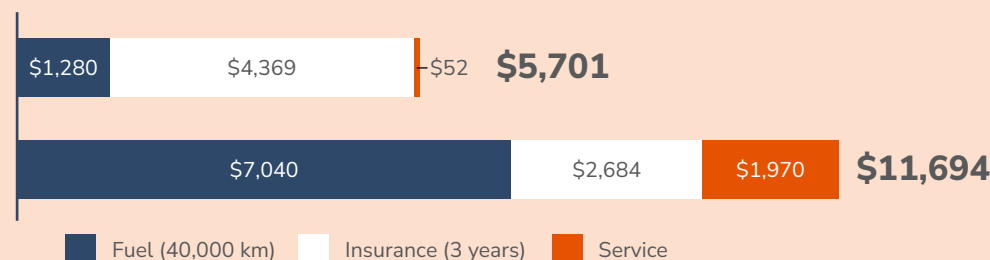


Tesla 3



Volvo XC40

Running costs (over 30 months)⁹



5 & 9. The Driven. To EV or not to EV? A clear cost analysis between electric vehicles and ICE cars, February 2023

6 & 8. Electric Vehicle Council. Frequently Asked Questions

7. Maxxia, Novated Leasing – Electric Vehicles, September 2023

It's quicker and easier than ever to charge an electric car

The average Australian drives 38km per day. An electric car owner who drives short trips could travel for 10+ days without charging.¹¹

Most new electric car sales include an entry-level (level 1) charger which simply connects to a normal electricity power outlet at home. These basic chargers are adequate for maintaining a full charge for drivers doing a daily work commute or trip to the shops.

As more and more people switch to electric cars, charging infrastructure is expanding to meet demand.

Understanding charging types and speeds

There are three types of charging available for electric cars. How long it takes to charge an electric car will depend on the type of charger used.



Level 1

Adds **10-20kms of range per hour** plugged in.

Most electric cars will come with a cable you can plug into a normal household socket for charging.



Level 2

Adds **40-100kms of range per hour** plugged in (depending on the vehicle).

Can be installed in homes, shopping centres, workplaces etc. for private and public use.



Level 3

Adds at least **150kms range per hour** plugged in (for lower end chargers).

Typically available in commercial and roadside locations.



Source: [Electric Vehicle Council, Types of EV chargers](#)



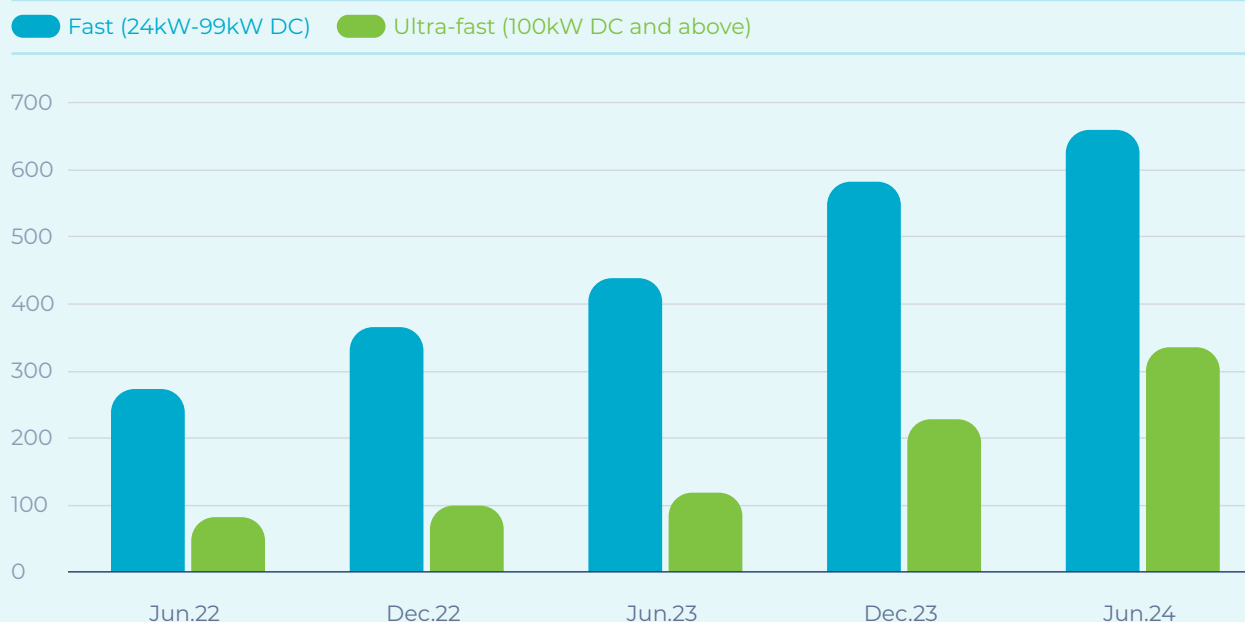
JET CHARGE

Maxxia has partnered with JET Charge to help find a tailored solution to suit your employees' home charging needs.

Drive as far as 550kms on a single charge

One of the biggest concerns people have with electric cars is range anxiety – fear of running out of battery power before reaching their destination. But according to the Electric Vehicle Council, current electric cars have an average battery range of nearly 480kms.¹² With ongoing technology advancements some new models can get to 550kms on a single charge¹³, making range anxiety less of a concern.

FAST AND ULTRA-FAST PUBLIC CHARGING LOCATIONS OVER TIME



Source: [Electric vehicle council, state of electric vehicles 2024](#)

12. [Electric Vehicle Council, State of Electric Vehicles, July 2023](#)

13. [Maxxia, Novated Leasing – Electric Vehicles, September 2023](#)

Frequently asked questions

Maxxia are experts in salary packaging and offer dedicated support to HR and payroll teams to help them manage fringe benefits tax (FBT) liability and reporting.

What FBT reporting is required for an electric car novated lease?

The EV discount is a reportable fringe benefit (RFBA). This means employers are required to calculate the value of the benefit and include it on an employee's annual payment summary.

Employees should consider seeking advice from a tax expert, such as an accountant, to obtain an accurate view on the financial considerations (for example, means-tested government payments and HECS) associated with the EV discount and their individual requirements.

Can employees package the electricity used to charge the car?

Yes, employees can salary package electricity costs within their novated lease. An employee must be able to demonstrate specifically how much energy – and the cost of the energy – is going towards charging their electric car. This can be either obtained through a separate smart meter installed in their home, or by purchasing a fast, in-home charger with the metering included within it.

Can employees' salary package the cost of a charger?

FBT legislation does not yet allow the cost of a third-party supplier charger to be covered by a novated lease.



For answers to more frequently asked questions visit maxxia.com.au/novated-lease/electric-vehicles



Making electric dreams a reality with Maxxia






To make the most of the electric vehicle (EV) discount, it's essential that employees know what's available to them. Maxxia provides dedicated communications and education support and delivers the metrics needed to track engagement, supporting continuous improvement.



As one of Australia's largest novated leasing providers, Maxxia has the expertise to help your people match their car choice to their financial and lifestyle needs.

Maxxia is committed to enhancing sustainability outcomes for our clients, including a carbon offset program for non-electric car emissions via our partner, Greenfleet.

Electric car novated leasing made easy with Maxxia

-  A simple payment process that deducts repayments directly from employees
-  Management of your employee's accounts to minimise your FBT exposure
-  Direct engagement with employees in the event of error or shortfall
-  Day-to-day support that can be accessed by the employer from your dedicated relationship manager
-  Program and policy design implementation and transition support

About us

Maxxia is a leading provider of employee benefits programs including salary packaging, novated leasing and rewards.

Maxxia can help make electric dreams a reality for your organisation and your people. **Find out more.**

The EV discount is also good news for company fleets. Australian organisations can purchase electric cars as part of their fleet and make them available to employees as driver assigned vehicles, without paying FBT. This could equate to a saving of over \$10,000 per year depending on individual circumstances.¹⁴

Interleasing, Maxxia's sister brand, delivers specialist expertise, practical support and a forward-thinking approach to help Australian fleets successfully evolve to a greener future. **Find out more.**





Get in touch

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