

FRINGE BENEFITS TAX (FBT)

Fact Sheet for Electric Vehicles



FBT Exemption for Electric Vehicles

The Australian Government doesn't charge Fringe Benefits Tax (FBT) on certain electric cars provided through a novated lease, which makes owning an EV much more affordable.

In simple terms, this means your car payments and running costs (like rego, insurance, and servicing) can come from your pre-tax salary, lowering your taxable income and helping you save thousands every year.

CHANGES TO PLUG-IN HYBRIDS

Changes for plug-in hybrid electric vehicles (PHEVs)

- The FBT exemption for PHEVs ended on April 1, 2025.
- There is an exception for PHEVs where there is a "financially binding commitment" in place before April 1, 2025.

To qualify for the FBT exemption, your car must:

- Be a fully electric or hydrogen fuel-cell vehicle (not a plug-in hybrid after 1 April 2025)
- Be first used after 1 July 2022
- Be priced under the luxury car tax limit for fuel-efficient vehicles — \$91,387 for 2025–26

So if you choose an eligible EV under a novated lease, you can enjoy all the benefits of a new car — and pay less tax while helping the environment.

KEY TAKEAWAYS

FBT applies to novated leases when an employee salary-packages a vehicle.

- Electric vehicles (EVs) priced under the Luxury Car Tax (LCT) threshold are completely FBT-exempt, meaning no fringe benefits tax applies at all.
- ECM + EV = maximum tax savings.



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