Novated EV Lease Checklist

Questions to ask, what to check in a quote, red flags, and a table to compare up to three quotes. Tick as you go.

General information, not financial or tax advice. This checklist doesn't consider your circumstances, and we don't recommend any provider. Rules can change, and the 2027 FBT changes aren't law yet. Confirm everything in writing, and consider advice from a registered tax agent or licensed adviser.

1. Does the car qualify for the EV FBT exemption?

- [ ] **It's a zero or low emissions car**: battery electric or hydrogen fuel cell. ATO
- [ ] **Plug-in hybrids:** not eligible from 1 April 2025, unless the PHEV was used or available for use before 1 April 2025 *and* a financially binding commitment continues. ATO
- [ ] **First held and used on or after 1 July 2022.** ATO
- [ ] **Luxury car tax has never been payable on it.** The fuel-efficient LCT threshold is **A$91,661** for 2026–27 (A$91,387 for 2025–26). For a used EV, check earlier sales too. ATO LCT thresholds
- [ ] **You're a current employee** (or their associate) and your employer offers novated leasing. ATO

Proposed changes from 1 April 2027: not yet law (as at 19 October 2026). Under the 2026–27 Budget measure and Treasury's exposure draft:

- Commitments made **before 1 April 2027** keep today's exemption while that commitment lasts.
- Commitments from **1 April 2027 to 31 March 2029**: a car with a *base value* of A$75,000 or less gets a 100% FBT discount. Above A$75,000, up to the fuel-efficient LCT limit, it gets a 25% discount.
- Commitments from **1 April 2029**: a 25% discount for all eligible EVs.

Base value isn't the same as the drive-away price. Under the draft, refinancing, changing the term or residual, or **changing employer** can count as a new commitment. Sources: ATO, Treasury consultation, Treasury media release, Deloitte summary of the draft (secondary).

2. Questions to ask a provider

- [ ] What is the interest rate, shown as an annual percentage? Is it fixed for the whole term?
- [ ] What fees apply (establishment, monthly admin, early termination), and what commissions do you receive from the financier, dealer or insurer?
- [ ] Can I get an itemised car price: vehicle, accessories, dealer delivery, on-road costs and GST?
- [ ] What is the car's base value for FBT, and will my commitment be made before 1 April 2027?
- [ ] Which running costs are budgeted (charging, tyres, servicing, registration, insurance), and what happens to unspent or overspent budget at the end of each year?
- [ ] What happens if I change jobs, lose my job, take unpaid leave, or the car is written off?
- [ ] Can I see my pre-tax and post-tax deductions per pay and the change in my take-home pay, in writing?
- [ ] Am I free to get my own insurance and do my own charging, or must I use yours?

3. What to check in the quote

- [ ] **Residual (balloon):** you owe it at the end of the lease. You can pay it, refinance it, or sell or trade the car. Is GST added? The ATO's minimum residual values (for the 8-year effective life column usually used for cars) are 65.63% of cost after 1 year, 56.25% after 2, 46.88% after 3, 37.50% after 4 and 28.13% after 5. ATO TD 93/142
- [ ] **Running costs:** check each budget against your real kilometres and charging. The ATO's home EV charging shortcut rate is 5.47c per km for 2026–27. A home charger itself isn't an exempt car expense. ATO PCG 2024/2, ATO
- [ ] **Fees:** add up establishment, admin and any end-of-lease fees over the full term, not per pay.
- [ ] **Insurance:** is comprehensive cover included, and at what price? Add-on insurance (GAP, tyre and rim, extended warranty) is optional. Salespeople must wait four days before selling it, and Moneysmart says dealers often get a 20% commission. Moneysmart
- [ ] **Early termination:** ask for a written example payout figure if you end the lease in year 2 or 3. The industry code for novated leasing is the AFIA Code, schedule 2.
- [ ] **Salary packaging effects:** an exempt EV is still a *reportable fringe benefit*. Employers report it if the taxable value is over A$2,000. It isn't taxed as income, but it's counted in income tests such as the Medicare levy

surcharge, study-loan repayments, child support and family payments. ATO, ATO (employers), ATO (employees), Moneysmart

4. Red flags

- No interest rate shown, or only a weekly cost.
- Pressure to sign today, or add-on insurance offered as if it were compulsory.
- “Savings” figures with no tax rate, kilometres or charging assumptions shown.
- A residual below the ATO minimums above, or no residual shown.
- Fees or commissions that aren’t itemised.
- Promises about FBT after 1 April 2027 as if the changes were already law.
- A car priced near the LCT threshold or A$75,000 with no base-value figure.

5. Compare your quotes

Compare up to three quotes

Item	Quote A	Quote B	Quote C
Provider			
Car and drive-away price (A$)			
Base value for FBT (A$)			
Lease term (years)			
Interest rate (% a year)			
Residual (A$ and % of cost)			
Establishment and admin fees (total, A$)			
Running-cost budget (A$ a year)			
Insurance included? (cost)			
Pre-tax deduction per pay (A$)			
Post-tax deduction per pay (A$)			
Change in take-home pay per pay (A$)			
Example early-termination cost (A$)			
Commitment before 1 April 2027? (Y/N)			

Sources

- ATO, Electric cars exemption: https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/fringe-benefits-tax/types-of-fringe-benefits/fbt-on-cars-other-vehicles-parking-and-tolls/electric-cars-exemption
- ATO, FBT on plug-in hybrid electric vehicles: https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/fringe-benefits-tax/types-of-fringe-benefits/fbt-on-cars-other-vehicles-parking-and-tolls/fbt-on-plug-in-hybrid-electric-vehicles
- ATO, Luxury car tax rate and thresholds: https://www.ato.gov.au/tax-rates-and-codes/luxury-car-tax-rate-and-thresholds
- ATO, Electric car discount: proposed changes (not yet law): https://www.ato.gov.au/about-ato/new-legislation/in-detail/businesses/electric-car-discount-more-sustainable-fbt-treatment-of-electric-cars
- Treasury consultation, Sustainable FBT treatment of electric cars: https://consult.treasury.gov.au/c2026-800622
- Treasury ministers, media release 5 May 2026: https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/fairer-tax-treatment-encourage-affordable-evs
- ATO, TD 93/142 minimum residual values: https://www.ato.gov.au/law/view/document?docid=TXD%2FTD93142%2FNAT%2FATO%2F00001
- ATO, PCG 2024/2 EV home charging rate: https://www.ato.gov.au/law/view/document?docid=COG%2FPCG20242%2FNAT%2FATO%2F00001
- ATO, Reportable fringe benefits (employers): https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/fringe-benefits-tax/fbt-registration-lodgment-payment-and-reporting/reportable-fringe-benefits
- ATO, Consequences of a reportable fringe benefits amount: https://www.ato.gov.au/individuals-and-families/jobs-and-employment-types/working-as-an-employee/reportable-fringe-benefits-for-employees/consequences-of-having-a-reportable-fringe-benefits-amount
- ASIC Moneysmart, Salary packaging: https://moneysmart.gov.au/work-and-tax/salary-packaging
- ASIC Moneysmart, Add-on car insurance: https://moneysmart.gov.au/car-insurance/add-on-car-insurance
- AFIA Code of Practice, schedule 2: novated leasing (industry code): https://www.afia.asn.au/finance-code/schedule-2-novated-leasing
- Deloitte tax@hand, summary of the exposure draft (secondary): https://www.taxathand.com/article/41746/Australia/2026/Draft-legislation-proposes-phased-discounts-to-replace-the-EV-FBT-exemption

Last checked: 19 October 2026. © 2026 The EV Insider, https://theevinsider.au/checklist/. Free to share unchanged.