



Electric Vehicles on a novated lease

Your questions
answered

Will your next car be an Electric Vehicle?

You're not alone. More than half of Australians say they would consider buying an electric vehicle (EV) as their next car.*

A novated lease through Smartsalary is one of the most cost effective and convenient ways to own and run an EV.

The benefits of an EV

EVs are powered by electricity from batteries rather than petrol or diesel. They have several advantages over traditional petrol-powered cars.

Reduced fuel costs: A Battery Electric Vehicle runs solely on battery power. A plug-in hybrid vehicle may reduce your fuel costs substantially as it's a blend of petrol and electric driving.

Lower maintenance costs: EVs require less maintenance than traditional petrol-powered cars. They have fewer moving parts, so there are fewer things that can go wrong. Some EVs have as few as 20 moving parts. Additionally, EV owners do not need to worry about oil changes, spark plugs, or other routine maintenance items.

A greener, more sustainable vehicle: EVs produce fewer emissions than traditional petrol-powered cars, which can help reduce air pollution and greenhouse gas emissions. Additionally, if the electricity used to charge the EV is generated from renewable sources, the vehicle is considered zero-emission.

Top of the range vehicle technology: EVs typically have instant power, which means they can accelerate quickly and smoothly. They also tend to be quieter than petrol-powered cars, which can enhance the driving experience.

Key considerations

The first time you buy an EV, there are a few things to consider:



Charging

One of the most important things to consider when owning an EV is how to charge it. Most EVs can be charged to 80% in under 30 mins using a powerpoint or a fast charging station at home.

There are also thousands of public charging stations across Australia. To find out more about charging options, see page 7.



Range

The range of an EV is the distance it can travel on a single charge. The range of EVs can vary greatly, so it's important to choose one that meets your needs.

Did you know a Tesla Model 3 Long Range has a 602 km range before it needs to be charged?



Cost

The cost of EVs can vary greatly depending on the model and the options you choose. EVs start from as low as \$44,990*. Many states offer incentives to purchase EVs, so it's worth checking to see if you qualify for any rebates.

*Current as at May 2023

› Salary package an EV using a novated lease. It's the Smart choice.

A novated lease for an EV works just the same as a lease on a petrol-powered vehicle, with the possibility of even more tax savings.



Enjoy tax savings - lease payments and running costs paid from your pre-tax salary, reducing the tax you pay.



Eligible EVs are exempt from the Fringe Benefits Tax (FBT). This means you can salary package the finance plus running costs out of your pre-tax salary¹.



Pay no GST on the purchase price of an EV².



Pay finance and running costs with one easy payment on payday.



Choose the lease term that suits your budget, from one to five years.



It's never been a better time to lease an EV

The Federal Government's Electric Car Discount Policy provides an exemption for the payment of FBT on cars which cost below the luxury car tax threshold (\$84,916 in 2022-23) and are financed under a novated lease.

The policy applies to all new EVs purchased after 1 July 2022, or for second hand EVs first registered after 1 July 2022, which are either:

- Battery electric vehicles and
- Plug in hybrid vehicles (only available up until 1 April 2025, with exemptions being applied for existing leases until they expire)

Great news! The Luxury Car Tax threshold will increase in the next financial year 2023-24 to \$89,332.

Reduce your organisation's carbon footprint

Your carbon footprint consists of direct and indirect emissions, which are captured as Scope 1, 2 and 3 emissions.

For service organisations in particular, one of the biggest carbon footprint contributors is probably employee travel – emissions from business travel and the commute to and from work. Supporting EV uptake among employees can help an organisation achieve its ESG goals.

EVs can play a huge role in reducing an organisation's footprint by producing significantly lower emissions than a combustion engine car. Switching to EVs means fewer greenhouse gases and less air pollution, meaning employees and employers alike are contributing to a better environment for the future.

> The savings in action

A breakdown of tax savings for a new Tesla Model 3 on a novated lease.



Joanne's taxable income is \$100,000 ex-super and she drives 15,000km per year.

She is thinking about buying a new vehicle and is unsure whether to buy a new Mazda 3 Astina or a Tesla Model 3 Rear-wheel Drive.



RedBook

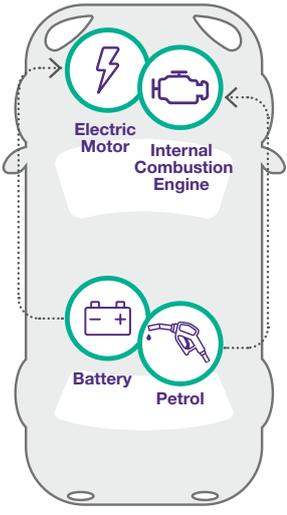
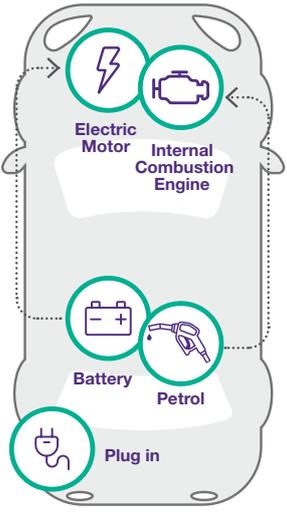
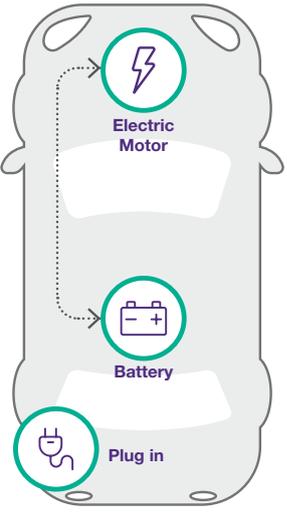
	Mazda 3 Astina \$45,381	Tesla Model 3 Rear-wheel drive \$65,106
Gross salary	\$100,000	\$100,000
Pre-tax deductions	-\$9,239	-\$21,412
Taxable Income	\$90,761	\$78,588
Income Tax	-\$21,780	-\$17,580
Post-tax deductions	-\$8,662	-\$0
Take home pay	\$60,319	\$61,007
Tax Saving p.a	\$3,387	\$7,387
After-tax per fortnight[^]	\$566	\$539

[^]Savings example is indicative only and is based on the following assumptions: 1) Living in QLD 4000 salary: \$100,000 ex-super p.a., travelling 15,000 km p.a., lease term: 36 months, 2) Vehicle purchased in QLD 3) Recommended retail price as advertised by the car manufacturer on their Australian website 4) Including all on-road costs 5) Salary sacrifice using EV FBT Exemption. Also includes Vero by Suncorp comprehensive motor insurance. The Smartleasing buying power discount varies by vehicle and is subject to change. Residual value is \$30,615 Tesla Model 3 and \$21,371 for Mazda 3 Astina including GST at the end of the lease term. The vehicle can be sold or re-financed to payout the residual at the end of the lease term. Your actual savings will depend on your income tax bracket, the GST processing method nominated by your employer, administration fees payable under your employer's salary packaging plan, the negotiated Smartleasing discount on your chosen vehicle and your personal circumstances. Smartsalary Pty Ltd or any related bodies corporate cannot accept responsibility for any errors or omissions from the information or any reliance placed upon it. Car shown only for illustration purposes. Figures and vehicle price are accurate as of 30 May 2023.

> Use our online calculator to see how much you could save
smartsalary.com.au/car-leasing?cfo

What are the types of EVs currently available in the market?

There are 3 main types of electric cars:

	HEV Hybrid Electric Vehicle	PHEV Plug-In Hybrid Electric Vehicle	BEV Battery Electric Vehicle
			
Fuel	Petrol	Petrol	Electricity
Motor	Internal Combustion Engine Electric Motor	Internal Combustion Engine Electric Motor	Electric Motor
Emissions	CO ₂	CO ₂	Zero
FBT Exemption¹	Not exempt	Exemption may apply	Exemption may apply

HEV	PHEV	BEV
Hybrid electric vehicles	Plug-in hybrids	Battery Electric Vehicles
HEVs run on both an ICE and an electric motor that uses energy stored in a battery. No ability to use only the electric motor, and no ability to charge the battery by any other source except by the ICE.	PHEVs expand on the concept of the standard hybrid vehicle. They have both an internal combustion engine (ICE) and a battery-powered electric motor. This allows the use of the electric motor for those shorter trips, whilst having the ICE available for those extended trips. Battery to store enough power to feed the electric motor and in turn decrease your petrol usage, saving dollars at the pump.	These vehicles run solely on battery power. Drivers can charge them at home using AC chargers or more powerful DC chargers available at public charging stations.
Example: Toyota Camry	Example: Mitsubishi Outlander	Example: Tesla Model 3

> Charging

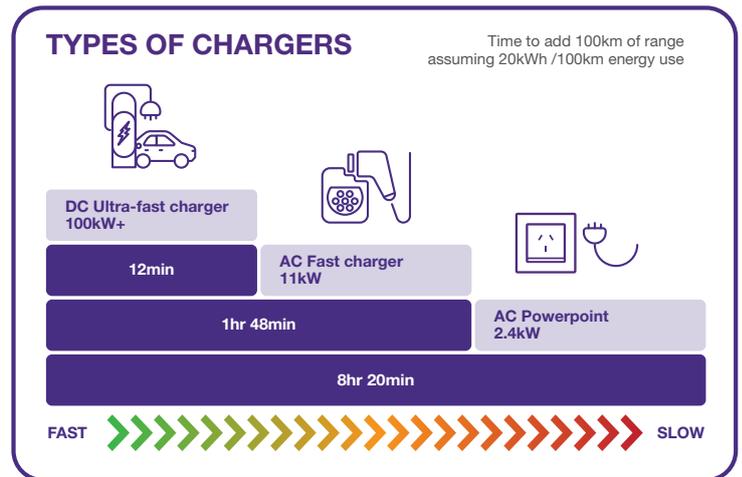
How do I charge an EV?

Fortunately, charging infrastructure is becoming more commonplace, with both the private and public sectors building networks. We're seeing traditional fuel companies offering cards that can be used to pay for recharges, with the cost charged back to an employee's salary packaging account, meaning even the recharges can be tax effective.

Almost all EV drivers will charge their vehicles at home at least some of the time and most EVs can either be charged via a normal power point or a home charging station. Aside from at-home setups, organisations could consider installing charging infrastructure at work sites. We can help arrange charging infrastructure for your work site or your employee's homes.

On average:

20kW battery charge provides a range of 100kms



How do I know how long will it take for my EV to charge?

AC Powerpoint (2.4kW):

$$20\text{kWh} \div 2.4\text{kW} = 8.3 \text{ hours (8hrs 20min)}$$

AC Fast charger (11kW):

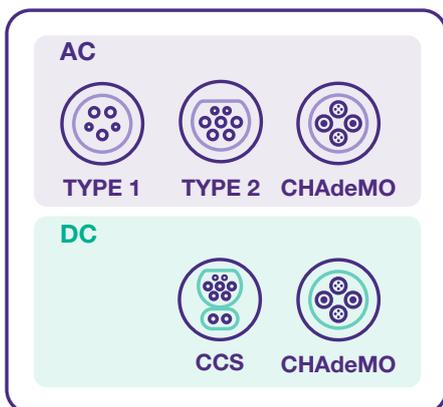
$$20\text{kWh} \div 11\text{kW} = 1.8 \text{ hours (1hr 48min)}$$

DC Ultra-fast charger (100kW):

$$20\text{kWh} \div 100\text{kW} = 0.2 \text{ hours (12min)}$$

The average battery capacity is 60kW. This means when you use a standard trickle charger (the charging cable that will be provided by the vehicle manufacturer), it would take 20 hours to reach 80% charge from empty if charging at an average rate of 2.4kW.

What plug types can I use to charge my EV?



For EVs pre-2018 the Type 1 plug is most common. Current Mitsubishi PHEVs and Nissan Leafs, whilst compatible with the Type 2 plugs for AC chargers, will need to use the CHAdeMO plug for faster DC chargers.

1. AC chargers



Australia uses Type 2 plug (for vehicles manufactured and sold after 2018). This is the plug used for all current vehicles imported into Australia. Type 2 is the standard plug compatible with AC chargers.

2. DC chargers



These chargers use additional ports to support three-phase or rapid DC charges known as CCS (Combined Charging System).



Charging at home

There are a range of different charging options in the home, including:

- **Powerpoint charging:** standard household outlets, that can be used to charge an EV with a portable charger. This is the slowest type of charging available. It can take several hours to fully charge an EV.
- **Fast charging:** a home charging station can be installed by a qualified electrician. These will typically support AC charging, and provide a faster charge than a standard outlet.

DC charging is not an option in the home, due to the large electricity output and high costs involved with installation.

What are the costs to implement a charging station?

Based on the number of charging points you decide to install and the types of chargers you need, the installation costs can vary. As an estimated range, an AC Fast charging setup at home could start from \$900.

Using solar energy can be a great way to reduce electricity costs. However, it's important to factor in how much extra energy charging an EV could make to your total output. Depending on how much energy output your solar power generates, you may be getting charged for electricity from the grid. In this instance, a smart charger will be useful. A smart charger will automatically identify when additional electricity is being generated from solar that is not being used, and will then charge the EV.

Did you know that 80% of owners reported charging at home at least twice per week?*



*Electric Vehicle Council: Insights into electric vehicle ownership.
<https://electricvehiclecouncil.com.au/wp-content/uploads/2022/09/EVownerinsights.pdf>

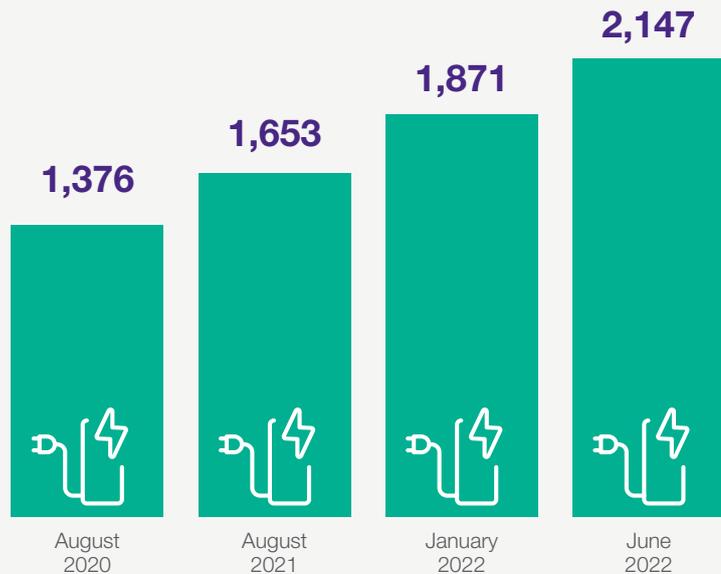
Charging on the go

It's becoming easier to charge an EV on the go, with more organisations installing charging stations across Australia. The Australian and state governments are also supporting the rollout of new and improved EV charging stations.

Smartsalary customers can charge on the go with Chargefox. For more information, see below.



Public charging locations in Australia over time



Source: Electric Vehicle Council, Australian Electric Vehicle Industry Recap 2022, February 2023.

Stay charged on the go with Chargefox

Smartsalary partners with Chargefox, providers of the largest EV charging network in Australia.

With thousands of plugs, the public network includes Fast AC (22kW), Rapid (50kW) and Ultra-fast chargers (~100/150k kW). Please note: the speeds listed are up to, not what will be achieved each time. All ultra-fast stations are powered by 100% renewable energy.

Smartsalary EV customers can access a Chargefox RFID card³ that lets you use your Smartsalary account to access and pay for EV charging. This makes charging on the go super simple and easy.



> FAQs

Here's a quick glossary of some of the commonly used terms and acronyms in this document.

BEV	Battery Electric Vehicle
EV	Electric vehicle
FBT	Fringe Benefits Tax
FCEV	Fuel Cell Electric vehicle
HEV	Hybrid Electric Vehicle
ICE	Internal combustion engine
Net zero	Ensuring the carbon footprint added to the atmosphere doesn't exceed the amount removed
PHEV	Plug-in Hybrid Electric Vehicle

For more information about the state of EVs in Australia, please visit the [Electric Vehicles Council](#).

1. Am I eligible for government incentives if I purchase my car with a novated lease?

Current state-based rebates apply to private buyers, which means if your vehicle meets the criteria, you'll be eligible to apply for rebates. All enquiries must be directed to state/territory government authorities.

2. How does the budget for an EV on a novated lease work?

The budget for your vehicle is worked out the same as any other vehicle – we create a budget for tyres, servicing, registration etc. for the life of the lease. We work directly with your employer to set up deductions each pay to cover these costs. The budget for your electricity will be set on an average electricity price in domestic settings and calculated based on the specific vehicle and battery size you choose.



> Appendix

Currently available electric vehicles as at May 2023:

All vehicles are eligible under the luxury car tax

	Make and Model	EV Type	Battery capacity (kWh)	Range (kms)	Vehicle Class
1	BMW iX1 M Sport		67	440	SUV - Small
2	BMW iX1 X-Line		67	440	SUV - Small
3	BYD Atto-3 Atto-3		50	345	SUV - Small
4	BYD Atto-3 Atto-3 Extended Range		60	420	SUV - Small
5	Cupra Born		77	511	Passenger - Small
6	Cupra Formentor		12.8	85	SUV - Medium
7	Cupra Leon		13	87	SUV - Small
8	Ford Escape		14.4	96	SUV - Medium
9	Hyundai Ioniq-5 Dynamiq		77.4	507	SUV - Medium
10	Hyundai Ioniq-5 Techniq		72.6	454	SUV - Medium
11	Hyundai Ioniq-6 Dynamiq AWD		74	583	Passenger - Medium
12	Hyundai Ioniq-6 Techniq RWD		74	614	SUV - Medium
13	Hyundai Kona Elite		32.9	305	SUV - Small
14	Hyundai Kona Highlander		64	484	SUV - Small
15	Kia EV6 2WD		74	528	SUV - Medium
16	Kia Niro EV-S		64	455	SUV - Small
17	Kia Niro EV-Sport		64	455	SUV - Small
18	Lexus UX 300e		54.3	362	SUV - Small
19	Mazda MX-30 e35 Astina		35.5	237	SUV - Small
20	Mercedes Benz EQA250		66.5	443	SUV - Small
21	Mercedes A250e		15.6	104	Passenger - Small
22	MG ZS Essence		51	340	SUV - Small
23	MG ZS Excite		51	340	SUV - Small
24	MG ZS Long Range		72	440	SUV - Small
25	MG HS + Essence		16.6	111	SUV - Small
26	MG HS + Excite		16.6	111	SUV - Small
27	Mini Cooper All4		9.6	64	SUV - Small
28	Mini Electric Classic		32.6	217	Passenger - Small
29	Mini Electric Resolute		32.6	217	Passenger - Small
30	Mitsubishi Eclipse Cross		13.8	55	SUV - Small
31	Mitsubishi Outlander		20	84	SUV - Medium
32	Nissan Leaf		40	270	Passenger - Small
33	Nissan Leaf E+		62	385	Passenger - Small
34	Polestar 2 Std Range RWD		61	407	Passenger - Medium
35	Polestar 2 Long Range AWD		78	487	Passenger - Medium
36	Tesla 3 Long Range		75	500	Passenger - Medium
37	Tesla 3 RWD		62.3	420	Passenger - Medium
38	Tesla Y RWD		60	400	SUV - Medium
39	Volvo C40 Recharge Pure		69	460	SUV - Small
40	Volvo XC40 Recharge Pure		69	460	SUV - Small
41	Volvo XC40 Recharge Twin Pure		78	520	SUV - Small

Available EVs correct as at May 2023. The range of EVs is constantly improving. For more information on available EVs, please speak to a Smartsalary consultant.

 = BEV

 = PHEV



To learn more about novated leasing for EVs
visit us online or call:

smartsalary.com.au/car-leasing?cfo

1300 476 278

Disclaimers:

¹ Fringe Benefits Tax exemption is applied under the Federal Government's Electric Car Discount Policy. Applies to eligible electric vehicles purchased after 1 July 2022, or for secondhand electric vehicles registered after 1 July 2022. Discounts apply to battery electric vehicles or plug-in hybrid vehicles (up to 1 April 2025 unless an existing lease) for EVs below the luxury car tax threshold (\$84,916 in 2022-23).

² GST is not payable on the purchase price of a vehicle financed through a novated lease (GST saving calculated on the FBT base value of the vehicle, up to the claimable limit unless exempt)

³ Charges apply. Speak to your Smartsalary consultant for further information.

⁴ EVs below the luxury car tax threshold (\$84,916 in 2022-23) as at April 2023. Vehicle pricing is subject to change. Speak to your Smartsalary consultant for further information.