



# TECHNICAL ANALYSIS REPORT

Electric Vehicles - FBT, Income Tax,

GST and Depreciation Implications

<b>Prepared for:</b>	Instructing Accountant / Client
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<b>Reference:</b>	TA-BRV-2026-0319-EV-FBT-Tax-Comprehensive
<b>Classification:</b>	Confidential

## Questions

Q1: A sole trader has an EV and wants to claim running costs using the logbook method. How do we claim electricity costs when the car doesn't take fuel?

Q2: Company purchases an eligible EV for an employee. No other fringe benefits. Do we need a nil FBT return? Is it reportable? Can we claim depreciation and GST credits?

Q3: Does the business need a logbook for an EV that is FBT-exempt? What about for RFBA purposes?

Q4: If the EV is used 100% for private purposes by the employee, can the employer still claim GST credits and deductions?

Q5/Q6: Does the motor vehicle cost limit apply to electric vehicles for GST and depreciation purposes? Does the depreciation cost base limit apply to a Tesla?

Q7: Can the FBT exemption apply if the employee purchases the EV themselves and enters into a salary sacrifice agreement with the employer for the running costs (electricity, depreciation, etc.)?

Q8: A director/shareholder of a company uses a company EV (FBT-exempt). The director does not take a wage. How do employee contributions work to reduce the RFBA? Is the contribution taxable to the company?

## 1. Summary

Question	Answer	Key Provision
<b>Q1: EV electricity - logbook method</b>	Use the ATO's EV home charging rate of 4.20 cents/km for home charging (PCG 2024/2). For commercial charging, claim actual receipts. Multiply home charging km by the rate to get total electricity cost, then apply business use % from logbook.	PCG 2024/2; s 28-100 ITAA 1997
<b>Q2: Nil FBT return, RFBA, depreciation, GST</b>	No FBT return required if only exempt EV benefits. However, the benefit IS reportable (RFBA). Yes - claim depreciation (subject to car limit of \$69,674) and GST credits (subject to GST car limit of $1/11 \times \$69,674 = \$6,334$ ).	s 8A FBTA; s 135P FBTA; s 40-230 ITAA 1997; Div 69 GST Act
<b>Q3: Logbook for FBT-exempt EV</b>	No logbook needed for FBT purposes (the benefit is exempt regardless of business %). But you MUST determine the taxable value to calculate the RFBA - this requires either the statutory formula or operating cost method. A logbook is needed if using the operating cost method for RFBA.	s 10A FBTA; s 135P FBTA
<b>Q4: 100% private use - deductions and GST</b>	Yes - the employer can still claim depreciation and GST credits. The car is held for the purpose of providing a fringe benefit (which is a business purpose). The FBT exemption does not deny the employer's entitlement to deductions or GST credits.	s 8-1 ITAA 1997; s 11-15 GST Act; s 40-25 ITAA 1997
<b>Q5/Q6: Car cost limit - EVs and Tesla</b>	Yes - the car cost limit (\$69,674 for 2024-25) applies to ALL cars including EVs and Teslas. Depreciation is capped at this limit. GST credit is capped at 1/11 of the limit (\$6,334). The FBT exemption does not override the car cost limit.	s 40-230 ITAA 1997; s 69-10 GST Act
<b>Q7: Employee-owned EV + salary sacrifice running costs</b>	No - the s 8A FBT exemption requires the employer to provide a CAR benefit (the car itself). If the employee owns the EV, there is no car fringe benefit - only expense payment fringe benefits for the running costs, which are not exempt under s 8A.	s 8A FBTA; s 7 FBTA
<b>Q8: Director with no wage - employee contributions and RFBA</b>	Employee contributions reduce the taxable value under s 9 FBTA (statutory formula) or s 10 (operating cost). For exempt EVs, contributions reduce the RFBA. The contribution is not assessable income to the company - it is a reduction in the FBT benefit value, not a payment for services.	s 9, s 10 FBTA; s 135P FBTA

## 2. Facts & Assumptions

### Facts Provided

Multiple scenarios involving electric vehicles (EVs) across different entity types (sole trader, company).

Q1: Sole trader owns an EV and uses the logbook method for deductions.

Q2-Q4: Company purchases an eligible EV (battery electric, below LCT threshold, first held/used after 1 July 2022) for an employee.

Q5/Q6: Question about whether the motor vehicle cost limit applies to EVs including Tesla.

Q7: Employee owns the EV personally and enters into salary sacrifice for running costs.

Q8: Director/shareholder uses a company EV, does not take a wage.

### Assumptions Made

Assumption [ASSUMED]	Affects
All EVs referenced are battery electric vehicles (BEVs) - not plug-in hybrids (PHEVs). [ASSUMED]	From 1 April 2025, PHEVs are no longer eligible for the s 8A FBT exemption (unless grandfathered). BEVs remain eligible.
All company-owned EVs were first held and used on or after 1 July 2022. [ASSUMED]	Threshold condition for s 8A - cars first held/used before this date are not eligible for the FBT exemption.
No luxury car tax (LCT) was payable on any of the EVs at first retail sale. [ASSUMED]	s 8A(1)(c) requires that LCT has never been payable. If the EV's value at first retail sale exceeded the fuel-efficient LCT threshold (\$91,387 for 2024-25), the FBT exemption is lost.
The company is registered for GST. [ASSUMED]	Determines eligibility for GST input tax credits on the EV purchase and running costs.
The director in Q8 is also an employee of the company for FBT purposes. [ASSUMED]	FBT only applies to benefits provided in respect of employment. If the director is not an employee, different rules apply (potentially Div 7A).
All EVs are "cars" within the meaning of s 995-1(1) ITAA 1997 - designed to carry less than 1 tonne and fewer than 9 passengers. [ASSUMED]	Definition of "car" determines applicability of the car cost limit, FBT car benefit rules, and logbook method.

### Information Needed

Missing Information [NEEDED]	If Different, Would Change
Purchase price (GST-inclusive) of each EV. [NEEDED]	Determines whether the car cost limit applies and the quantum of GST credit and depreciation available.
Whether any of the EVs exceeded the LCT fuel-efficient threshold at first retail sale. [NEEDED]	If LCT was payable, the s 8A FBT exemption is unavailable. This is a threshold condition that cannot be cured.
The FBT year (1 April to 31 March) in question. [NEEDED]	FBT rates, thresholds, and PHEV grandfathering rules vary by FBT year.

Missing Information [NEEDED]	If Different, Would Change
Whether the director in Q8 has an employment contract or is engaged solely as an officeholder. [NEEDED]	Affects whether FBT applies at all. A director who is not an "employee" may fall under Div 7A rather than FBT.

### 3. Related Areas & Cross-Over Analysis

Area	Relevance	Key Provision	Impact
FBT - EV Exemption	Core issue across Q2-Q8.	s 8A FBTAA 1986	Exempt car benefit for eligible zero/low emissions vehicles. Extends to associated running costs.
FBT - Reportable	Exempt EV benefit is still reportable.	s 135P FBTAA 1986	RFBA affects Medicare levy surcharge, private health insurance rebate, some Centrelink thresholds.
Income Tax - Deductions	Employer deductions for EV costs.	s 8-1, Div 40 ITAA 1997	Depreciation, running costs deductible. Car cost limit (\$69,674) caps depreciation base.
GST - Input Tax Credits	Credits on EV purchase and running costs.	Div 69 GST Act; s 69-10	GST credit on car purchase capped at 1/11 of car limit (\$6,334 for 2024-25).
Income Tax - Logbook	Sole trader claiming EV running costs.	s 28-90, s 28-100 ITAA 1997	Logbook method for cars. Electricity replaces fuel - PCG 2024/2 provides home charging rate.
Depreciation - Car Limit	Cost base cap for cars.	s 40-230 ITAA 1997	\$69,674 for 2024-25. Applies to ALL cars including EVs. No EV-specific exemption.
Division 7A	Director/shareholder using company EV.	Div 7A ITAA 1936	If director is not an "employee" for FBT, private use of company EV may be a Div 7A payment.

## 4. Analysis

### 4.1 Q1: Sole Trader EV - Claiming Electricity Under the Logbook Method

#### Relevant Law

Under the logbook method (Subdiv 28-C ITAA 1997), a sole trader claims a percentage of total car operating expenses equal to the business use percentage determined from a valid logbook (minimum 12 continuous weeks, valid for 5 years).

Operating expenses include fuel, oil, registration, insurance, repairs, maintenance, tyres, interest on car loan, and depreciation. For an EV, "fuel" is replaced by electricity.

The challenge is quantifying electricity costs when the EV is charged at home and the electricity is not separately metered from household consumption.

#### ATO Solution - PCG 2024/2

**PCG 2024/2** (Practical Compliance Guideline - Electric vehicle home charging rate) provides a safe harbour rate of **4.20 cents per kilometre** for home charging costs. This rate is based on average electricity consumption data across EV models and state/territory electricity prices.

The sole trader has two options:

**Option A - EV home charging rate (PCG 2024/2):** Multiply total home charging kilometres by 4.20c/km. If the car is charged at home 100%, home charging km = total km. If partly charged commercially, apply the home charging percentage to total km. Then multiply the result by the logbook business use percentage.

**Option B - Actual cost method:** Install a separate meter or smart charger that records electricity consumed. Claim the actual electricity cost. Apply the logbook business use percentage. This requires substantiation of actual electricity costs.

Under s 28-100 ITAA 1997 (read with s 900-70(3)), if using the logbook method and claiming fuel/electricity, you do not need separate written evidence for fuel/oil costs because the odometer records already required satisfy the substantiation rules. However, for electricity, the ATO accepts the PCG 2024/2 rate as sufficient evidence.

#### Answer: Q1

Use PCG 2024/2: Electricity cost = Home charging km x 4.20c/km. Then apply the logbook business use % to get the deductible amount.

For commercial charging (e.g., public chargers), claim actual receipts separately.

The cents per km method (s 28-25) already includes electricity in the 88c/km rate (2025-26) - but is capped at 5,000 km. The logbook method has no km cap.

## 4.2 Q2: Company EV for Employee - FBT Return, RFBA, Depreciation, GST

### FBT Return

If the company provides an eligible EV and the car benefit is fully exempt under s 8A FBTA 1986, and the company has no other fringe benefits, the company does not need to lodge an FBT return for that FBT year. The ATO's position is that if all fringe benefits are exempt, no FBT return is required.

However, the company must still determine the taxable value of the exempt benefit for RFBA purposes (see below).

### Reportable Fringe Benefits Amount (RFBA)

**Yes - the exempt EV benefit is reportable.** Under s 135P FBTA, the employer must report the grossed-up taxable value of exempt EV benefits on the employee's income statement (formerly payment summary) / STP reporting. The RFBA does not create an FBT liability, but it affects the employee's:

- Medicare levy surcharge threshold
- Private health insurance rebate tier
- Certain government benefits and obligations (e.g., HELP repayment thresholds, child support)
- Division 293 super tax threshold (\$250,000)

### Depreciation

**Yes - the company can claim depreciation on the EV.** The EV is a depreciating asset under Div 40 ITAA 1997. However, the car cost limit (s 40-230) caps the depreciable cost at \$69,674 for 2024-25 (or the actual cost if lower). The FBT exemption does not affect the employer's entitlement to depreciation.

### GST Credits

**Yes - the company can claim GST input tax credits on the EV purchase and running costs.** The car is acquired for a creditable purpose (providing a fringe benefit to an employee is an enterprise activity). However, the GST credit on the car purchase is capped at 1/11 of the car limit = \$6,334 for 2024-25 (s 69-10 GST Act).

#### Answer: Q2

No FBT return required if no other fringe benefits. The benefit IS reportable (RFBA).

Depreciation claimable - capped at \$69,674 car cost limit.

GST credits claimable - capped at \$6,334 on purchase. Full credits on running costs.

### 4.3 Q3: Logbook Requirement for FBT-Exempt EV and RFBA

#### Logbook for FBT Purposes

No logbook is required for FBT purposes. Under s 8A FBTAA, the car benefit is exempt regardless of the business/private use split. Whether the employee uses the car 100% privately or 100% for business, the FBT exemption applies in full. There is no need to determine the private use percentage for FBT.

#### Logbook for RFBA Purposes

The RFBA must still be calculated. The employer can use either:

**Statutory formula method (s 9 FBTAA):** Taxable value = base value x 20% x (days available / 365). No logbook needed. This is the simpler method.

**Operating cost method (s 10 FBTAA):** Taxable value = (total operating costs x private use %) - employee contributions. A logbook IS required to determine the private use percentage. This method may produce a lower RFBA if business use is high.

#### Answer: Q3

No logbook needed for FBT exemption - the benefit is exempt regardless of use split.

For RFBA calculation: No logbook needed if using the statutory formula method (20% of base value). A logbook IS needed if using the operating cost method (to determine private use %).

Most employers use the statutory formula for simplicity, which requires no logbook.

## 4.4 Q4: 100% Private Use - Can Employer Still Claim Deductions and GST?

### Relevant Law

Under s 8-1 ITAA 1997, an expense is deductible to the extent it is incurred in gaining or producing assessable income or is necessarily incurred in carrying on a business. Providing a car to an employee (even for 100% private use) is a normal business activity - it is part of the employee's remuneration package.

Under s 11-15 GST Act, an acquisition is for a creditable purpose to the extent it relates to making taxable supplies. Providing fringe benefits to employees is part of carrying on an enterprise, and the acquisition of the car is for a creditable purpose.

### Application

**Yes - the employer can claim both deductions and GST credits even if the EV is used 100% privately by the employee.** The FBT system is the mechanism that taxes private use - when FBT applies, the employer pays FBT on the private use component, and in return, the full cost is deductible and GST credits are claimable. When the benefit is FBT-exempt under s 8A, the employer still gets the deductions and GST credits - the exemption simply means no FBT is payable.

This is one of the key advantages of the EV FBT exemption: the employer gets full deductions and GST credits, and pays no FBT. It is a genuine tax concession, not a recharacterisation.

#### Answer: Q4

Yes. 100% private use does not deny the employer's deductions or GST credits. The car is held for business purposes (employee remuneration). Full depreciation (up to car limit) and full GST credits (up to GST car limit) are available.

## 4.5 Q5/Q6: Motor Vehicle Cost Limit - EVs, GST, Depreciation, Tesla

### Relevant Law

Section 40-230 ITAA 1997 provides the car cost limit for depreciation purposes. For the 2024-25 income year, the limit is \$69,674. For 2025-26, it remains \$69,674.

Section 69-10 GST Act provides the equivalent limit for GST input tax credits on cars. The maximum GST credit on a car purchase is 1/11 of the car cost limit.

These limits apply to ALL "cars" as defined in s 995-1(1) ITAA 1997 - a motor vehicle designed to carry less than 1 tonne and fewer than 9 passengers. There is no exemption for electric vehicles, hybrid vehicles, or any particular make or model.

### Application to EVs and Tesla

Item	2024-25	Notes
Car cost limit (depreciation)	\$69,674	Applies to all EVs including Tesla
Maximum GST credit on purchase	\$6,334 (1/11 x \$69,674)	Regardless of actual purchase price
LCT threshold - fuel efficient	\$91,387	EVs qualify as fuel efficient
<b>Example: Tesla Model 3 at \$65,000 (GST-inc)</b>	Full depreciation on \$59,091 (ex-GST); full GST credit \$5,909	Below car limit - no cap applies
<b>Example: Tesla Model S at \$140,000 (GST-inc)</b>	Depreciation capped at \$69,674; GST credit capped at \$6,334	Exceeds car limit - caps apply

### Answer: Q5/Q6

Yes - the motor vehicle cost limit applies to electric vehicles, including Tesla. There is no EV-specific exemption from the car cost limit.

Depreciation is capped at \$69,674 (2024-25). GST credit is capped at \$6,334.

A Tesla Model 3 or Y under the limit gets full depreciation and GST. A Tesla Model S or X above the limit is capped.

The s 8A FBT exemption does not override or interact with the car cost limit - they are separate provisions.

## 4.6 Q7: Employee-Owned EV with Salary Sacrifice for Running Costs

### Relevant Law

Section 8A FBTA 1986 provides an exemption for a "car benefit" - defined in s 7 FBTA as a benefit arising from the private use of a car held by the employer (or an associate/third party arranger). The car must be provided by the employer to the employee.

If the employee owns the EV personally, the employer does not provide a "car" - it provides expense payment fringe benefits (s 20 FBTA) for the running costs. These are not "car benefits" and are not covered by the s 8A exemption.

### Application

The salary sacrifice arrangement for running costs (electricity, insurance, registration, etc.) creates expense payment fringe benefits under s 20 FBTA. These are subject to FBT at the standard rate (47%) unless another exemption applies (e.g., the otherwise deductible rule under s 24 may reduce the taxable value to the extent the employee could have claimed a deduction).

However, for a car used partly for private purposes, the otherwise deductible rule only reduces the taxable value to the extent of the business use percentage. The private use component remains subject to FBT.

#### **Answer: Q7 - FBT Exemption NOT Available**

No - the s 8A FBT exemption does NOT apply if the employee owns the EV. The exemption requires a "car benefit" (employer-provided car). Salary sacrifice of running costs creates expense payment fringe benefits, not car benefits.

The running costs would be subject to FBT under s 20 FBTA, with the otherwise deductible rule (s 24) reducing the taxable value only to the extent of business use.

To access the s 8A exemption, the employer must own or lease the car and provide it to the employee.

## 4.7 Q8: Director with No Wage - Employee Contributions and RFBA

### Relevant Law

Under s 9 FBTA (statutory formula), the taxable value of a car benefit is reduced by employee contributions (s 9(2)(e)). An "employee contribution" is a payment by the employee to the employer or a third party in respect of the car benefit.

Under s 135P FBTA, the RFBA is calculated based on the taxable value of the benefit. If the employee makes contributions that reduce the taxable value, the RFBA is correspondingly reduced.

For exempt EV benefits under s 8A, there is no FBT payable, but the RFBA still applies. Employee contributions reduce the RFBA.

### Director with No Wage

A director who does not take a wage can still make employee contributions to reduce the RFBA. The contribution must be a genuine payment from the director to the company (or a third party) for the provision of the car benefit. It can be:

- (a) A cash payment from the director's personal funds to the company;
- (b) A debit to the director's loan account (if the director has a credit balance); or
- (c) An offset against amounts owed by the company to the director.

The contribution cannot be made from the director's salary if no salary is paid. However, a director can still make a cash contribution or use their loan account.

### Tax Treatment of the Contribution

An employee contribution for a car fringe benefit is NOT assessable income to the company. It is a reduction in the taxable value of the benefit, not a payment for services or goods. The contribution is treated as a capital receipt that reduces the FBT base - it is not income under s 6-5 or s 6-10 ITAA 1997.

However, if the "contribution" is structured as a payment for the use of the car (e.g., a hire charge), it may be assessable as ordinary income. The characterisation depends on the substance of the arrangement.

#### Answer: Q8

Employee contributions reduce the RFBA for FBT-exempt EVs. The director can make contributions even without a wage - via cash payment or loan account adjustment.

The contribution is NOT assessable income to the company. It reduces the FBT benefit value, not the company's income.

Important: The director must be an "employee" for FBT purposes. If the director is not engaged under a contract of employment, consider whether FBT applies at all or whether Division 7A is the relevant provision.

## 5. Worked Example Tables

### 5.1 Q1 - Sole Trader EV Electricity Claim (Logbook Method)

Assumes: EV driven 20,000 km in the year. Logbook shows 60% business use. 80% charged at home, 20% at commercial chargers (\$400 in receipts).

Item	Calculation	Amount
Total km driven		20,000
Home charging km (80%)	20,000 x 80%	16,000
Home charging cost (PCG 2024/2)	16,000 x \$0.042	<b>\$672</b>
Commercial charging cost	Actual receipts	\$400
Total electricity cost	\$672 + \$400	<b>\$1,072</b>
Business use % (from logbook)		60%
<b>Deductible electricity</b>	<b>\$1,072 x 60%</b>	<b>\$643</b>

### 5.2 Q2 - Company EV: Depreciation and GST

Assumes: Tesla Model Y purchased for \$75,000 (GST-inclusive). 2024-25 income year.

Item	Calculation	Amount
Purchase price (GST-inclusive)		\$75,000
GST component	\$75,000 / 11	\$6,818
Car cost limit (2024-25)		\$69,674
GST credit (capped at 1/11 of car limit)	\$69,674 / 11	<b>\$6,334 (not \$6,818)</b>
Depreciable cost (cost minus GST credit claimed)	\$75,000 - \$6,334	\$68,666
Car limit check	\$68,666 < \$69,674	Below limit - use \$68,666
Depreciation Yr 1 (diminishing value, effective life 8 yrs)	\$68,666 x 25%	<b>\$17,167</b>

### 5.3 Q2 - RFBA Calculation (Statutory Formula)

Assumes: Car available for full FBT year (365 days). No employee contributions.

Item	Calculation	Amount
Base value of car (GST-inclusive cost)		\$75,000
Statutory fraction		20%
Days available		365
Taxable value	\$75,000 x 20% x 365/365	<b>\$15,000</b>
Type 1 gross-up rate (2024-25)		2.0802

Item	Calculation	Amount
RFBA (reportable amount)	$\$15,000 \times 2.0802$	<b>\$31,203</b>
FBT payable	Exempt under s 8A	<b>\$0</b>

## 6. Case Law Support

### Primary Authority

Reference	Source	Principle	Application
PCG 2024/2	ATO (Practical Compliance Guideline)	EV home charging rate of 4.20c/km for calculating electricity costs. Safe harbour for income tax and FBT purposes.	Directly answers Q1 - provides the method for claiming electricity costs under the logbook method for EVs.
s 8A FBTA 1986	Legislation	FBT exemption for eligible zero/low emissions vehicles. Conditions: current employee, zero/low emissions vehicle, no LCT payable, first held/used after 1 July 2022.	Core provision for Q2-Q8. Defines the scope and conditions of the EV FBT exemption.
LCR 2023/1	ATO (Law Companion Ruling - Binding)	Comprehensive guidance on the application of s 8A, including the meaning of "car benefit", eligible vehicles, LCT threshold condition, and interaction with RFBA.	Supports analysis across Q2-Q8, particularly the requirement that the benefit must be a "car benefit" (Q7) and RFBA treatment (Q3, Q8).

### Supporting Authority

Reference	Source	Principle	Relevance
SGR 2005/1	ATO (Binding)	Definition of "employee" for SG purposes - also relevant for FBT "employee" definition.	Relevant to Q8 - whether a director is an "employee" for FBT purposes.
TR 2024/3 (if available) or general ATO EV guidance	ATO	Interaction of car cost limit with EV FBT exemption.	Confirms car cost limit applies to EVs for depreciation and GST.

## 7. Conclusion

The EV FBT exemption under s 8A FBTAA 1986 is a powerful concession that eliminates FBT on eligible electric vehicles while preserving the employer's income tax deductions and GST credits. However, the exemption has clear boundaries:

**Sole traders (Q1):** Use PCG 2024/2 (4.20c/km) for home charging costs under the logbook method. Claim actual receipts for commercial charging. Apply business use % from logbook.

**Company EVs (Q2-Q4):** No FBT return if only exempt EVs. Benefit IS reportable (RFBA). Full depreciation (up to \$69,674 car limit) and GST credits (up to \$6,334) available - even if 100% private use.

**Logbooks (Q3):** Not needed for FBT exemption. Needed only if using operating cost method for RFBA. Most employers use statutory formula (no logbook required).

**Car cost limit (Q5/Q6):** Applies to ALL cars including EVs and Tesla. \$69,674 depreciation cap, \$6,334 GST credit cap. No EV exemption from these limits.

**Employee-owned EV (Q7):** s 8A exemption does NOT apply. Must be a car benefit (employer-provided car). Salary sacrifice of running costs creates expense payment FBT, not exempt car FBT.

**Director contributions (Q8):** Employee contributions reduce RFBA. Not assessable to the company. Director must be an "employee" for FBT to apply - otherwise consider Div 7A.

## 8. Risks & Caveats

**PHEV exclusion from 1 April 2025: [Critical]** From 1 April 2025, PHEVs are no longer eligible for the s 8A exemption unless grandfathered (pre-existing binding commitment). Only BEVs and hydrogen fuel cell vehicles qualify going forward.

**LCT threshold condition: [Threshold]** If LCT was payable on the first retail sale of the EV (value exceeds \$91,387 for 2024-25 fuel-efficient threshold), the s 8A exemption is permanently lost for that vehicle. This is a one-time test at first sale - it cannot be cured later.

**RFBA impact on employee: [Moderate]** While no FBT is payable, the RFBA can affect the employee's Medicare levy surcharge, private health insurance rebate tier, HELP repayment thresholds, and Div 293 super tax. Employees should be advised of this.

**Director as employee (Q8): [Verify]** If the director is not engaged under a contract of employment and does not perform duties as an employee, FBT may not apply. The private use of the company EV may instead be a Div 7A payment or loan. Confirm the director's employment status.

**Car cost limit - no EV exemption: [Information]** A common misconception is that EVs are exempt from the car cost limit because of the FBT exemption. They are not. The \$69,674 cap applies to all cars including EVs.

**Government review by mid-2027: [Forward planning]** The Government has committed to reviewing the EV FBT exemption by mid-2027. The exemption may be modified, time-limited, or removed. Structures relying on the exemption should factor in this uncertainty.

**Salary sacrifice structure (Q7): [Design]** If employees wish to access the s 8A exemption, the employer (not the employee) must hold the car. Novated leases where the employer is the lessee qualify. Employee-owned cars with salary sacrifice of running costs do not qualify.

## 9. Rulings & References

### Legislation

Provision	Relevance
FBTAA 1986, s 7	Definition of car fringe benefit
FBTAA 1986, s 8A	FBT exemption for zero/low emissions vehicles
FBTAA 1986, s 9	Statutory formula - taxable value of car benefits
FBTAA 1986, s 10	Operating cost method - taxable value of car benefits
FBTAA 1986, s 20-24	Expense payment fringe benefits and otherwise deductible rule
FBTAA 1986, s 135P	Reportable fringe benefits amount (RFBA)
ITAA 1997, s 8-1	General deduction provision
ITAA 1997, Div 28 (s 28-90, s 28-100)	Car expense deductions - logbook method
ITAA 1997, Div 40 (s 40-25, s 40-230)	Depreciation - car cost limit
ITAA 1997, s 995-1(1)	Definition of "car"
GST Act, s 69-10	GST credit cap for cars
GST Act, s 11-15	Creditable purpose for GST input tax credits

### ATO Rulings & Guidance

Reference	Topic	Binding Status
PCG 2024/2	EV home charging rate - calculating electricity costs	Non-binding (Practical Compliance Guideline - safe harbour)
LCR 2023/1	Application of s 8A FBT exemption for electric vehicles	Binding (Law Companion Ruling)
SGR 2005/1	Who is an "employee" for SG and FBT purposes	Binding (SG Ruling)
SGR 2009/2	Ordinary time earnings for SG purposes	Binding (SG Ruling)

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