



YOUR GUIDE TO

Offering novated leasing with Flare Cars

Novated leasing, explained

What exactly is novated leasing, and how does it work for employees and employers?

A novated lease is a three-way agreement between the employee, the employer, and a financier. The employee leases the car, the employer facilitates repayments through payroll, and the financier provides the vehicle finance. Running costs like fuel, insurance, servicing, and registration can be bundled into the fully maintained Flare novated lease, with payments made from a mix of pre- and post-tax salary.



For employees

This means potential tax savings, convenience, and access to fleet pricing.



For employers

It's a no-cost, low-admin benefit that helps attract and retain talent without adding to payroll or compliance risk.

Flare plays a critical role in facilitating this benefit, bringing all three parties together.

Flare will manage and coordinate the full novation process, from quote generation and eligibility checks to the execution of lease and novation agreements. Flare will manage the administration of the benefit throughout the life cycle of the lease. And, Flare's experts are available to answer all queries from employees directly.

Altogether, this ensures employers have no additional burden across awareness, education and adoption of this benefit.

Novated leasing
with Flare Cars

An integral part of your broader benefits and employee value proposition strategy

Novated leasing is a high-impact, no-cost way to strengthen your employee value proposition (EVP). It sits alongside non-monetary benefits like flexibility and career development, but also delivers tangible financial value at no cost to the business.

With more employees looking for support beyond salary increases, novated leasing is an attractive and practical way to improve take-home value.

It also signals that the organisation is progressive and invested in employee wellbeing, particularly with options like electric vehicles (EVs) which appeal to staff who value sustainability.

Is novated leasing
something
employees actually
want or will use?

Yes. Car ownership remains a significant household expense, and novated leasing is one of the most effective ways for employees to reduce that cost. Employees value the convenience of having finance and running costs packaged into one deduction, and many are surprised by how much they can save compared to buying outright or using a car loan.



Flare sees strong uptake for novated leasing across industries, with electric vehicles in particular driving demand. Clear communication and education at launch typically result in high levels of employee engagement and utilisation.

Supercharge your employees' savings

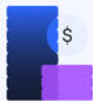
There are numerous ways a lease on an EV can help employees save thousands of dollars compared to driving an equivalent petrol or diesel car.

The EV Discount Bill (formally the Treasury Laws Amendment (Electric Car Discount) Act 2022) is an Australian federal initiative that makes electric vehicles (EVs) more affordable for employees when accessed through novated leasing.

Here's how it works and why EVs provide higher savings compared to equivalent internal combustion engine (ICE) vehicles:

- **FBT Exemption:** Eligible EVs are exempt from Fringe Benefits Tax (FBT) if their retail value is below the luxury car tax threshold for fuel-efficient vehicles (~\$91,387 for 2025–26).
- **Salary Packaging Advantage:** Employees can package the lease and running costs using pre-tax income, reducing their taxable income and overall tax bill.

Savings Compared to ICE Vehicles:



Pre-tax Savings:

Lease payments, charging costs, insurance, registration, and maintenance can all be bundled and paid from pre-tax deductions, lowering the employees taxable income.



Running Costs:

EVs are significantly cheaper to run (electricity vs petrol, fewer moving parts → less servicing).



Total Cost of Ownership:

When factoring in tax benefits + lower running costs, employees often drive an EV at a lower net cost than an equivalent ICE vehicle, saving \$6,000-\$12,000 over a 3-4 year lease.



Frequently asked questions

Administration & FBT

How is FBT calculated for non-exempt vehicles?

For non-exempt vehicles, FBT is calculated using the statutory method.

The statutory method applies a 20% statutory rate to the car's base value. This method standardises and simplifies calculation without having to track every kilometre driven. It also requires far less record-keeping and provides predictable FBT outcomes.

How does Flare offset FBT liability for employers?

For eligible FBT-exempt vehicles, Flare's quotes will reflect the vehicle being FBT exempt.

For other non-exempt vehicles, Flare deploys the Employee Contribution Method (ECM). Using this method, employees pay a portion of their post-tax salary toward their lease cost to offset and eliminate any FBT that would otherwise be payable by the employer.

Typically, 20% of the vehicle's FBT base value is contributed post-tax, for every year of the lease, reducing the employer's FBT liability to nil.

How is Fringe Benefits Tax (FBT) managed?

Flare provides an annual FBT report upon request to assist with FBT reporting at the end of each FBT year. FBT is managed through the Employee Contribution Method (ECM), which reduces the employer's FBT liability to nil.

Eligible electric vehicles are automatically treated as FBT-exempt. An eligible EV may result in a reportable fringe benefit amount (RFBA) included by the employer in the payment summary for the employee.

Does novated leasing create liability for the business?

No. The ultimate liability of the employee's lease lies with the employee. The employer agrees via the novation agreement to facilitate the payment of the lease via payroll deductions from the employee's salary.

What happens if an employee leaves the business?

If an employee is terminated or leaves the organisation, the lease goes with the employee. When this happens, Flare needs to be informed as soon as possible. Flare will then immediately conduct a reconciliation of pre- and post-tax balances and any shortfalls or surplus amounts are settled directly with the employee via their final pay or through Flare's support process.

How is payroll compliance ensured?

Flare has innovated the administration of novated leasing and offers several solutions, customisable for the business requirements. Flare's standard offering of using a payroll advice and invoicing model, in line with pay frequencies, negates any requirement to reconcile against a standard monthly invoicing model.

Costs & finance

What does novated leasing cost the business?

There is no cost to the employer beyond standard payroll facilitation. Flare charges a flat \$25 all-inclusive monthly management fee per active lease, paid by the employee, which is incorporated into the employee's lease. Employers do not pay for setup, reporting, or ongoing support.

Are there hidden or exit fees to employees?

No. Flare does not charge additional fees for variations, re-costing, terminations, reimbursements, fuel card management, or FBT reporting. All costs are itemised upfront, with no surprises.

Flare does not charge any additional salary packaging fees such as:

Re-costing or amendments to lease	\$0.00
Out of pocket expense claim	\$0.00
Direct payment expense claim	\$0.00
Fuel card management	\$0.00
Monthly fuel card fee	\$0.00
Choice of insurer	\$0.00
FBT reporting	\$0.00
PPSR to originate the lease	\$0.00
Terminations of salary package	\$0.00
Renovations of lease transitions across to Flare	\$0.00

How does novated leasing benefit employees financially?

Employees pay for the car and its running costs using a combination of pre-tax and post-tax salary, reducing their taxable income and saving on income tax and GST. They can also access fleet pricing and procurement support, which often secures discounts below retail prices.

How does financing work?

Flare partners with a panel of financiers to ensure competitive interest rates across lease terms. Quotes are valid for 14 days and then rate-locked for 90 days after acceptance, giving employees certainty and time to secure their vehicle.

Can employees choose their own insurance or add-ons?

Yes. Flare offers tailored insurance options and optional aftermarket products, but employees are free to use any insurer or opt out of extras. Transparency is built in, with no add-on insurance products.



Implementation & ongoing operations

What's required to set up novated leasing in our organisation?

Set-up is simple, no system integration is required. Flare simply requires the completion of a company set-up form, which captures authorised signatories at the business for lease approvals. The form also captures pay frequencies, preferred payment methods & a primary contact at the organisation for the partnership with Flare.

From there, a dedicated Relationship Manager from Flare will be assigned, overseeing onboarding and alignment between payroll, finance & HR teams ahead of launch. Flare will collect your payroll frequencies, aligning employee deductions under a 'set and forget' arrangement. This ensures your payroll team is not burdened with additional admin each pay cycle.

How is the program communicated and rolled out to employees?

Flare provides a tailored launch plan that includes onsite and virtual education sessions, employee presentations, and a library of ready-to-use communication materials. This ensures staff clearly understand the benefit, how it works, and how to access it. Many employers choose to tie launches to broader wellbeing or benefits campaigns to maximise engagement.

What level of ongoing management or reporting is needed?

Minimal. Flare manages quoting, procurement, finance, compliance, and ongoing lease administration. Employers receive tailored monthly and annual reports covering uptake, balances, FBT compliance, plus ad-hoc reporting on request.

Who handles compliance, contracts, and employee support?

Flare manages all contracts with employees and financiers, administers running costs and reimbursements, and provides full compliance reporting. Employees get direct support from Flare's customer team—on average, calls are answered within 25 seconds, and quotes are turned around within 4 hours. Employers remain risk-free, with no added compliance or support burden. The novated lease program is entirely outsourced, where Flare will answer all queries from employees directly to ensure employers do not have any additional administrative burden across awareness, education and adoption of this benefit.

Have further questions?
Reach out today.

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