

## PRESS INFORMATION

### **As EV Incentives End, Leasing Choices Count**

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Australia's electric vehicle (EV) market is set to enter a new phase following the Federal Government's announcement it will gradually wind back electric vehicle tax incentives after March 31, 2027.

The changes relate to the government's Electric Car Discount scheme, which currently exempts eligible EVs purchased through novated leasing arrangements, from Fringe Benefits Tax (FBT).

But while a hasty read of recent headlines may have sparked concern among drivers and businesses considering the switch to electric, fleet leasing and management company Streetfleet says the changes do not signal the end of EV affordability, but rather the next stage of the country's transition towards lower-emissions transport.

"The government isn't scaling back incentives because EV uptake failed – it's scaling them back because the scheme worked *too well*, adding an estimated additional [100,000 EVs to the roads](#) in the last four years" shares Streetfleet CEO James Ehmann.

"The reality is that the market has matured much faster than expected and doesn't require the same level of support it did when these incentives were introduced in 2022."

"However, it's important to emphasise that the government isn't removing the EV tax benefit entirely – just reducing the level of support as EV adoption becomes more mainstream and redirecting investment to badly needed EV infrastructure."

#### **Why EV novated leasing has been so popular**

Under the FBT exemption, Australians salary packaging an EV through a novated lease have been able to significantly reduce the cost of ownership potentially by thousands of dollars each year - compared with leasing a petrol or diesel vehicle.

“Combined with lower running costs, the incentive has made novated leasing one of the most popular ways for Australians to make the switch to electric vehicles, with around half of all EVs sold nationally financed this way,” shares Mr Ehmann.

“That said, the scheme has also created growing pressure on government tax revenue, making it increasingly costly to maintain in its current form,” he adds.

### **So what’s changing?**

From April 1, 2027, EVs priced above \$75,000 will instead attract a discounted FBT rate: 75% of the standard FBT amount. And from 2029, all eligible EVs will transition to this discounted FBT arrangement, while luxury EVs currently priced at roughly \$91,000, along with some older or used EVs, will continue to attract full FBT.

However, as Mr Ehmann explains, even once the changes are fully implemented, EVs are still expected to be taxed more favourably than petrol vehicles:

“For example, a \$50,000 petrol car on a novated lease can attract close to \$10,000 per year in FBT, while a \$50,000 EV - which currently pays no FBT - would attract around \$7,300 per year from 2029 under the revised arrangements, still representing a meaningful saving.”

[Existing lease arrangements will also be grandfathered](#), meaning current leaseholders will not be impacted by the changes.

### **Beyond incentives: The shift towards long-term fleet strategy**

Mr Ehmann believes the changes also mark a broader shift in how businesses approach fleet electrification and vehicle procurement decisions.

“As the EV market matures, businesses are becoming less focused on incentives alone and more focused on long-term operational efficiency, emissions targets and understanding the total financial performance of their fleet,” he says.

“This is where strategic advice becomes increasingly important. The landscape is becoming more complex, and customers are looking for partners who can help them identify where the long-term value and savings opportunities sit.”

Despite the gradual reduction of direct tax incentives, Mr Ehmann says that the broader transition towards electrification remains firmly underway, with the Federal Government continuing to invest in charging infrastructure, emissions reduction initiatives and fleet electrification programs.

“What businesses and drivers want most now is clarity,” he concludes.

“They want to understand what these changes actually mean for them financially, what options make the most sense for their circumstances and how they can make smart long-term

decisions in a rapidly evolving market. That's where having the right fleet and leasing partner becomes incredibly important."

*Ends.*

**Photo:** Streetfleet CEO, James Ehmann

### **About Streetfleet**

Streetfleet was founded in Adelaide in 1998 to do one thing well, fleet leasing and management for Australian businesses, run by people who pick up the phone. Charities, local government, not-for-profits and SMEs were the early customers. The brief from the start was direct service, fair finance, and getting things done without the runaround.

Twenty-eight years later, we're 100% Australian-owned, part of the One SMG group, and looking after fleets and novated leases for organisations across Australia and New Zealand. The business has grown. The standard hasn't changed.

What's changed is the toolkit. We've rebuilt the platform around AI, smarter data, faster decisions, real visibility for fleet managers and a Digital Drivers Guide that lives on every windscreen. The technology is new. The consultant who answers the phone is the same one you've always spoken to.

That's the Streetfleet difference, in a sentence: smarter tools, real human relationships. Driven by People.

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