Your guide to a Flare Cars novated lease

flare

A novated lease is a method of financing your next car through your employer. It's a salary packaging benefit that allows you to bundle and pay the key costs of owning and running a car—like servicing, tyres, and fuel—using your pre- and post-tax income. That means, when compared to purchasing a car outright, a novated lease could help you save thousands every year.

What does a Flare Cars novated lease look like?

Dedicated service

We'll find the car you want, so you don't have to

Convenient, bundled expenses

Drive your way to better vehicle management

Tax benefits and savings

Unlock savings up front and on the go

The Flare Cars way

Our expert team is here to make your car-buying experience better and easier than ever before.

Find

Your Flare Cars consultant will find the car you want, compare prices, arrange test drives and deal with the dealers—so you don't have to.

Save

Leverage our buying power to secure great deals across our network, and access salary packaging benefits to save on the cost of your car.

Drive

Manage your car and associated running costs with easy regular payments, usually paid for out of your pre-tax salary.

Benefit

It's the benefit that keeps on benefiting: save up front and on running costs with our full-service novated leasing solution.

What’s included in a Flare novated lease

From tyre changes, to registration renewals, and even the unexpected trip to the mechanic—owning and running a car can sometimes feel like a ‘what’s coming next?’ scenario.

With a Flare Cars novated lease, the guesswork is taken care of and the costs are bundled into deductions from your payslip.

All your car needs, bundled into one convenient payment.

How are my deduction amounts calculated?

Your deduction amounts are unique to you and are prepared together with your dedicated leasing consultant. You'll receive a tailored quote based on factors like your choice of car, how much you drive, and your annual salary.

Understanding salary packaging

Unlock tax benefits and save with pre- and post-tax deductions.

Many workplaces offer employees the opportunity to sacrifice a portion of their pre- or post-tax income for non-salary benefits of an equivalent value. These are known as salary packaging benefits, and if you're eligible, they can help you save at tax time.

Tip

Under a novated lease, the sacrificed portion of your pre- or post-tax salary is known as a deduction. This is used to cover the cost of your lease and eligible running costs.

A Flare Cars novated lease is one kind of salary packaging benefit.

Here's how it works:

	Car loan	Lease (FBT-inclusive)	Lease (FBT-exempt)
Gross annual salary This example assumes a gross annual salary of $85,000*. This amount is a key component of a quote.	$85,000	$85,000	$85,000
Monthly taxable income This amount determines how much tax is payable each pay cycle before any pre-tax deductions have been made.	$7,083.33	$7,083.33	$7,083.33
Pre-tax deduction With a novated lease, a portion of income is deducted pre tax to cover the finance and running costs of the car. For an FBT-exempt lease, all costs are deducted pre-tax.	$0.00	$437.07	$1,462.82
New monthly taxable income With a novated lease, the new taxable income would be as shown. With a car loan, taxable income would remain unchanged at $7,083.33.	$7,083.33	$6,646.26	$5,620.51
Monthly tax This is the amount of tax payable, inclusive of Medicare, as per the new taxable income. With no pre-tax deductions, tax payable is higher with a car loan than a novated lease.	$1,504	$1,361.00	$1,036.00
Monthly net pay This is the net monthly salary amount after all tax payments have been made.	$5,579.33	$5,285.26	$4,584.51
Post-tax deduction With a novated lease that is inclusive of FBT, the remaining portion of your deduction is taken from your post-tax salary. This amount is shown here.	$0.00	$1,128.33	$0.00
Car expenses Unlike novated lease deductions, with a car loan, finance and running costs are payable out-of-pocket after salary is received.	$1,810.38	$0.00	$0.00
Monthly net take-home pay This is the net salary amount remaining after all costs are considered. These amounts are shown in the table.	**$3,768.95**	**$4,156.93**	**$4,584.51**

*Costs are estimates only based on Gross Annual Salary of $85K, 60-month lease, 15,000km p.a., vehicle purchased in NSW with potential discounts, typical running cost inclusions and tax considerations. Information provided is general in nature. We have not taken into account your personal circumstances or financial objectives. Your actual savings are dependent on your personal circumstances, and tax exemptions are subject to eligibility. We recommend seeking independent legal, financial or other professional advice before making any decisions related to this information. Car loan calculation along with the novated lease calculations factor in a 7.29% interest rate.

Getting started

We'll find the car you want, so you don't have to.

Look into your options

When you're first considering a lease, the best place to start is our website. You can find the latest deals, use our novated lease calculator for an estimate on how much you could save, or use our contact form to request a personalised quote.

Evaluate the specifics

A Flare Cars quotation is tailored to you. It considers the type of car you're interested in, your budget, annual kilometres driven, and your ideal lease term.

Type of car

You can choose specific models, brands, and EV, hybrid or petrol.

Your budget

The amount you're considering to spend on total vehicle expenses.

Annual kms driven

This serves as an estimate for your ongoing costs and deduction amount.

Ideal lease term

You can choose a term between one to five years, as per your needs and budget.

Leave the rest to us!

With Flare, you get your very own leasing consultant who will manage your entire leasing journey, end to end. They'll organise test drives, find you a great price, and manage the various parties like dealers on your behalf. And best of all, the process is entirely digital—no paper or pens in sight.

Can I lease a used car with Flare?

You can. To be eligible, it must be no older than 15 years at the end of the lease term. If you find a car through a dealership or third-party listing, speak with your Flare Cars leasing consultant—they will guide you through the process step by step.

The lease in action

" I don't have to think about putting money aside—it's all done for me, and it's all taken out before tax. It's really helped me budget and save for the future. "*

* Eligible EVs only.

Beth,
MG ZS EV owner

Pre-budgeted, bundled expenses

At the start of your lease, costs like fuel or EV charging fees, servicing, tyres, registration, and insurance are budgeted for. They're then bundled together with your lease costs to form your deductions. This keeps managing your expenses simple and convenient.

Simple lease deductions, handled by payroll

Once your budgets are confirmed and your lease begins, Flare will help set up your deductions with your employer. Payroll will process this with Flare and you'll find the details listed in your payslip.

Drive your way to better vehicle management.

What's covered and how to claim

Flare partners with FleetCard to make your pre-budgeted expense payments as convenient as possible. Your unique card can be used at eligible service providers to cover select costs as outlined in the example here.

Note: If a provider does not accept the Flare Fuel & Maintenance Card (FleetCard), you may claim a reimbursement for these expenses through the Flare Cars driver portal.

FleetCard eligible	FleetCard ineligible
Fuel purchases	Insurance payments
Motor oil purchases	Registration renewal
Tyres	"Shop" purchases with fuel
Servicing, repair, and maintenance	Tolls
Car washing	Fines
	Any non-car expenses
	Non-FleetCard retailers
	Roadside or breakdown services

The option to own, sell, or extend

So what happens at the end of your lease? There are two things to consider; the residual payment, and what you want to do next.

Own → Pay the residual value and own the car outright.*

Sell → Sell the car and retain any profits after paying the residual value.*

Extend → Extend the current lease for a further term and continue enjoying the car.

Tip

Commonly, customers will sell or trade in their car to cover the residual amount and then take out a new lease on another car. Flare can help you through this process and with finding your next car.

* Any outstanding amounts under the novated lease must be paid in full by the end of the lease term.

Supercharged savings

Unlock savings up front and on the go.

With a novated lease, certain costs are covered with the pre-tax component of your salary package which can lower your overall tax burden. There are also GST savings on the price of a new or used vehicle—up to the luxury car limit—and on most of your running costs, too.

Three ways you can save with a novated lease:

Greater buying power

Leverage Flare's exclusive fleet discounts for a great deal on your dream car.

Upfront and ongoing savings

Reduce GST payable on the purchase price of your car and most ongoing running costs.

Tax-time benefits

Reduce your overall tax burden through your lease's pre-tax deductions.

Altogether, this could deliver thousands of dollars in savings each year when compared to purchasing a car outright.

Tip

Explore our comparison table for a breakdown between a traditional car loan and a novated lease to see how much you could save with Flare Cars.

The EV discount, explained

Maximise your tax savings, reduce your carbon footprint.

EVs are a popular choice for a novated lease as they may qualify for an FBT exemption.

These exemptions help to lower the cost of an EV, and in turn, Australia's emissions—great news for you and the environment. To be eligible, an EV must be:

- purchased for less than the luxury car threshold ($91,387 as of July 1st, 2025),
- first used on or after July 1st, 2022, and,
- designed to carry a maximum of eight passengers and a load of less than one tonne.

Popular brands include:

Polestar

MG

BYD

TESLA

smart

GEELY

Note: Plug-in hybrid EVs do not qualify for FBT exemptions. Only zero-emission, all-electric vehicles meet eligibility requirements.

Ohme

Save even more with a smart charger

When to charge is just as important as where and how. From rooftop solar to off-peak charging, a smart charger can help you charge your EV at the cheapest and greenest time of the day. Discover a range of leading products from our partner, Ohme, at ohme-ev.com/au/flare/ or click the button below.

Save with Ohme

Tip

A novated lease for an eligible electric vehicle may result in a Reportable Fringe Benefit Amount (RFBA). It may be included by your employer in your Income Statement or Payment Summary and may be included in income tests for government concessions and benefits.

Comparing a novated lease with a traditional car loan

See how you could save.

In the example below, we compare the costs* of purchasing a car with an equivalent list price through a car loan, an FBT-inclusive novated lease, and an FBT-exempt novated lease.

	Car loan	Lease (FBT-inclusive)	Lease (FBT-exempt)
Vehicle driveaway price This example uses a car with a list price of $71,470, inclusive of GST.	$71,470	$71,470	$71,470
Upfront savings With a lease, no GST* is paid on the cost of the vehicle up to the maximum GST-claimable amount. In this example, the GST savings are $6,155.	$0	$6,155	$6,155
Monthly costs This amount refers to the finance and total running costs. The novated lease payment is lower due to no upfront GST payable on the lease and running cost amounts.	$1,544	$1,463	$1,463
Ongoing savings With a lease, there are savings on income tax and GST. These savings are higher for leases that are FBT-exempt as deductions are pre-tax only.	$0	$187	$614
Impact to monthly pay This is the amount by which take-home pay is reduced. The difference between a novated lease and a car loan is as shown in the table.	$1,544	$1,422	$995
Residual value The residual value is based on ATO depreciation guidelines for a novated lease and will need to be paid to the financier or refinanced for an extended term.	$20,211	$20,211	$20,211
Total net cost over five years This shows the total out-of-pocket cost of purchasing and running the same vehicle, over the same period, with a novated lease and a car loan.	$92,641	$85,343	$59,689
Net savings over five years This shows the total potential savings (the difference in costs) with a novated lease when compared to a car loan.	**$0**	**$7,298**	**$32,952**

Tip

Use our lease calculator to get an estimate on what you could save. You can even toggle between EV and non-EV to compare savings. Find it at flarehr.com/cars/calculator.

Calculate savings

*Costs are estimates only based on Gross Annual Salary of $85K, 60-month lease, 15,000km p.a., vehicle purchased in NSW with potential discounts, typical running cost inclusions and tax considerations. Information provided is general in nature. We have not taken into account your personal circumstances or financial objectives. Your actual savings are dependent on your personal circumstances, and tax exemptions are subject to eligibility. We recommend seeking independent legal, financial or other professional advice before making any decisions related to this information. Car loan calculation along with the Novated lease calculations factor in a 7.29% interest rate.

Things to consider

The must-knows when evaluating a lease.

Lease setup

A novated lease is set up as a three-way agreement between you, your employer, and a financier.

Eligibility requirements

If you are self-employed or work as a short-term contractor, you may not be eligible for a novated lease. However, Flare can support contractors in certain circumstances. All leases are subject to finance approval.

Vehicle ownership

Under a Flare Cars novated lease agreement, you are leasing the vehicle from the applicable finance company. However, you are the registered owner of the car with your relevant government bodies.

Residual payment

Unless you extend your lease, you'll be required to make a residual payment at the end of your lease term. This value is calculated in line with ATO guidelines.

Change of employment

If you're considering changing employers, it's important to enquire whether they can support an existing novated lease. If required, Flare can help on your behalf.

Pre- & post-tax deductions

If FBT is applicable, Flare will use a process called the Employee Contribution Method. This splits some costs into pre- and post-tax deductions to reduce your FBT liability and maximise your savings.

Got a question?

Head to our FAQ page at flarehr.com/cars/faqs. If you can't find what you're looking for, fill out the form at the bottom of the page and a member of our team will reach out to chat.

Read FAQs

Novated words to know

Master the leasing lingo in minutes.

Deductions	The regular amount paid each pay cycle to cover your lease and running costs, as agreed at the start of your lease. Deductions are handled by your employer.
Running costs	The approved, pre-budgeted expenses incurred in the running of your vehicle, as outlined in your lease agreement.
Lease term	The period of time in months (or years) for which the lease is agreed to operate. Commonly, 12 to 60 months (1 to 5 years).
Fringe benefits	Added perks outside of your regular salary that your employer may offer. Novated leases, gym memberships, and discounted loans are common examples.
Fringe benefits tax	A tax paid by your employer on the fringe benefits they may provide to you. It is separate to income tax and calculated on the taxable value of the fringe benefit. See the ATO website for more information.

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Learn more about novated leasing

Explore now

We're here to help

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