



**2024 Calendar Year
(for use in 2025)**

Valuing Cars in the Salary Package

Valuation Formula

The following formula is used by *insightpay* to determine a salary package value for an employer-provided vehicle. This formula is used for vehicles where the employee has full private use of the car and the employee does not make any after-tax contribution to its costs.

Annual Salary Package Value =

On-road Cost multiplied by 0.24, plus \$3,367

On Road Cost

Where the employee does not have full private use of the car and/or makes an after-tax contribution to its cost, an adjustment formula is used as follows:

Annual Salary Package Value =

On-road Cost x 0.23 x Usage Factor, plus \$3,367

minus After Tax Contribution

Where Usage Factor (100%, 75%, or 25%) is defined as follows:

Level 1: Full private use. Vehicle can be taken on holidays. Car is not usually available for use by others on company business. 100% of fixed cost charged to the salary package.

Level 2: Part-private use. Employee has use of vehicle after work and on weekends. Car cannot be taken on holidays. Car is available as required for use by others on company business. 75% of fixed cost charged to the salary package.

Level 3: Commuter use only. Employee uses car to travel between home and place of work. Employee may have use of vehicle after work and on weekends. Car is available for use by others on company business. 25% of fixed cost charged to the salary package.



The above, unadjusted formula is derived by *insightpay* from publicly available data.

The Royal Automobile Club of Victoria (RACV) Ltd no longer publishes average vehicle costs data, we have sourced data from multiple sources and some assumptions have been made in these calculations. Including:

- For Internal Combustion Engine vehicles: Average service costs are based on CANSTAR average vehicle servicing costs for Victoria
- For EV's – service costs are manufacturers estimates
- A 4-year holding period for vehicles.
- Average tyre costs based on Drive.com estimates
- Annual Average Fuel prices are derived from the Australian Institute of Petroleum
- Fuel usage / EV fuel cost based on the Australian Gov't green vehicle guide
- For the 2024 year we have included electric vehicles, utilities, SUV's, small and medium cars

The formula assumes vehicles are driven 15,000 kPa.

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