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03.27 Verifying Income

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1. About this policy

1.1 Why this policy?

Purpose	Identifies acceptable sources of income and their associated: • assessment values • conditions • verification methods

Applicable to	• Consumer mortgage applications where a borrower is seeking any of:
	  ○ new loan
	  ○ loan increase
	  ○ loan variation activity requiring a serviceability assessment

Exclusions	This policy **does not apply** to a Bridging ICAP loan with no end debt
Reading this policy	Unless specifically stipulated otherwise, the content applies to both non-mortgage insured (non-MI) and mortgage insured (MI) consumer mortgage loan applications
Associated policies	You may also need to refer to other lending policy rules, including but not limited to: • *Serviceability Assessment* • *Document Standards* • *Self-employed Customers* • *Special Packages - Medico Sector* • *Loan Application and Approval > Validation of information provided by the customer* • If the application requires mortgage insurance, where required refer to: ○ Lenders Mortgage Insurance

1.2 Unacceptable Income

If the income is not listed, it is unacceptable.
Income not listed may be considered by Credit where:

- appropriate mitigants to accept have been provided; and
- evidence of the income can be obtained to complete verification

Credit will determine how the verification is to take place and the income calculation to be used.

1.3 Income not used for servicing

Applicants **are not** required to provide evidence of income where it is not used to service the loan, unless:

- required for self-employed applicants as detailed under *Self-employed Customers* policy **or**
- specifically requested by Credit on a case-by-case basis

Action required:
Where income is evident on a payslip and is not being used in the assessment a comment needs to be entered to confirm details relating to the income verification.

1.4 ABN or directorship identified

Where the customer has a directorship or an ABN, as identified via Credit Bureau Reporting or other application checks, Brokers must refer to the Self-employed Customers policy to confirm if the customer fits the banks definition of self-employed.
Customers that fit the banks definition of self-employed must be assessed in line with the Self-

employed Customers policy.

1.5 Responsibilities

Broker/Assessor is responsible for ensuring the correct method of verification is used in line with policy including but not limited to:-

- Family employee
- Casual
- Contractor
- Self Employed
- Pre-tax deductions
- Foreign employment
- Foreign income

1.6 Currency

All income types are listed as in Australian dollars, except for the specific section for Foreign Income

1.7 Verifying Income Quick links

PAYG Salary or Wage income	Base Income	Dependant Contractor	Stipend Income
	Base plus non-base income	Emergency Services Employee - (excludes casual employment and dependant contractor)	Pre-Tax deductions
	Bonus Income	Family employee - Family employee – permanent - Family employee – casual	After tax or post tax deductions
	Casual Income		
Supplementary income	Annuity/Superannuation/Private Pension	Interest or Dividend (from ASX listed shares) - other than from own company	Returns from Self-managed Super Fund (SMSF)
	Child Support Payments / Maintenance	Rental Income - Not an NDIS property	Social Security Income
	Fully maintained company car	Rental income - From a NDIS property	
	Fringe Benefit income	Rental income -	

		Short term	
Self-employed	Medico assessment	Partners from selected companies	Professional sportsperson
Foreign income and / or foreign employment	All Foreign Income and Employment	Foreign Pension	Foreign Self-Employed
	Base salary or wage income (Foreign)	Foreign Rental Income	PAYG Income

1.8 PAYG Salary or Wage income - Time in Employment

Applicable employment history rules are defined under the relevant verification method. Where the applicant has **more than one** employment source **(Full, Part-time (Multiple Permanent Jobs), Casual) and Lender's Mortgage Insurance applies:**

- a minimum 1 year in the current **secondary** employment is required (except where the relevant verification method specifies a longer history)

In some cases, the 'Time in employment Rules' will differ to the period over which the income is required to be verified.

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2. Rules you must apply

The below standards are the minimum requirements for income to be verified.

2.1 Verifying PAYG Salary or Wage Income

Base Income **Annualised and assessed at 100%** A regular fixed income from salary or wages **excluding** bonus payments, overtime, allowances, commissions, etc.	

TIME EMPLOYED	• **Non-Mortgage Insured**: Employment must have commenced and received at least one pay.
	
	• **Mortgage Insured**: 3 months minimum length in current employment, **OR**
	  ○ If less than 3 months in current employment, must have:
	  ▪ Total employment history in the same occupation of at least 12 months, **AND**
	  ▪ Maximum 2-month gap between positions

DOCUMENTS
 	
Refer *Document Standards*
	There are two (2) methods to verify base income, either:
	
	1. **Payslip(s)[1] – most recent no older than 2 months:**
	  ○ 1 YTD payslip covering last two pay cycles, **OR**
	  ○ 2 consecutive payslips

	2. **Transaction history - showing at least 3 months' salary credits and most recent salary credit no older than 2 months at Responsible Lending start date, confirming:** ○ Pay frequency, **AND** ○ Minimum 3 salary credits (with employer name / acronym in the narrative) for the same amount and with a variance between those 3 salary credits and the lowest salary credit of less than or equal to 25%
[1]PAYSLIP VARIANCES A combination of documents can be used to verify all mandatory information on a payslip	1. **Lowest base rate and hours must be used unless an acceptable variance below applies.** 2. **YTD annualised is less than annualised base income:** • A comment is included in application notes explaining why the annual base income is not supported (unless meets one of the below variances) 3. **New employment or base rate increase, provide both:** ○ Employer's letter / email advice / contract detailing new base income, **AND** ○ One payslip supporting the new base rate (full or part pay period) 4. **The most recent YTD or 2 consecutive payslip(s) may be used where additional payslips above minimum document requirements are held, and:** ○ Applicant has confirmed most recent payslip(s) reflects their ongoing income, **AND** ○ A comment is included in application notes detailing applicant's explanation for the variance. 5. **Unpaid leave hours where evident on payslip(s) may be included in base hours where:** ○ Applicant has confirmed the leave was a one-off and they have returned to standard / normal working hours, **AND** ○ A comment is included in application notes detailing the applicant's reason for the leave. 6. **Assess as casual income where no base rates is available on the payslip.**

Base plus Non- Base Income For Full Time or Part Time employment including 100% commission remuneration	
Definitions	Non-base income refers to any form of income that is not part of an individual's regular or base salary. Non-base income includes: • overtime • commissions (including Full Time or Part Time employees where commission is 100% of the total remuneration, and no base salary or wage is evident) • director fees (other than from own company) • allowances (car/shift/specific industry payments)

Time in employment	Full Time or Part Time	As per Base Income

DOCUMENTS	
Payslip	• YTD payslip covering a minimum of 3 months **or** • 1 YTD payslip not covering 3 months **or** 2 consecutive payslips , **and** one of the following documents **from same employer**: • ○ Final YTD payslip from previous financial year, **or** ○ ATO Tax Ready Income Statement; **or** ○ Latest PAYG payment summary; **or** ○ Latest Australian tax return and Notice of Assessment **Where combined documents do not cover a minimum of 3 months, assess as per Verifying > Base Income**
Base Income Increase	If the applicant's base income has increased and additional income is needed for servicing:- • one of the above YTD payslip document combinations plus • the most recent payslip showing the lower base income (can exceed Document Standards > Age of document requirements)

ASSESSMENT / INCOME CALCULATION

- Annualised base assessed at 100%, annualised non-base assessed at 80%
- Bonus income is excluded from the below calculations, except where specified as included
- When determining the base income from payslip(s):
  - Use the lowest base rate and lowest number of hours for servicing. Unpaid leave can be used in determining the number of base hours if the applicant has confirmed they are back to full hours and a supporting comment is made on the file.
  - If **excess** payslip(s) have been received **and** show a base rate or number of hours that differs to the **required** payslip(s):
  - the **excess** payslip(s) do not need to be used if:
    - the applicant has confirmed the most recent **required** payslip reflects their ongoing income and a supporting comment is made on the file

• YTD Payslip covers a minimum of 3 months	Non-base income = YTD income less YTD base income* less bonus income, then annualised *Where a base pay increase has occurred, the YTD base income is calculated through determining the lower base over the number of pay cycles at the lower base and higher base over the number of pay cycles at the higher base.
YTD Payslip – covers less than 3 months	**When current year annualised income (including bonus) is:** • **> prior year total gross income, then non-base income (including bonus) is:** ○ Total combined gross income from current and prior year, divided by the number of pay cycles covered by current and prior year documents, multiplied by the number of pay cycles in a year, less the current annualised base income

	• **< prior year total gross income, then non-base income (including bonus) is the lower of:**
	  ○ Current year annualised income less current annualised base income, or
	  ○ Prior year total gross income less current annualised base income
	Where a base pay increase has occurred, the non-base income used for servicing is determined through consideration of lower base vs higher base over applicable pay cycles.

2 Consecutive payslips	Lower of: • Payslip with lowest gross income annualised less annualised current base income, **or** • Previous year income less annualised current base income

'Other' PAYG Salary or Wage Income		
Bonus income	Emergency services employee	Stipend income
Casual income	Family Employee • Family Employee - Full Time or Part Time • Family Employee - Casual	Pre- Tax deductions
Dependant contractor		After tax / post tax deductions

Bonus Income	
Definitions	A bonus is an additional payment given to an individual, typically in additional to their regular salary or wage.
Time in employment	Minimum 2 years with same employer
DOCUMENTS	
Payslip(s) showing bonus payment dated within 12 months of RL start date • More than one bonus payment requires payslips showing each payment • Bonus as a separate YTD figure in the current financial year can be used	
ASSESSMENT / INCOME CACLUALTION	
• assessed at 80%	

Casual Income	
Definitions	Casual applicants are defined as employees who: • may not be entitled to sick or annual leave

	• may be employed directly via employer or temporary employment agency • may have irregular working hours	
Time in employment	Minimum 6 months continuous service with the same employer (or employment agency)	
	If Bonus Income is being used for serviceability	As per 'Bonus Income'
Exclusions	Where the applicant's payslip states that they are employed on a temporary or casual basis, but an employment contract can be provided with a defined start and end date, assess as per Dependant contractor	

DOCUMENTS

1 YTD payslip covering a minimum of 3 months

or
- 1 YTD payslip not covering 3 months, **or**
- 2 consecutive payslips, **or**
- Transaction History covering 2 pay cycles with employer name in narrative;

and one of the following immediate prior year documents **from same employer**:
- Final YTD payslip, **or**
- ATO Tax Ready Income Statement; **or**
- Latest PAYG payment summary; **or**
- Latest Australian tax return and Notice of Assessment

ASSESSMENT / INCOME CACLCULATION

- Bonus income is excluded from the below calculations
- Income is:
  - Annualised over 48 weeks (includes casual teachers and non-teachers)
  - Assessed at 100%:

YTD payslip – covering minimum 3 months YTD	Annualised **current** year income

Payslip(s) with less than 3 months income **or** Transaction History	• Lower of:
	  ○ annualised **current** year income, **and**
	  ○ annual **previous** year income
	• Use the lowest value, if:
	  ○ two salary credits to account differ; **or**
	  ○ two gross payments on the non-YTD payslips differ

ADDITIONAL CONDITIONS

Transaction History	• **This method cannot be used if any of the current year or previous year documents include bonus income** • Can be split between Westpac Group Brands or multiple other financial institutions

	• The most recent salary credit must not exceed minimum age of document requirements as per Document Standards policy

Dependent Contractor		
Definitions	A dependant contractor is employed on a commercial contract but has work arrangements consistent with being an employee. These arrangements include: • Regular number of contracted hours • All income taxes, deductions and superannuation paid by the employer	
Time in employment	Minimum 6 months continuous service with the same employer (or employment agency)	
	If Bonus Income is being used for serviceability	As per 'Bonus Income'
DOCUMENTS		

If the dependant contractor:
• Has access to annual / sick leave, assess per
  ○ Base Income
  ○ Non-base income
  ○ Bonus Income
• Does not have access to annual / sick leave, asses per
  ○ Casual Income
***Note:** Where annual and sick leave entitlement is not evident on payslip, a combination of documents can be used to verify the employee has this entitlement i.e. employment letter/contract		

Emergency Services Employee Base and Non-Base (optional) For Full Time or Part Time employment		

Definitions	A person employed as a:
	• Front-line Fire Officer and / or front-line Fire Fighter;
	• Front-line Police Officer;
	• Front-line Ambulance Officer and / or front-line Paramedic;
	• Hospital employed medical staff limited to:
	  ○ Nurse
	  ○ Doctor
	  ○ Surgeon
	  ○ Specialist
	Office based emergency services staff are not eligible for this policy.	

Time in employment	Full Time or Part Time	As per Base Income
	If Bonus Income is being used for serviceability	As per 'Bonus Income'

DOCUMENTS	
	• 1 YTD payslip **or** two consecutive payslips • **AND** one of the following from same employer and immediately **previous** year: • Final YTD; **or** • Latest PAYG Payment Summary; **or** • Latest tax ready ATO income statement; **or** • Latest Australian tax return and Notice of Assessment **Where combined documents do not cover a minimum of 3 months, assess as per Verifying > Base Income**

ASSESSMENT / INCOME CALCULATION

- Base Income 100%
- Non-base income 100%
- Bonus income 80% - See Bonus Income
- When determining the base income from payslip(s):
  - Use the lowest base rate and lowest number of hours for servicing. Unpaid leave can be used in determining the number of base hours if the applicant has confirmed they are back to full hours and a supporting comment is made on the file.
  - If **excess** payslip(s) have been received **and** show a base rate or number of hours that differs to the **required** payslip(s):
  - the **excess** payslip(s) do not need to be used if:
    - the applicant has confirmed the most recent **required** payslip reflects their ongoing income and a supporting comment is made on the file

Non base income = Annualised total income less annualised base income
Annualised total income is the lower of:
- Annualised current year income (excluding bonus income) vs
- Annual prior year income (excluding bonus income)

Where consecutive payslips are provided, the lowest gross income across payslips must be used for annualization.

Family Employee	

Definitions	An individual is defined as a family employee where they earn PAYG income from a business and that individual:
	• Does not meet the definition of Self-employed under the *Self-employed Customers* policy, and is either:
	  ○ A non-spousal family member of the business owner, or
	  ○ The spouse of the business owner

Time in employment	Family employees can be Permanent (FT / PT) or Casual. Time in employment is per the income verification method, i.e. base income, non-base income or casual income.
DOCUMENTS	• 1 YTD payslip covering the last 2 pay cycles or 2 consecutive payslips, **and** • Australian Business Number Registration Search via ABN Lookup (to support the application of rules under 'ABN or directorship identified'

	AND
	
	• Transaction history covering the latest 3 months salary credits
	OR
	• One of the following from immediately previous financial year and same employer:
	  ○ Latest tax ready ATO Income Statement; **or**
	  ○ Latest Australian tax return and Australian Taxation Office Notice of Assessment
	Note: Where non-base income is included in servicing, payslip(s) **must** be supported by the latest Australian tax return and ATO Notice of Assessment, or the latest Tax Ready ATO Income Statement

ASSESSMENT / INCOME CALCULATION – Full Time / Part Time employees	• Base income assessed at 100%, Non-base and bonus income assessed at 80%
	• When determining the base income from payslip(s):
	  ○ Use the lowest base rate and lowest number of hours for servicing. Unpaid leave can be used in determining the number of base hours if the applicant has confirmed they are back to full hours and a supporting comment is made on the file.
	  ○ If **excess** payslip(s) have been received **and** show a base rate or number of hours that differs to the **required** payslip(s):
	  ▪ the **excess** payslip(s) do not need to be used if:
	  ▪ the applicant has confirmed the most recent **required** payslip reflects their ongoing income and a supporting comment is made on the file
	• Where ATO tax return or tax ready income statement is used, income used for servicing is the lower of:
	  ○ Current year annualised base and non-base income from payslip, or
	  ○ Previous year income from ATO tax return or Tax Ready Income Statement
	• Where transaction history is used (base only), income used for servicing is the lower of:
	  ○ Current year annualised base income from payslip, or
	  ○ Annualised base income from lowest salary credit
	Note: Bonus income is removed prior to payslip income annualisation.

ASSESSMENT / INCOME CALCULATION – Casual employees	Annualised income over 48 weeks and assessed at 100% Where ATO tax return or tax ready income statement is used, income used for servicing is the lower of: • Current year annualised income from payslip, or • Previous year income from ATO tax return or Tax Ready Income Statement Where transaction history is used, income used for servicing is the lower of: • Current year annualised income from payslip, or • Annualised current year income from lowest salary credit **Note**: Income must be annualised from the payslip with the

	lowest gross payment. Bonus income is removed prior to annualisation.
Optional Verification and Assessment – Spousal family employee	A family employee can be verified and assessed as self-employed, using the same self-employed income method as their spouse, where that family employee's spouse is: • A co-borrower or income guarantor on the new loan, or Assessed under Apportioned household expense and shared commitments – Spousal same household policy on the new loan

Stipend Income		
Definitions	**Stipend:** A fixed, regular payment in recognition of services rendered, usually paid at a lower rate than a salaried The income is usually paid to cover a specific cost e.g. payments for food, housing, phone, or motor vehicle costs	
Time in employment	Full Time or Part Time:	As per Base Income
	Casual:	As per 'Casual Income'
DOCUMENTS		
• Employer's letter-for general use; **or** • Employer's email advice-for general use The document must confirm that the borrower's or income guarantor 's package includes stipend income		
ASSESSMENT / INCOME CACULATION		
100%- subject to Credit approval		
ADDITIONAL CONDITIONS		
Eligibility	• Borrower or income guarantor must be a **member of the clergy** • Must be referred to and accepted by Credit	
Tax Treatment	• Can be considered on an 'un-taxed' basis when that portion of the stipend is currently paid on an untaxed basis and will continue to be paid on an un-taxed basis without condition or subject to change, otherwise it must be treated as taxed income	
Commitments or expenses	• Any commitment or living expense which is related to the stipend, must be included in the serviceability assessment	

Pre-Tax deductions • Salary Sacrifice • Fringe Benefit • Purchased leave • All other	
Definitions	• Pre-tax deductions are deductions from gross income • If the pre-tax deduction is **not required** for serviceability the pre-tax deduction amount can be **excluded** without further investigation • Any commitment or living expense related to a pre-tax deduction , must be captured in the loan application – **even if the deduction is not being added back**
DOCUMENTS	
Payslips – in line with appropriate assessment method	
Deduction type	**Can be added back to gross income for servicing:**
• Novated leases and other commitments	• Subject to the commitment having been captured in the loan application

• Superannuation contribution
• Purchased leave
• Salary packaging
• Other purposes not documented below:
	• After confirming with the customer that:
	  ○ **the deduction is voluntary**, can be cancelled at any time and received as taxable income; **and**
	  ○ **the** customer will cancel the pre-tax deduction if required to meet their existing commitments and the repayments for the loan they have
	• For superannuation deductions, the payslip may have a description of 'comp' or similar. **Any non-compulsory** portion confirmed and noted by Broker / Assessor in the loan application can be used for servicing

ASSESSMENT / INCOME CALCULATION	
100% of the deduction added back to base income	

After tax / post tax deductions
After Tax or Post Tax deductions are deductions from the net salary, i.e. **after** tax has been applied and deducted. The post-tax deduction is **not** to be removed from or added to the base income figure from the payslip. The deduction must be assessed and entered in the application as per: • Living expense policy, refer specific expense category > expense category table; **or** • Commitments policy, as per the individual commitment type

2.3 Verifying Supplementary Income

Supplementary income	Annuity/Superannuation/Private Pension	Interest or Dividend (from ASX listed shares) - other than from own company	Returns from Self-managed Super Fund (SMSF)
	Child Support Payments / Maintenance	Rental Income - Not an NDIS property	Social Security Income
	Fully maintained company car	Rental income - From a NDIS SDA property	
	Fringe Benefit income	Rental income - Short-term	

Annuity/Superannuation/Private Pension	
Definitions	• Annuity income is guaranteed income received from life insurance companies or super funds. • Superannuation income is income received from investments in superannuation funds. • Private Pension income is income received from investments into savings schemes or mutual funds run by insurance companies.
DOCUMENTS	
• Provider's letter or email advice	
ASSESSMENT / INCOME CALCUALTION	
100% May be taxed or untaxed. If the letter/email advice does not specify the tax treatment, income must be assessed as taxable, or evidence obtained to confirm amount received.	
ADDITIONAL CONDITIONS	
Eligibility	Annuities • Must be a guaranteed income for a set period of time, either a lifetime or a fixed term Superannuation/Private pension • You must confirm that income can be maintained for life of the loan

Child Support Payments / Maintenance	
Definition	• Monetary aid to help raise a dependant child.
DOCUMENTS	
• Government letter / MyGov portal extract **And one of the following:** • Account transaction listing produced internally from a Westpac Group system with proof of receipt of maintenance payment for a continuous 3 month period, with the credit narrative aligned to the income; **or** • Account statement from other financial institution with proof of receipt of maintenance payment for a continuous 3 month period with the credit narrative aligned to the income; **or** • Account transaction listing from another financial institution **and** Account statement collectively proving receipt of maintenance payment for a continuous 3 month period, with the credit narrative aligned to the income. Final transaction on the statement must not be older than 12 months from the Responsible Lending Start Date.	
ASSESSMENT / INCOME CALCULATION	
80%. Lower of the Government letter / MyGov Portal extract or Account statement/transaction listing to be used for servicing.	
ADDITIONAL CONDITIONS	
Eligibility	• Only government approved child support payments will be considered. • The maximum age of dependant children is up to but not including 13 years at time of application • May only be considered when received in addition to PAYG or self-employed income

Fully maintained company car
DOCUMENTS
• Employer's letter - for general use; **or** • Employer's email advice - for general use **The document must confirm:** • that the borrower's or income guarantor 's package includes a car fully maintained by the company.
ASSESSMENT / INCOME CALCULATION
100% to a maximum of $5,000 gross per annum

Fringe Benefit income	
DOCUMENTS	
• Employer's letter - for general use; **or** • Employer's email advice - for general use **The document must confirm**: • Length & mode of employment • Any fringe benefits and the amount which may be changed to gross income • Full breakdown of the payments or fringe benefit made (detailing the amounts & type for each) and if the payments or fringe benefits are for personal discretionary use or work purposes only • Detail the conditions of each payment or fringe benefit • If the payment is taxed or non-taxed • If the payment is the payment subject to change (i.e. not ongoing on a regular basis)	
ASSESSMENT / INCOME CALCULATION	
100% subject to Credit acceptance	
ADDITIONAL CONDITIONS	
Eligibility	• Fringe benefits may be paid in addition to an employee taxable wage / salary, e.g. car, car parking, entertainment, expense reimbursement, loans with no or reduced interest rate, housing, board or living away from home allowance. • Some fringe benefits may not be ongoing benefits. • If fringe benefit income is to be assessed as income, **it must be referred to Credit for acceptance.**

Interest or Dividend (from ASX listed shares) - other than from own company	
DEFINITION	• Dividend income is ongoing income (post loan draw down) earned from ASX listed shareholdings. • Interest income is ongoing income earned (post loan draw down) from cash investments.
DOCUMENTS	Latest Australian tax return and Australian Taxation Office Notice of Assessment
ASSESSMENT	80% of: • Interest: Interest received • Dividends: The actual (franked and unfranked) dividend(s) received and any actual Franking Credit(s) received

Rental Income - Not an NDIS property	
DEFINITION	Refer Glossary > Rent received on a long term basis
DOCUMENTS	
Investment property currently tenanted:	Any of the below may be used to verify rental income, but where more than one of the documents are held, the most recent document adhering to Document Standards policy must be used: • Existing rental / lease agreement, or Rental statement from licensed - real estate property manager / agent or letting agent, **or** • Contract of Sale where the property is being purchased subject to an existing tenancy. Note: transaction is being completed at arm's length through an independent Australian based real estate agent (i.e. not private sale), **or** • Account transaction listing produced internally from a Westpac group system, over a 3 month period, with the credit narrative aligned to the income; **or** Account statement from other financial institution, over a 3 month period, with the credit narrative aligned to the income; **or** Account transaction listing from another financial institution **and** Account statement collectively covering a 3 month period, with the credit narrative aligned to the income. Final transaction on the statement must be no older than 12 months from the Responsible Lending Start Date, **or** • Latest Australian tax return and Australian Taxation Office Notice of Assessment (refer specific rental Property statement in the ATO return)
Investment property **NOT** currently tenanted:	Any of the below may be used to verify rental income, but where more than one of the documents are held, the document with the lowest rental value must be used: • Valuation report (no older than 3 months) with rental estimate, **or** • Licensed real estate property manager's / agent's or letting agent letter or email advice
ASSESSMENT	
Lowest of applicable assessment rates below, except where a 'Special Condition' applies	
Investment property	90%
Special Conditions *- lowest of applicable assessment rates below*	
Loan is mortgage insured and is a Rural Residential	0%

property		
Defence Housing Authority (DHA) rental guarantee	Rent net of management fees (16.5%) - 100% NRAS Head lease discounting	
Commercial Property	Property held and rent received by the borrower or income guarantor for a minimum of 12 months	80%
	If above not met	0%
Prestige Property • Refer to Loan to Value Ratio (LVR) > LVR by property value	70%	
Located in a Concentration Risk postcode • Refer to Security Collateral Value > Postcode Categories	60%	
ADDITIONAL CONDITIONS		
NRAS	NRAS property under a Head Lease structure not currently owned or rented: the market rental stated on rental income verification documentation is to be discounted by 25%	
Self Employed customers	Where the application also includes self-employed income refer to: • Self Employed Customers policy > Fast track; or • Self Employed Customers policy > Rental income - Latest year and 2 year average methods	
Essential repairs noted on Full Valuation	Where a valuer comments that the property is unsuitable to rent due to repairs being required, and the value of the repairs is within acceptable tolerances, refer Security Collateral Value Assessment > Risk Rating in Valuation Report, and: • The valuer has provided an estimated rental amount, subject to the repairs being completed, **and** • The borrower(s) has sufficient funds to complete the repairs, as evident in the borrower's declared asset position **Then** • The Valuers rental estimate (where acceptable as detailed above), post the repairs being completed, may be included in the Serviceability assessment. **Note:** Where the Valuer has not provided an estimated cost of the repairs or recommends an independent professional opinion be sought, then rental income cannot be included for that property unless: • an estimated cost / quote(s) for the repairs is held, **and**	

	• the borrower(s) has sufficient funds to complete the repairs, as evident in the borrower's asset position. Where the cost of the repairs exceeds acceptable tolerances, refer Security Collateral Value Assessment > Risk Rating in Valuation Report, the application must be referred to Credit consideration

Property under construction	Where the property under construction is:
	• A security collateral in the new loan application, the verified rental income for that property can be included in the serviceability assessment, or
	• An asset property in the new loan application, the verified rental income for that property may **only** be included in the serviceability assessment where the full corresponding commitment (i.e. the loan limit once the loan is fully drawn) is:
	  ○ included in the application, **and**
	  ○ verified to the loan contract or internal WBG system extract or enquiry.

Rental income - From a NDIS SDA property	
DEFINITION	Refer Glossary > Rent received on a long term basis
DOCUMENTS	
NDIS SDA Property is not used as security collateral in this loan, and: • **is currently owned and tenanted**	• Rental statement from acceptable SDA Registered Provider; **and** • Licensed real estate property manager's / agent's or letting agent letter **or** email advice with rental estimate based on single residential vacant possession basis
ASSESSMENT	
Lowest of applicable assessment rates below	
Investment property	90%
Loan is mortgage insured and is a Rural Residential property	0%
INCOME CALCULATION	
NDIS SDA property is NOT used as security collateral for this loan	The lower of: • the rental statement income, **and** • the single residential vacant possession rental figure, stated on the Licensed real estate property manager's / agent's or letting agent letter **or** email advice

ADDITIONAL CONDITIONS	
Eligibility	NDIS SDA properties cannot be used as security collateral for consumer mortgage loans. Refer to Loan to Value Ratio (LVR) policy > Acceptable security collateral

Self Employed customers	Where the application also includes self-employed income, **and:**
	• the NDIS SDA property is currently owned and tenanted refer to:
	  ○ Self Employed Customers policy > Fast track; or
	  ○ Self Employed Customers policy > Rental income - Latest year and 2 year average methods

Essential repairs noted on Full Valuation	Where a valuer comments that the property is unsuitable to rent due to repairs being required, and the value of the repairs is within acceptable tolerances, refer Security Collateral Value Assessment > Risk Rating in Valuation Report, and: • The valuer has provided an estimated rental amount, subject to the repairs being completed, **and** • The borrower(s) has sufficient funds to complete the repairs, as evident in the borrower's declared asset position **Then** • The Valuers rental estimate (where acceptable as detailed above), post the repairs being completed, may be included in the Serviceability assessment. **Note:** Where the Valuer has not provided an estimated cost of the repairs or recommends an independent professional opinion be sought, then rental income cannot be included for that property unless: • an estimated cost / quote(s) for the repairs is held, **and** • the borrower(s) has sufficient funds to complete the repairs, as evident in the borrower's asset position. Where the cost of the repairs exceeds acceptable tolerances, refer Security Collateral Value Assessment > Risk Rating in Valuation Report, the application must be referred to Credit consideration

Rental income - Short Term	
DEFINITION	Refer Glossary > Rent received on a short term basis
DOCUMENTS	Latest Australian tax return **and** Australian Taxation Office Notice of Assessment (refer specific rental Property statement in the ATO return)
ELIGIBILITY	• Property must be already owned by the borrower or income guarantor or self-employed entity (refer to Self Employed Customers policy), and

	◦ currently tenanted / available for rent on a short term rental basis
ASSESSMENT	
Rental income assessed at 80% except where the below applies:	
• Prestige Property ◦ Refer to Loan to Value Ratio (LVR) > LVR by property value	70%
• Located in a Concentration Risk postcode • Refer to Security Collateral Value > Postcode Categories	60%
• Loan is mortgage insured, **and:** • Rural Residential property	0%

Returns from Self-managed Super Fund (SMSF)
DOCUMENTS
• Last 2 years audited SMSF Australian tax returns, **and** • Financial statements including a signed Auditors Statement **If:** • less than 2 years SMSF tax returns, refer to Credit with: ◦ interim financials, and ◦ accountants' letter or accountants email advice meeting the standards under Self-employed Customers policy > Exceptions to providing 2 years tax returns / financials • borrower or income guarantor is self-employed additional documentation may be required as per Self-employed income verification
ASSESSMENT / INCOME CALCUALTION
100%
Use income Stream payments from borrower's or income guarantor 's 'Members information' in SMSF tax returns, **not** the SMSF income for the entire fund. Where Income stream payments from current year's SMSF tax return is: • lower than previous year, then current year's income stream payment is used • higher than previous year, then the average of both years income stream payments is used
ADDITIONAL CONDITIONS

Tax Treatment	Returns from SMSF may be taxed or untaxed
Income Reliance	• Income stream payments from 'Members information' in SMSF tax returns are to be used for serviceability assessment, not the SMSF income for the entire fund. • The SMSF members balance must be able to sustain the members income stream payments must be for the term of the loan being requested.

Social Security Income		
DOCUMENTS		
• Government letter		
ASSESSMENT / INCOME CALCULATION		
100%		
ADDITIONAL CONDITIONS		
Eligibility	**Acceptable sources** • Age pension • Service pension • Disability support pension These sources may additionally include a "pension supplement' or "pension basic supplement" which is also acceptable income assessed at 100%.	
	• Family Tax Benefit Part A or B Acceptable where the borrower or income guarantor will receive payments as detailed below from the date of the application.	
	For: • Family Tax Part A (Single Parent) • Family Tax Part A (Member of a couple) • Family Tax Part B (Single Parent)	Maximum age of dependant children is up to but not including 11 years of age
	For: • Family Tax Part B (Member of a couple)	Maximum age of dependant children is up to but not including 8 years of age
Unacceptable sources	• Family Tax Part A and Part B additional supplements • Any other social security allowances • Any social security payment that is paid annually	

2.4 Verifying Self-employed Income

Medico assessment	Partners from selected companies	Professional sportsperson

Self-Employed customers

A customer may need to be assessed as self-employed where they have an ABN, directorship, receive income or have a loss from an entity related to them, including:

- PAYG income and/or Directors Fees from own company
- Dividends, franking credits, interest, or undistributed company profits from own company
- Distribution from a Trust or Partnership or the borrower is an Individual ATF a trust
- Fully verified Self-Employed (Non-Fast Track)
- Fast Track Self Employed
- Independent Contractor

Refer to Self-employed Customers

Medico Assessment	
Definitions	Where self-employed and applying under: • Medico Sector policy
DOCUMENTS	
Non-mortgage insured	**Mortgage insured**

The last 1 years:
• Personal Australian Tax Return; **and**
  ○ Australian Taxation Office Notice of Assessment (whilst it is preferable to hold all pages of the ATO NOA, the minimum requirement is for page 1 (front page) of the ATO NOA to be held for Fully verified Self-employed);
  ○ **If ATO NOA has not issued**: latest Australian Tax Return lodgement extract from myGov Portal
• Entity tax return
• Entity financials (profit loss and balance sheets
	Not acceptable

ASSESSMENT / INCOME CALCULATION	
100%	
ADDITIONAL CONDITIONS	
Eligibility	• Must comply with the relevant 'Special Packages' policy:

	○ Special Packages – Medico Sector

Partners from selected companies	
Definitions	For a Partner in one of the below firms: Allens, Binder Dijker Otte – BDO, Clayton Utz, Corrs Chambers Westgarth, Deloitte, Ernst & Young, Gadens, Gilbert & Tobin, Grant Thornton, Herbert Smith Freehills, HWL Ebsworth Lawyers, King & Wood Mallesons, KPMG, McGrath Nicol, Minter Ellison, Norton Rose Fulbright, Pitcher Partners, PKF, PWC, RSM Australia, William Buck
DOCUMENTS	
• Employer's letter, **or** • Employer's email advice	
ASSESSMENT / INCOME CALCULATION	
100%	

Professional sportsperson	
Definitions	Applicable to a professional sportsperson who is a: • professional athlete (all sports), **or** • professional coach (all sports), **or** • retired athlete still working within the sports or entertainment industry
Professional sportsperson - Contract Based	
DOCUMENTS	
• Employment contract for professional sportsperson	
ASSESSMENT / INCOME CALCULATION	
• 100% of the lowest base salary across current and future years. Superannuation applicable to the lowest base salary must be deducted (using ATO > Super Guarantee rates) • If any extra income outside of base salary (e.g endorsements, bonuses, match payments) is required for serviceability, assess as per 'Professional sportsperson - Performance Based'	
Professional sportsperson - Performance Based	

DOCUMENTS	
Where employed greater than 2 financial years: • Same requirements as *Latest year and 2 year average (Non Fast Track)*	
Where employed less than 2 financial years:	
Non-mortgage insured	**Mortgage insured**

• Latest Australian Tax Return; **and**
  ○ Australian Taxation Office Notice of Assessment; **or**
  ○ **If ATO NOA has not issued**: latest Australian Tax Return lodgement extract from myGov Portal
AND
• Latest Business Australian Tax Return **and**
• Interim financial including balance sheet from any companies / trusts formed by the borrower or income guarantor
AND
• One of the below documents which **must contain** an Estimate of the taxable income for current financial year, **as well as** any requirements listed in Document Standards policy:
  ○ Accountant's letter, **or**
  ○ Accountant's email advice
	• Same requirements as *Latest year and 2 year average (Non Fast Track)*

ASSESSMENT / INCOME CALCULATION	
100%	

• If employed greater than2 financial years, same requirements as *Latest year and 2 year average (Non Fast Track)*
• *If employed less than 2 financial years:*
  ○ If the **current** year's total income is **lower** than **previous** years, the **current** year's income is used.
  ○ If the **current** year's income is **higher** than previous years, the **average** of both years income is used.	

2.5 Verifying Foreign Income and / or Foreign Employment

All Foreign Income and Employment	Foreign Pension	Foreign Self-Employed
Foreign Rental Income	PAYG Income	

All Foreign Income and Employment

Definitions	• Foreign income is where the applicant is not earning Australian dollars.

	• Foreign employment is where the applicant is working for an Australian entity but is based outside Australia or is working for a foreign employer with no Australian Business Number (ABN).

Eligibility	• Australian residents, NZ citizens and Permanent residents residing in or out of Australia
	• Confirm the applicant is acceptable as per Lending to Non-Australian Citizens
	  ○ Visa Matrix
	  ○ Applicant via Resident Type Matrix.
	• Confirm that the income currency and / or foreign employer country of origin is listed on the Acceptable country / currency list where income is being used in the serviceability assessment

Conditions	Confirm foreign employment eligibility where the passport country of issue does not match the country where the applicant is employed.
	• Dual Citizens
	  ○ A copy of both passports
	• Permanent Resident in country of employment and residence
	  ○ Copy of permanent residency documentation
	• Temporary Resident in country of employment and residence
	  ○ The individual must provide evidence of an appropriate visa or work permit with a minimum of 4 months remaining at the time of submission of the full application

Exclusions	• **Not available for mortgage insured loans where the income is not in Australian Dollars (AUD) and paid into Australian Financial Institution account** • Self-employed income can only be considered by credit as exception • Not available for Apportioned shared commitments or household expense and shared commitments – Spousal same household policies' • Not available to companies or trusts
Currency Conversion	• Exchange rate to be used is to be obtained from http://www.xe.com • The Foreign Currency Translation checklist must be used • Refer to Documents Standard policy > When supporting documents are not in English or display a currency other than AUD

Assessment	• All applications with the income not paid in AUD and credited to an Australian financial institution account must be referred to the foreign Income Assessment Team
	• Base income definition as per Verifying PAYG Salary Wage income > Base income
	• Tax Deductions relating to Australian investment properties (i.e. negative gearing benefits) are permitted:
	  ○ Where the applicant has Australian Residency / Citizenship, **and**
	  ○ Latest Australian tax return and Australian Taxation Office Notice of Assessment are held showing inclusion of the applicant's foreign PAYG income and a negative gearing taxation benefit, i.e. a rental loss is evident and has been used to reduce total taxable income (inclusive of the foreign income).
	Note: Where the property is newly purchased and not evidenced in the latest Australian tax return and ATO NOA, no tax deduction is permitted.

PAYG Income

Base salary or wage income (AUD) - from Foreign Employment

- Australian citizen, New Zealand citizen and Permanent resident (Ordinarily resident **in** or **outside** Australia)

OR

- Temporary resident (Ordinarily resident **in** Australia)

Mortgage Insurance available:

- except for New Zealand citizen or Permanent resident where ordinarily resident **outside** Australia

Definition	**Base income:** as per Verifying PAYG Salary Wage income > Base income

DOCUMENTS

- 1 YTD payslip, covering 2 pay cycles,

or

- Last 2 consecutive payslips

AND

- Account statement covering a minimum of 3 months' salary credits, with the employer's name included in the credit narrative;

OR

- Latest Australian tax return and Australian taxation office Notice of Assessment

ASSESSMENT / INCOME CALCULATION

100% base
0% non-base

Where payslip is supported by:

- 3 months' salary credits, income used is:
  - Gross base salary from payslip(s) (lowest base income figure to be used)
    - The net salary credit(s) must match the net pay on the payslips(s)
- Latest Australian tax return, income used is the lower of:
  - Gross base salary from payslip(s); (lowest base income figure to be used) **and**
  - Assessable foreign income from personal Australian Tax return

Base salary or wage income (Foreign)

- Australian citizen, New Zealand citizen and Permanent resident ordinarily resident in or out of Australia

DOCUMENTS

Ordinarily resident in Australia	**Ordinarily resident outside Australia**
• Last 2 consecutive payslips; **or** • 1 YTD payslip, covering last 2 pay cycles **AND** • Latest Australian tax return **and** Australian Taxation	• Last 2 consecutive payslips; **or** • 1 YTD payslip, covering last 2 pay cycles **AND** • Account statement covering a minimum of 3 months consistent salary credits, with the specific employer's name included in the credit narrative

Office Notice of Assessment	

ASSESSMENT / INCOME CALCULATION
100% base 0% non-base

• Latest Australian tax return, income used is the lower of:
  ○ Gross base salary from payslip(s) (lowest base income figure to be used)
  ○ Assessable foreign income from latest personal Australian Tax return
• 3 months' salary credits, income used the lower of:
  ○ Annualised net income from payslip(s) (lowest base income figure to be used)
  ○ Annualised net credits to bank account (lowest credit to be used)

Other Income

Foreign Pension	
Definitions	Foreign currency pension received to foreign bank account
DOCUMENTS	
• Government letter, **and** • Account statement covering a minimum of 3 months consistent pension credits, with credit narratives aligned to the income	
ASSESSMENT / INCOME CALCULATION	
100%	

• Income used is the lower of:
  ○ Annualised gross income from government letter, and
  ○ Annualised net credits to bank account (lowest credit to be used)	

Foreign Rental Income
DOCUMENTS
• Account statement covering a minimum of 6 months rental credits, with credit narratives aligned to the income
ASSESSMENT / INCOME CALCULATION
100% If rental payments differ the lowest amount is to be used to annualise income Tax Deduction (Negative Gearing) is unavailable

Foreign Self-employed
DOCUMENTS

For Credit consideration as an exception, the below is required:
• The last 2 years (with most recent year not older than 18 months from date of application):
  ○ Personal foreign tax returns **and** *Foreign equivalent* of Australian Taxation Office Notice of Assessments equivalent*; **and**
  ○ Partnership Foreign tax returns, **and**
  ○ Trust or company Foreign tax returns **and** Financial Statements **and**
• Application is to be referred to credit prior to referring to the Foreign Income Verification Team.

ASSESSMENT / INCOME CALCULATION
100% - subject to Credit approval

2.6 Acceptable Documents

Documents used for income verification:

- Comply with:
  - Specific rules set out in this policy; **and**
  - *Document Standards* policy

- Be uploaded into ApplyOnline for verification to be undertaken and also held and retained in loan file
- Can be used singularly or in combination with other documentation to complete income verification, refer *Document Standards* policy > Using a combination of documents to complete verification

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3. Process to follow

Refer to *income examples including negative gearing examples* for further information.

3.1 Assessing Base Income

Base income • Be aware YTD income figures on a payslip may be provided as YTD total gross earnings (being income prior to tax or other pre-tax deductions) or YTD total taxable earnings (being after pre-tax deductions). Where the payslip provides both figures, use the YTD total gross earnings figure in the employer income calculator	
Base Income • Payslips Also see: • *verifying*	• Add income as **PAYG.** • Note: if base rate or hours differ the lower amount is to be used • Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. • If income documents indicate any pre-tax deductions, refer to Process > *Pre-Tax deductions*
Base income • Direct salary credits Also see:	In the Employer Income Calculator 1. Select income verification type > Account Credits

• *Verifying*	2. Complete the calculations for base income using the tool. Note: if salary credits differ the lower amount is to be used to annualise income 3. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. 4. If a loan application is referred to Credit a copy of the calculation must be available with the loan documentation for reference.
Pre-Tax deduction **Note**: If the salary sacrifice deduction is not required to be included in gross income for serviceability calculations, it is acceptable to proceed with the lower income figure. In these instances you must still include any commitment or living expense which is related to the deduction amount. Also see: • *Verifying*	**In all cases** Complete the fields within the employer income calculator tool as per the specific income scenario until you reach the "Salary Sacrifice" fields, then refer to below for individual deduction type: **For Additional Superannuation Contributions** **Steps** 1**.** Review the payslip and identify the Superannuation Guarantee (SG) contribution amount and the voluntary additional superannuation contribution. If the payslip only shows a single superannuation deduction, then further investigation is required. If it is identified that the superannuation deduction relates solely to the SG amount, then do not proceed further. Where you have confirmed the deduction is a voluntary superannuation contribution, proceed to step 2. 2. Have the applicant complete the Salary Sacrifice Declaration form. Check the form has been completed in line with requirements as per **Rules** > *Pre-tax deductions* **Notes:** You cannot use the salary sacrificed income for serviceability calculations if the applicant has not: • indicated the deduction is voluntary (i.e. because it relates to a compulsory super contribution); **and** • indicated the deduction can be cancelled at any time and received as taxable income; **and** • confirmed (where policy requires this declaration) that they would cancel the deduction if required to meet their existing commitments and the repayments for the loan they have requested. 3. In the employer income calculator, **ensure you complete the fields**: • Pre-tax deductions required for servicing? **Yes / No** • Pre-tax deduction > Input the actual amount from the payslip. (The amount field must be completed even where the income is not used for serviceability assessment) **Note:** The salary sacrifice (pre-tax deduction) amount loaded must be >=$0. All salary sacrifice fields displayed are to be completed. For example, where more than single years documents are obtained complete both the Current Year and Prior Year columns. Where there has been a change to base income, the pre-tax deduction amount prior to the base increase must also be entered. The salary sacrifice amount can vary depending on the applicant's salary

sacrifice arrangements at any point in time.

4. If a PAYG Payment Summary or ATO Income Statement is required in the income calculation the amount shown at "Reportable employer superannuation contributions" may be added to the "Gross payments" amount.

5. The calculator will determine the gross base and non-base income amounts to be entered into ApplyOnline.

6. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. Assessment notes are to be completed and provide a clear explanation regarding the income used for serviceability assessment and compliance with this policy.

7. If a loan application is referred to Credit a copy of the calculation must be available with the loan documentation for reference.

For Purchased leave and other purposes
Steps

1. Have the applicant complete the Salary Sacrifice Declaration form. Check the form has been completed in line with requirements as per **Rules** > *Pre-Tax deductions*

Note: If the applicant has not indicated the deduction is voluntary, can be cancelled at any time and received as taxable income then you can-not use the salary sacrificed income for serviceability calculations.
In addition, (where policy requires this declaration) if the applicant has not confirmed they would cancel the deduction if required to meet their existing commitments and the repayments for the loan they have requested, then you can-not use the salary sacrificed income for serviceability calculations.

2. In the employer income calculator, **ensure you complete the fields**:

- Pre-tax deductions required for servicing? **Yes / No**
- Pre-tax deduction > **Input the actual amount from the payslip**. (The amount field must be completed even where the income is not used for serviceability assessment)

Note: The salary sacrifice (pre-tax deduction) amount loaded must be >=$0. All salary sacrifice fields displayed are to be completed. For example, where more than single years documents are obtained complete both the Current Year and Prior Year columns. Where there has been a change to base income, the pre-tax deduction amount prior to the base increase must also be entered. The salary sacrifice amount can vary depending on the applicant's salary sacrifice arrangements at any point in time.

3. The calculator will determine the gross base and non-base income amounts to be entered into ApplyOnline

4. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. ApplyOnline notes are to be completed and provide a clear explanation regarding the income

	used for serviceability assessment and compliance with this policy. 5. If a loan application is referred to Credit a copy of the calculation must be available with the loan documentation for reference. 6**.** Any corresponding debt / commitment that relates to the salary sacrifice amount must be included in ApplyOnline 7. For car lease payments only the finance portion of the car lease is to be included as an outgo in ApplyOnline (i.e. the car running costs are to be included the declared Living Expenses and do not need to be included as an outgo). **Note:** • Often a novated lease may not be cancelled and taken as an increase in gross taxable income due to the potential financial implications to the customer. • Salary sacrifice may be linked to an expense. Ensure the expense is included in customer declared expenses where appropriate e.g. transport in customer declared expense, or car loan repayments in liabilities refer *Living expenses*.

3.2 Assessing Base plus Non-Base income

Base plus Non-Base income • Be aware YTD income figures on a payslip may be provided as YTD total gross earnings (being income prior to tax or other pre-tax deductions) or YTD total taxable earnings (being after pre-tax deductions). Where the payslip provides both figures, use the YTD total gross earnings figure in the employer income calculator • **Always use the employer income calculator and retain a copy of the calculations with other income documentation** • Within the employer income calculator Base income will display as the selected pay frequency, whereas the non-base/bonus income will be displayed as an Annual figure • The steps herein are provided for reference purposes.	
Standard – Base plus Non-Base income with YTD documents	**This step to be completed in all cases.** Ask the applicant if the YTD payslip includes any gross Bonus payments. In ApplyOnline assessment notes record the amount of the payment as stated by the applicant. (Verbal enquiry is acceptable and no validation of the applicant's response is required). • If the customer advises the YTD income DOES include Bonus payments already received or the payslip provided shows a bonus payment, enter the bonus payment into the employer income calculator. The calculator will deduct this amount from the Gross YTD income figure (from either the YTD payslip or ATO Income Statement) prior to annualisation. **In the Employer Income Calculator:** 1. Use the employer income calculator to determine base and non-base income by:

	• Select Employment Basis and Income Verification Type • Do you have a YTD income amount? > **Yes** • Select whether bonus income is applicable • Is non-base income included? > **Yes** • Base increase type > **No** • Enter income amounts, frequency, pay cycle, bonus income and salary sacrifice applicable, 2. If income documents indicate any pre-tax deductions refer to [Process > *Pre-Tax deductions*] 3. The calculator will determine the gross base and non-base income amounts to be entered into ApplyOnline 4. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. 5. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy. 6. If a loan application is referred to Credit a copy of the employer income calculator must be available with the loan documentation for reference.
Standard – Base plus Non-Base with Non-YTD documents	**This step to be completed in all cases.** Ask the applicant if the YTD payslip includes any gross Bonus payments. In ApplyOnline assessment notes record the amount of the payment as stated by the applicant. (Verbal enquiry is acceptable and no validation of the applicant's response is required). If the customer advises the YTD income DOES include Bonus payments already received or the payslip provided shows a bonus payment, enter the bonus payment into the employer income calculator. The calculator will deduct this amount from the Gross YTD income figure (from either the YTD payslip or ATO Income Statement) prior to annualisation. **In the Employer Income Calculator:** 1. Use the employer income calculator to determine base and non-base income by: • Select Employment Basis and Income Verification Type • Do you have a YTD income amount? > **No** • Select whether bonus income is applicable • Enter income amounts, frequency, pay cycle, bonus income and salary sacrifice applicable. 2. The calculator will determine the gross base and non-base income amounts to be entered into ApplyOnline 3. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.

	5. If a loan application is referred to Credit a copy of the employer income calculator must be available with the loan documentation for reference.
Non-Standard – Base plus Non-Base with base income increase	**This step to be completed in all cases.** Ask the applicant if the YTD payslip includes any gross Bonus payments. In ApplyOnline assessment notes record the amount of the payment as stated by the applicant. (Verbal enquiry is acceptable and no validation of the applicant's response is required). If the customer advises the YTD income DOES include Bonus payments already received or the payslip provided shows a bonus payment, enter the bonus payment into the employer income calculator. The calculator will deduct this amount from the Gross YTD income figure (from either the YTD payslip or ATO Income Statement) prior to annualisation. **In the Employer Income Calculator:** 1. Use the employer income calculator to determine base and non-base income by: • Select Employment Basis and Income Verification Type • Do you have a YTD income amount? > **Yes** • Select whether bonus income is applicable • Is non-base income included? > **Yes** • Base increase type > **Yes** • Base income increase type > **Select relevant option (In Current FY, In Prior FY, From 1 July, Increase in transition)** • Enter income amounts, frequency, pay cycle, bonus income and salary sacrifice applicable as per the mandatory fields displayed in the calculator. 2. The calculator will determine the gross base and non-base income amounts to be entered into ApplyOnline 3. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy. 5. If a loan application is referred to Credit a copy of the employer income calculator must be available with the loan documentation for reference.
Base + Bonus Income	1. In the Employer Income Calculator: • Select Employment Basis and Income Verification Type • Do you have a YTD income amount? > **Yes** • Do you have bonus income? > **yes** • Is non-base income included in the YTD amount? > **No** • Enter income amounts, frequency, pay cycle, bonus income and salary sacrifice applicable • For bonus income, enter the “total bonus received in the last 12 months”. This is the bonus income used for serviceability,

	2. The calculator will determine the gross base and bonus income amounts to be entered into ApplyOnline 3. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Base + Non-Base + Bonus Income	1. In the Employer Income Calculator: • Select Employment Basis and Income Verification Type • Do you have a YTD income amount? > **Yes** • Do you have bonus income? > **yes** • Is non-base income included in the YTD amount? > **Yes** • Has base income increases? > **No** • Enter income amounts, frequency, pay cycle, bonus income and salary sacrifice applicable • Complete "bonus income included in YTD Amount". This will deduce the bonus income from Gross YTD amount to correctly calculate non-base income. • Complete the "total bonus received in the last 12 months". This is the bonus income used for serviceability, 2. The calculator will determine the gross base, non-base and bonus income amounts to be entered into ApplyOnline 3. Create a PDF copy of the employer income calculator outcome and retain the PDF in the file. 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.

3.3 Assessing Casual income or employment

Casual Income or employment	
• Be aware YTD income figures on a payslip may be provided as YTD total gross earnings (being income prior to tax or other pre-tax deductions) or YTD total taxable earnings (being after pre-tax deductions). Where the payslip provides both figures, use the YTD total gross earnings figure in the Income Annualisation Calculator. • Always use the employer income calculator and retain a PDF copy of the calculations with other income documentation • Employer income calculator will annualise income over a 48 week period (i.e. allowing 2 weeks leave and 2 weeks sick leave annually). In some scenarios e.g. casual teachers or other school staff, income should be annualised over less than a 48 week period, i.e. over 40 weeks. Ensure correct "weeks to annualise" is selected in the calculator. *refer income example*	
Payslip with YTD shown and covers a minimum 3 months	**For Mortgage insured and Non-Mortgage insured loans:** **Steps**

of the current financial year	1. Use the employer income calculator, ensure you complete the fields:
	• Employment basis > **Casual**
	• Income verification type > **YTD Payslip**
	• Select whether bonus income is applicable
	  ○ Complete the 'Bonus income included in YTD amount'. This will ensure the correct amount is allocated to 'casual income' and assessed accordingly
	  ○ Enter the 'total bonus received in the last 12 months'. This is the bonus income used for servicing.
	2. For casual teachers and other school staff change weeks to annualise to '40'. (For other employment types leave as '48)
	
	3. If income documents indicate any pre-tax deductions refer to Process > *Pre-Tax deductions*
	
	4. The calculator will provide a Gross Annual Income amount to enter into ApplyOnline
	
	5. Create a PDF of the Casual Income calculation and retain the PDF in the file.
	
	6. If a loan application is referred to Credit a copy of the employer income calculator must be available with the loan documentation for reference.

Payslip not covering a minimum 3 months of the current financial year
or
payslip with no-YTD shown
	In the Employer Income Calculator:
	
	1. Ensure you complete the fields:
	• Employment basis > **Casual**
	• Income verification type enter either > **No YTD payslip or YTD payslip**
	• Select whether bonus income is applicable
	  ○ Complete the 'Bonus income included in YTD amount'. This will ensure the correct amount is allocated to 'casual income' and assessed accordingly
	  ○ Enter the 'total bonus received in the last 12 months'. This is the bonus income used for servicing.
	2. For casual teachers and other school staff change weeks to annualise to '40'. (For other employment types leave as '48)
	
	3. If income documents indicate any pre-tax deductions refer to Process > *Pre-Tax deductions*
	
	4. The calculator will:
	• Determine lower of current or historical income
	• Provide a Gross Annual Income amount and Bonus income (if applicable) to enter into ApplyOnline.
	5. Create a PDF of the Casual Income calculation and retain the PDF in the file.
	
	6. If a loan application is referred to Credit a copy of the employer

	income calculator must be available with the loan documentation for reference
Direct Salary Credits	**Warning:** The process steps are the same for Mortgage Insured and Non-mortgage insured applications, however the documents used for verification are different. Ensure you have obtained the correct documentation for the application type (refer *Verifying > Casual Income or employment > Direct salary credits* **In the Employer Income Calculator:** 1. Ensure you complete the fields: • Employment basis > **Casual** • Income verification type > **Account Credits** 2. For casual teachers and other school staff change weeks to annualise to '40'. (For other employment types leave as '48) 3. The calculator will: • identify the lowest 'deposit' and calculate an annualised net income figure • convert the net annualised income figure to a gross annualised income figure (**note**: this is not displayed) • Compare the annualised grossed up 'deposit' figure (current income) with the annual income from the Group 2 document (historical income) • Provide the lowest of current or historical income as a Gross Annual Income amount to enter into ApplyOnline 4. Create a PDF of the Casual Income calculation and retain the PDF in the file. 5. If a loan application is referred to Credit a copy of the Casual Income Calculation must be available with the loan documentation for reference.

3.4 Assessing Rental Income

Rental Income	

Rental Income (in AUD) not from NDIS SDA property
 	
Rent received on a long term basis
 	
Also see:
• *Verifying*
	Use the serviceability calculator to capture rental income and investment property costs per property per applicant.
	• Select Rental Income. This will take you to the 'Rental Income Verification' page.
	• Complete fields as required, pay attention to:
	  ○ Property type > select Other if the property is not a student accommodation or commercial property
	  ○ Select Rental type as Standard
	• Where required, select Add Property to include an additional property
	• Select Continue when finished to return to Serviceability Calculator to complete the application
	Note:
	Where more than one verification source is held, refer to

	policy to ensure you are relying on the correct source.
Rental Income from NDIS SDA property Rent received on a long term basis Also see: • *Verifying*	Same as above Rental Income and use rental figure as per Documents.

3.5 Assessing Miscellaneous salary or wage income

Miscellaneous Salary or Wage • Be aware YTD income figures on a payslip may be provided as YTD total gross earnings (being income prior to tax or other pre-tax deductions) or YTD total taxable earnings (being after pre-tax deductions). Where the payslip provides both figures, use the YTD total gross earnings figure in the employer income calculator • Always use the employer income calculator and retain a copy of the calculations with other income documentation • Within the employer income calculator Base income will display as the selected pay frequency, whereas the non-base/bonus income will be displayed as an Annual figure	
Dependent Contractor	**In the Employer Income Calculator:** 1. Ensure you complete the following fields in the Employer Income Calculator: • Employment basis > **Casual** • Income verification type > **Select from drop-down (YTD Payslip, Non-YTD Payslip, Family Employee, Account Credits)** 2. For casual teachers and other school staff change weeks to annualise to '40'. (For other employment types leave as '48) 3. The tool will: • identify the lowest 'deposit' and calculate an annualised net income figure • for account credits, convert the net annualised income figure to a gross annualised income figure (note: this is not displayed) • compare the annualised grossed up 'deposit' figure (current income) with the annual income from the Group 2 document (historical income) • provide the lowest of current or historical income as a Gross Annual Income amount to enter into the OBP field 'Base Salary' for use in serviceability calculations If the deposits vary, you will require previous year annual income figure. 4. Create a PDF copy of the Casual income calculation and retain with the loan documents. If a loan application is referred to Credit a copy of the Employer Income Calculator must be available with the loan documentation for reference. 5. Submission notes are to be completed and provide a clear explanation

	regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Emergency Services employee Also see: • *Verifying*	**Note:** The use of the Emergency Services policy is optional. Brokers can still choose to process emergency services employees as standard PAYG. 1. Use the employer income calculator, ensure you complete the fields**:** • Income verification type > **Emergency Services** 2**. This step to be completed in all cases.** Ask the applicant if the YTD payslip includes any gross Bonus payments. In ApplyOnline assessment notes record the amount of the payment as stated by the applicant. (Verbal enquiry is acceptable and no validation of the applicant's response is required). • If the customer advises the YTD income **DOES** include Bonus payments already received or the payslip provided shows a bonus payment, enter the bonus payment into the income annualisation calculator. The calculator will deduct this amount from the Gross YTD income figure (from either the YTD payslip or ATO YTD Income Statement) prior to annualisation. 3. The calculator will: • Determine base and non-base income • Provide gross income amount to enter into ApplyOnline • Provide an Annual gross income amount to enter into ApplyOnline • Provide an Annual 'Bonus' amount to enter into ApplyOnline 4. Create a PDF of the PAYG YTD calculation and retain the PDF in the file. 5. If a loan application is referred to Credit a copy of the employer income calculator must be available with the loan documentation for reference 6. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Family employee (i.e. not part owner of the business. Part owner of business to be assessed as self-employed) Also see: • *Verifying*	**Family employee (permanent or casual)** • Confirm the borrower is not an owner or part owner of the business by checking Credit Bureau for directorship or if registered business name *ABN* search ref Self-employed Applicants policy > Process to follow > *How to process a loan application with self-employed applicant(S)* (refer to heading Completing business name or company searches). **To calculate base plus non-base income** for serviceability assessment (including where Bonus income received **or** Bonus income received but is not required for serviceability) 1. Use the employer income calculator, ensure you complete the fields: • Income verification type > **Family employee** 2. **This step to be completed in all cases** If either of the payslips display a bonus payment, enter the amount in the Bonus income > bonus **Casually employed family employees** **To calculate income for serviceability assessment** 1.Enter the following information into the employer income calculator: • Employment basis > **Casual** • Income verification type > **Family employee** • Pay cycle as per payslip, select either > **Weekly / Fortnightly / Monthly**

	already received field. The calculator will deduct this amount from the Gross income figure prior to annualisation. 3. The calculator will identify income amounts to be used in ApplyOnline. 4. Create a PDF of the Family Employee Income calculation and retain the PDF in the file. 5. If a loan application is referred to Credit a copy of the Family Employee Income Calculation must be available with the loan documentation for reference. 6. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.	2. Weeks to annualise leave as '48' for casual teachers and other school staff change weeks to annualise to '40'. 3. From the current (most recent) payslip enter the following into PAYSLIP 1 column: • gross pay (as per pay cycle) 4. From older of the two payslips, enter the following into PAYSLIP 2 column: • gross pay (as per pay cycle) 5. From the Group 2 document, enter the previous year annual income 6. The employer income calculator will: • Identify the lowest payslip and calculate an annualised income figure • Compare the annualised income figure from the lowest payslip (current income) with the annual income from the Group 2 document (historical income) • display the lowest of current or historical income for use in serviceability calculations 7. Create a PDF of the Family Employee Income calculation and retain the PDF in the file. 8. If a loan application is referred to Credit a copy of the Family Employee Income Calculation must be available with the loan documentation for reference. 9. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.

3.6 Assessing Supplementary income

Supplementary income

Annuity income Also see: • *Verifying*	Use the lower of the letter or email advice from the provider or average of the last 6 months payments to account (do not tax). In the Other Income Verification calculator: 1. Add income as **Annuity / private pension / superannuation.** 2. Enter the gross amount and select the 'Frequency'. 3. Select one of the tax treatment options. 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Child Support Payments / Maintenance Also see: • *Verifying*	In the Other Income Verification calculator: 1. Add income as **Child support / maintenance.** 2. Enter the amount and select the 'Frequency'. 3. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Dividend from ASX listed shares (other than from own company) Also see: • *Verifying* **or** Interest Income (other than from own company) Also see: • *Verifying*	In the Other Income Verification calculator: 1. Add income as **Interest and Dividends.** 2. Enter the gross amount and select the 'Frequency'. 3. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Fully Maintained Company Car Also see: • *Verifying*	1. Add income as **Fully Maintained Company Car** 2. Enter $5k into the field 'Gross Amount' and select the 'Yearly' Frequency'. 3. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Fringe Benefits Also see: • *Verifying*	Note: Fringe benefits are only usually identified from employers letter, email advice or PAYG Payment Summary and do not usually appear on a payslip. **Steps** 1. if only the fully maintained car is being accepted then treat as "Fully maintained Company Car" in the row above. 2. If additional fringe benefits items are required to be considered for serviceability then complete all of the steps below. Note fringe benefits are only usually identified from employers letter or email advice or PAYG Payment Summary and do not usually appear on a

	payslip. 3. From the employer's letter or email advice, identify the amount that the employer has advised may be converted from a fringe benefit to gross taxable income. 4. Each Fringe Benefit should be entered as a separate income type. 6. Any corresponding debt / commitment that relates to a fringe benefit must be included in ApplyOnline (e.g. low or no interest loan). 7**.** Refer application plus supporting comments, income calculation and documentation to Credit / CAL holder for acceptance. 8. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Private pension income Also see: • *Verifying*	Calculate income using the lower of the income in the letter or email advice from the provider or average of the last 6 months payments to account (do not tax). In the Other Income Verification calculator: 1. Add income as **Annuity / private pension / superannuation.** 2. Enter the amount and select the 'Frequency'. 3. Select one of the Tax Treatment options 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Returns from Self-Managed Super Fund (SMSF) Also see: • *Verifying*	Compare the current and prior year income statements from the SMSF return: **Note:** • Less than 2 years SMSF to be referred to Credit with interim financials and accountant's letter or email advice. • If applicants are self-employed additional documents may be required in terms of self-employed income verification. In the Other Income Verification calculator: 1. 1. Add income as **Returns from self-managed super fund** 2. Enter the gross amount and select the 'Frequency'. 3. Select one of the Tax Treatment options 4. Enter the previous year's income details
Superannuation income (Retail, Industry, Public sector, or Corporate superannuation fund) Also see:	Use the lower of the letter or email advice from the provider; or an average of the last 6 months payments to the account (do not tax). *Note: Demonstrate income can be sustained for term of the loan In the Other Income Verification calculator:

• *Verifying*	1. Add income as **Annuity / private pension / superannuation**. 2. Enter the gross amount and select the 'Frequency'. 3. Select one of the Tax Treatment options. 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Social Security Income Also see: • *Verifying*	In the Other Income Verification calculator: 1. Add income as **Social Security** income which is being verified from: ○ Age Pension ○ Department of Veterans' Affairs (service or widow pension) ○ Disability Support Pension ○ Family Tax Benefit Part A ○ Family Tax Benefit Part B ○ Widow B pension ○ Widow's Allowance 2. Enter the gross amount and select the 'Frequency'. 3. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.
Stipend Income	Obtain an employer's letter or email advice (refer to policy for document requirements) In the Other Income Verification calculator: 1. Add income as **Stipend** 2. Enter the gross amount select the 'Frequency' 3. Select one of the Tax Treatment options 4. Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy.

3.7 Assessing Self-employed Income

Self-Employed Income	
Director fees (from own company)	See section Latest year and 2 year average (Non Fast Track) policy below.
Fully verified Self-Employed *Medico Assessment* (Non-fast track)	When 1 Years Financials is permitted by policy i.e. *Medico* . Refer to *Self-Employed Customers*

(including independent contractor) (Non-LMI only) Also see: • *Verifying*	
Latest year and 2 year average (Non Fast Track) (including independent contractor) Also see: • *Verifying*	Refer to *Self-Employed Customers*
Fast Track self-employed (Non-LMI Only) Also see: • *Verifying*	Refer to *Self Employed Customers*
Professional sportsperson Also see: • *Verifying*	Same requirement as *Credit Processes - Latest year and 2 year average (Non-fast track)*. • Add income as **Professional Sportspersons.** • If the current year's total income is lower than previous years then = the current year's income is used. • If the current year's income is higher than previous years then = the average of both years income is used. **Note:** If copy of current contract is used, enter as **Base salary**. Any extra income received (endorsements, bonuses, match payments) are to be entered as **Unacceptable Income** (assessed at 0%) with acceptance by Credit only.

3.8 Assessing Foreign income

3.8.1 Foreign income credit processes

This section is to read in conjunction with *Verifying Foreign Income* , *Foreign income sources and conditions* and *Assessing income document standards* .

Income Source	Credit Processes
Foreign income PAYG (ordinarily resident **in**	To calculate foreign income ensure a completed *Foreign currency translation checklist* is held and complete Steps 1 to 4 below: **Step 1.** Calculate the income from the provided payslips (gross base salary only) and convert foreign total to AUD$

Australia) Foreign income must be listed on the *Acceptable country and currency list* to be acceptable. Also see: • *Verifying*	**Step 2.** Calculate income from the personal Australian tax return and convert foreign total to AUD$ (as return is in AUD$ accept the AUD$ amount in the tax return) Note: If the payslip and the Australian tax returns don't match, then further investigation is required. **Step 3**. Accept the lower of calculation at Step 1 or 2. Compare the AUD$ amount calculated in 1. above to the AUD$ amount calculated in 2. above and accept the lowest value as the amount to be used as income. **Step 4.** Calculated AUD$ amount shown in green highlighted cell in the *Foreign currency translation checklist* , is to be entered as Foreign Currency Income type. **Note:** • Only base income is acceptable. Any income outside of base income must be referred to Credit for acceptance. • Exchange rate to be used is the 'monthly average' rate via *https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/cb/fx-monthly-averages.pdf* . If no rate is available from the Westpac site above use *http://www.xe.com/* . • Where calculators are used, generate a PDF copy of the calculation and retain in the file.
Foreign income PAYG (ordinarily resident **outside Australia**) Foreign income must be listed on the *Acceptable country and currency list* to be acceptable. Also see: • *Verifying*	To calculate foreign income ensure a completed *Foreign currency translation checklist* is held and complete Steps 1 to 4 below: **Step 1.** Calculate the income from the provided payslips (gross base salary only) and convert foreign total to AUD$ **Step 2.** Calculate income from credits to bank account (annualised net amount to account) and convert foreign total to AUD$ (ie do not tax) = AUD$ Note: If the direct salary credits from the payslip and bank statements don't match, then further investigation is required **Step 3.** Accept the lower of calculation at Step 1 or 2 Compare the AUD$ amount calculated in 1. above to the AUD$ amount calculated in 2. above and accept the lowest value as the amount to be used as income. **Step 4.** Calculated AUD$ amount shown in green highlighted cell in the *Foreign currency translation checklist* , is to be entered as Foreign Currency Income type. **Note:** • If two salary credits differ the lower amount is to be used to annualise income. • Only base income is acceptable. Any income outside of base income must be referred to Credit for acceptance. • Exchange rate to be used is the 'monthly average' rate via *https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/cb/fx-monthly-averages.pdf* . If no rate is available from the Westpac site above use *http://www.xe.com*

	• Where calculators are used, generate a PDF copy of the calculation and retain in the file. • Where an applicant has foreign income and employment and they do not meet the definition of a non-resident, evidence of a work permit/work visa is to be obtained from the customer to confirm they have the ability to work and reside within the foreign country. Refer to Lending to Non-Australian Citizens > Rules you must apply > Non-Residents Lending
Foreign Pension Foreign income must be listed on the *Acceptable country and currency list* to be acceptable: Also see: • *Verifying*	To calculate foreign income ensure a completed *Foreign currency translation checklist* is held and complete Steps 1 to 4 below: **Step 1.** Calculate income from letter from the relevant government department (annualised gross amount) and convert foreign total **Step 2.** Calculate income from credits to bank account ((annualised net amount to account) and convert foreign total to AUD$ Note: If the pension credits and bank statements don't match, then further investigation is required. **Step 3.** Accept the lower of calculation at Step 1 or 2. Compare the AUD$ amount calculated in 1. above to the AUD$ amount calculated in 2. above and accept the lowest value as the amount to be used as income. **Step 4.** Calculated AUD$ amount shown in green highlighted cell in the *Foreign currency translation checklist*, is to be entered as Pension Foreign Currency Income **Note:** • If the income amount varies between government department letter or credits to account, the lowest value on letter or credits to account is to be accepted in the Translations Checklist calculation. • Exchange rate to be used is the 'monthly average' rate via *https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/cb/fx-monthly-averages.pdf*. If no rate is available from the Westpac site above use *http://www.xe.com/*.
Rental Income (in foreign currency) Also see: • *Verifying*	To calculate foreign income ensure a completed *Foreign currency translation checklist* is held. The *Foreign currency translation checklist* will: • Convert foreign total to AUD using the latest 'Monthly average exchange rate', or 'xe.com' if no rate listed • Calculate AUD$ amount shown in green highlighted cell in the *Foreign currency translation checklist*. This is then to be entered as rental income with Foreign currency income flag • Submission notes are to be completed and provide a clear explanation regarding the income used and/or not required for serviceability assessment (where required) and compliance with this policy **Note:** • If two rental payments differ the lower amount is to be used to annualise income • Negative gearing is not available • Exchange rate to be used is the 'monthly average' rate via *https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/cb/fx-monthly-averages.pdf*. If no rate is available from the Westpac site above use *http://www.xe.com/*

	• Where calculators are used, generate a PDF copy of the calculation and retain in the file.
Foreign Self-Employed Foreign self-employed income is **not acceptable** and can only be considered by Credit as an exception Foreign income must be listed on the *Acceptable country and currency list* to be acceptable. Also see: • *Verifying*	To calculate foreign income ensure a completed *Foreign currency translation checklist* is held **Step 1.** Using two years financials **Step 2.** Convert foreign total to AUD using the latest 'Monthly average exchange rate', or 'xe.com' if no rate listed. • If the current year's total income is lower than previous years then = the current year's income is used • If the current year's income is higher than previous years then = the average of both years income is used Also refer to Self Employed Income **Note:** Exchange rate to be used is the 'monthly average' rate via *https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/cb/fx-monthly-averages.pdf* . If no rate is available from the Westpac site above use *http://www.xe.com/* **Note:** Where an applicant has foreign income and employment and they do not meet the definition of a non-resident, evidence of a work permit/work visa is to be obtained from the customer to confirm they have the ability to work and reside within the foreign country. Refer to Lending to Non-Australian Citizens > Rules you must apply > Non-Residents Lending **Note:** Self-employed income does not require verification if not required to meet serviceability. However if an application is assessed by Credit, Credit may require full self-employed income verification.

3.8.2 Loan applications and approval where the applicant is earning foreign income

Loan applications

No lending is permitted where any applicant is considered to be a non-resident (refer to definition as per Lending to Non-Australian Citizens > Rules you must apply > Non-Residents Lending), the following process is provided for applicants earning foreign income:

- Home Loan Application Form to be completed and signed by applicant/s and any guarantor/s
- Complete income assessment and verification as per preceding foreign income policy and *Verifying Income* policy, noting:
  - Where the passport country of issue does not match the country where the applicant is employed, evidence is to be supplied to show the applicant is able to reside and work within the foreign country
- Apply Valuation policy to determine and order the appropriate valuation type, refer to *Security Collateral Value*
- Broker to include detailed notes in ApplyOnline
- Broker to confirm the customer has the funds to complete the transaction
- Complete the relevant section of the Translation Checklist
- Copies of documents are to be retained in the loan file
- Customer's full overseas residential and mailing addresses, email and telephone numbers are to be detailed on the loan application and in ApplyOnline
- Undertake a servicing assessment as per *Serviceability Assessment* policy

- Tax Deductions relating to Australian investment properties or Negative gearing benefits are:
  - permitted where the applicant has Australian Residency / Citizenship
- Satisfactory Bureau Check
- Currency must be on the approved list as per *Acceptable country and currency list* .

Approval

- Mortgage insurance is not available where the applicant earns foreign income.
- Applicants who are Non-residents of Australia are unacceptable to the bank
- Any documents used to complete assessment and issue Formal Approval are to be imaged.

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4. Credit

Income types not specifically named in Verifying Income policy are outside of an Assessor's authority to approve but may be considered by Credit on a case-by-case basis (for example Workers compensation / Workcover).
Credit will determine how the verification is to take place and the income calculation to be used.

Change History

Amendment number	Amendment issue date	Description of changes
1	3 November 2021	First OBP issue online for Brokers on the OKA platform.

2	21 November 2021	**Change 1**
		The following note has been added to Supplementary Income for both "Rental Income (in AUD) Not an NDIS property" and "Rental income (in AUD) from a NDIS SDA property"
		• Where the application also includes self-employed income refer to:
		  ○ Self Employed Applicants > Fast track self-employed assessment; **or**
		  ○ Self Employed Applicants > fully verified self-employed
		
		Change 2
		Clarified that new non-base methodology applies, during transition scenarios, only where current year annualised is > prior year total earnings. The following wording has been added to process for scenarios #3, #5, #6 and #7
		Prefix to existing text which details how non-base is calculated:
		Where current year annualised income is > prior year total gross income then:
		Following note added to clarify how non-base is determined where current year annualised is < prior year earnings:
		Note: Where current year annualised income is < than prior year total gross income, then non-base income is the lower of current year annualised income less current annualised base income or prior year total gross income less current annualised base income.
		
		Change 3
		New acceptable Group 2 document type for verification of PAYG income -

Amendment number	Amendment issue date	Description of changes
		ATO Pre-filling report. Base plus non base scenario #3 and #4. It is not mandatory to hold all pages of the document, but the pages held must display the 'Taxpayer details' and 'PAYG Payment summaries' **Change 4** Policy wording clarification Supplementary Income types > Rental Income (in AUD) Not an NDIS property > Documents **Old wording** 2.Existing rental / lease agreement or Rental statement from licensed - real estate property manager / agent / letting agent [1] **or** **New wording** 2. Existing rental / lease agreement, **<u>or</u>** rental statement from a licensed real-estate property manager / agent / letting agent[1]
3	20 February 2022	**Change 1 - New content added to section 2.3 Salary or Wage > Base income table:** • **Salary / Wage – after tax or post tax deduction** After Tax or Post Tax deductions are not an income type but are deductions from the applicant's net salary, i.e. **after** tax has been applied and deducted. The applicant(s) may be using the after tax or post-tax deduction to pay an expense, a commitment (loan) or for superannuation contributions. If the payslip does not contain sufficient detail to identify what the post-tax deduction amount is being used for, further enquiries are to be made with the applicant(s). Post-tax deductions must not be entered in the income verification tool. The post-tax deduction it is to be assessed and entered in the assessment tool as per: • Living expense policy, refer specific expense category > expense category table; **or** • Commitments policy, as per the individual commitment type Where the post-tax deduction is for a superannuation contribution, treat as a living expense. Refer to Living expenses > Expense category table > Other regular or recurring expenses Where the applicant tells us they will reduce or cancel any voluntary after tax or post tax deduction to meet their existing commitments and the repayments for the loan they have requested, refer to and follow requirements in: • Living expenses > Reducing living expense; or • Serviceability assessment > Excluding a commitment **Change 2 - amended to content in section 2.3 Salary or Wage >** Salary Sacrifice / Fringe Benefit deduction / Pre-Tax deductions **to:** • **Define requirements for the assessment of compulsory employee superannuation contributions where salary sacrificed from pre-tax income.** **Change 3 - new content for section 2.3 Salary or Wage > Miscellaneous Salary and Wage types > Family employee and section 3.5 Assessing Miscellaneous salary or wage income > Family employee**

Amendment number	Amendment issue date	Description of changes

		• **Policy has been updated to include requirements for assessing income for serviceability assessment for casually employed family employees, i.e. to be assessed in terms of a casual employee with <3 months YTD or no YTD, and t**he income calculated may not exceed the total income in the previous year Australian tax return and ATO NOA **or** tax ready income statement
		Change 4 - changes associated with 'Dividend from ASX listed shared (other than from own company)' and 'Interest income (other than from own company)':
		• **2.4 Supplementary income > 'Dividend from ASX listed shared (other than from own company)' and 'Interest income (other than from own company)'**
		  ○ **amended content for Document requirements changed to '**Latest Australian tax return **and** Australian Taxation Office Notice of Assessment (for both Mortgage Insured and non-mortgage insured loans. **Was previously 'last 2 years personal Australian Tax Returns and Latest ATO NOA' for Non Mortgage Insured and 'last 2 years personal Australian Tax Returns and coinciding ATO NOA' for Mortgage Insured**
		• **3.6 Assessing Supplementary income.**
		  ○ **Deleted 'how to calculate' instructions, as they are no longer applicable due to the document requirements change detailed above**
		Change 5 – Clarification to dividend income (both dividend from ASX listed share and dividend from own company), to specifically state a Franking credit must not be added to the dividend as a franking credit is unacceptable income.
		Change 6 – Policy correction to 2.3 Salary or wage > Direct salary credit (casual), Mortgage insured:
		• **Changed to** Account Statement(s) from another financial institution covering the latest 2 pay periods, with specific employer name included in the credit narrative (Group 1B). **Was previously** Account Statement(s) from another financial institution covering the latest 2 pay periods, with specific employer name included in the credit narrative (Group 1B). Final transaction on the statement must not be older than 12 months from formal application date.
		Change 7 - Base income (non casual), Mortgage Insured applications are now eligible to use direct salary credit verification method

4 & 5	22 May 2022	**Change 1** • Introduced "Investment property currently tenanted" and "Investment property not currently tenanted" to Supplementary income- Rental Income. • Removed the hierarchy of rental income verification documents and removed a "valuation report with rental estimate" as a rental income verification document for an "Investment property currently tenanted". • For an "Investment property currently tenanted" added the following rule for the income verification documents ○ Any of the below may be used to verify rental but where more than one of the rental verification documents are held, the most recent document adhering to document standards and MDSM, must be used

Amendment number	Amendment issue date	Description of changes
		• For an "Investment property not currently tenanted" the following document requirements were added ○ Investment property **not** currently tenanted. Any of the below may be used to verify rental but where more than one of the rental verification documents are held, the document with the lowest rental value must be used: • Valuation report (no older than 3 months) with rental estimate **or** • Licensed real estate property manager's / agent's or letting agent email advice. **Change 2** Increased the rental income assessment rate as follows • Prestige property increased from 60% to 70% • When the new loan is not mortgage insured, a standard investment property currently tenanted increased from 80% to 90% **Change 3** • Section 'Rules>Salary or Wage>Base income>Direct Salary Credits' updated to change existing references using the 'Full Application Date' date for measuring maximum age of documents, to using the 'Responsible Lending Start Date'. Included a link to the ' Loan application and approval ' chapter which has been updated to define the' Responsible Lending Start Date' • Section 'Rules>Supplementary Income>Annuity' updated to updated to change existing references using the 'Full Application Date' date for measuring maximum age of documents, to using the 'Responsible Lending Start Date'. Included a link to the ' Loan application and approval ' chapter which has been updated to define the' Responsible Lending Start Date' • Section 'Rules>Supplementary Income>Child Support Payments' updated to updated to change existing references using the 'Full Application Date' date for measuring maximum age of documents, to using the 'Responsible Lending Start Date'. Included a link to the ' Loan application and approval ' chapter which has been updated to define the' Responsible Lending Start Date' • Section 'Rules>Supplementary Income>Private Pension' updated to updated to change existing references using the 'Full Application Date' date for measuring maximum age of documents, to using the 'Responsible Lending Start Date'. Included a link to the ' Loan application and approval ' chapter which has been updated to define the' Responsible Lending Start Date' • Section 'Rules>Supplementary Income>Social Security Income' updated to updated to change existing references using the 'Full Application Date' date for measuring maximum age of documents, to using the 'Responsible Lending Start Date'. Included a link to the ' Loan application and approval ' chapter which has been updated to define the' Responsible Lending Start Date'
6	22 May 2022	Links corrected
7	26 May 2022	Correction to supplementary income, Rental income, "Investment property not currently tenanted" Updated the documents to be used for verification to specifically state

Amendment number	Amendment issue date	Description of changes
		"letter or email advice". This dot point previously listed only one rather than both "letter or email advice"

8	17 July 2022	**Change 1**
		Where document type 'Licensed real estate property manager's / agents / letting agent email advice' is referred to throughout the policy, updating to align to MDSM e.g. Licensed – real estate property manager's / agent's or letting agent letter **or** email advice
		
		Change 2
		
		Update to section 3.2 Assessing Base plus Non-Base income > #8 Projected bonus income
		
		The process steps have been amended to accommodate two different scenarios:
		• **Where YTD payslip does not cover a minimum of 3 months, <u>or</u> non-YTD payslips are held**
		V's
		• **Where YTD payslip is** covering a minimum of 3 months **held**
		
		Change 3
		
		• Removed references to Jobkeeper (ceased in March 2021) as Group 2 documents will be from FY2022
		• For casually employed applicants have aligned:
		  ○ Supporting income document requirements and income assessment methodology for LMI loans with non-LMI loans where the YTD payslip <u>>3 months, i.e. no longer a requirement to obtain a Group 2 document or assess on lower of current year and historical income where the YTD payslip</u> >3 months.
		  ○ Employment tenure requirements for LMI loans with non-LMI loans, i.e. minimum 6 months continuous employment in current role with current employer (employment agency). Have removed requirement for prior 12 months history.
		• For Dependant Contractors have:
		  ○ Aligned minimum time in employment for both LMI and non-LMI loans, where considered PAYG, to a minimum 6 months (previously 12 months for LMI) in the same position with the same employer.
		• The process steps have been amended for casual income assessment to
		  ○ amalgamate LMI with non-LMI where the YTD payslip <u>>3 months</u>
		  ○ capture full process steps for LMI and non-LMI where YTD payslip <3 months or payslip with no YTD shown.
		
		Change 4
		Updated section 'Salary or Wage > Salary Sacrifice / Fringe Benefit deduction / Pre-Tax deductions':
		• Removed QLD Government employees as an example of employees required to pay compulsory super
		• <u>Added</u> text highlighted in bold: '<u>Compulsory</u> employee superannuation contributions, as directed by the applicant's employer. There may be a description of 'Comp' or similar alongside the amount on the payslip, **but be aware that this amount may include both <u>compulsory</u> and**

Amendment number	Amendment issue date	Description of changes

		non-compulsory amounts. Any 'non-compulsory' portion as confirmed by the broker/assessor can be included if the Salary Sacrifice Declaration requirements above have been met'
		• Deleted:
		  ○ **Note:** Some employers may require their employees to make compulsory contributions into their superannuation fund, in return for higher employer contributions over and above the minimum superannuation guarantee.
		  ○ Compulsory employee superannuation contributions are usually a percentage of the applicant's income and are generally between 2% and 6%

9	21 August 2022	**Change 1**
		Impacted section > Rules > Salary or Wage > Base Income > Documents > new document for verification:
		• Where the borrower is unable to provide the above documents, for example, where base income has changed and the consecutive payslips have different base income amounts, **or** the YTD earnings do not support the annualisation of the new base income:
		  ○ 1 payslip detailing the base income for a full pay period (may be a YTD or non-YTD payslip) **and**:
		  ○ Employer's letter / Employer's email advice / Employment contract – for general use. In addition to requirements in Document Standards policy , **the letter must confirm** the new base income **and** payment frequency as displayed on the payslip.
		Rules > Salary or Wage > Base Income > Conditions > new condition added:
		• Where the borrower is using a single payslip **with** an Employer's letter / Employer's email advice / Employment contract the borrower must comply with any minimum length of employment rules. For:
		  ○ Non-mortgage insured – must have been with the employer for a minimum of two pay cycles;
		  ○ Mortgage insured – see below
		Change 2
		Impacted section > Salary or Wage > Time in employment changed for FT and PT employment:
		From:
		• The **minimum length of employment** for Full-Time or Part-Time employment is 6 months. If less than 6 months in current employment must have a record of previous employment in the same occupation for at least 2 continuous years, with maximum 1 month gap between positions. **Note:** Prior employment in same occupation may have been with a different employer.
		To
		• The minimum length of employment for Full-Time or Part-Time employment is 3 months. If less than 3 months in current employment, must have a record of total employment history in the same occupation of at least 12 months, with a maximum 2 month gap between positions.
		Note: Prior employment in same occupation may have been with a different employer.
		From:
		• Applicant must have been employed for a minimum of 3 months across both financial years with the same employer (**minimum of 6 months is**

Amendment number	Amendment issue date	Description of changes

		required for Mortgage Insured Loans). Where time frame is not met[3], assess as per ' Base income'
		To
		For both Mortgage insured and Non-Mortgage insured loans:
		• Applicant must have been employed for a minimum of 3 months across both financial years with the same employer. Where time frame is not met[3], assess as per ' Base income'
		From:
		An application may be referred to Credit for consideration to use non-base income for serviceability assessment where:
		• the applicant has been employed in the same role for greater than 3 months non-mortgage insured or 6 months mortgage insured **but** with different employers; **and**
		• it can be established the applicant is continuing to earn non-base income
		To:
		An application may be referred to Credit for consideration to use non-base income for serviceability assessment where:
		• the applicant has been employed in the same role for greater than 3 months **but** with different employers; **and**
		• it can be established the applicant is continuing to earn non-base income
		
		Change 3
		Updated section 'Process > Assessing base income > Salary Sacrifice; or Fringe Benefit deduction; or
		Pre-Tax deduction':
		• Deleted step 9**.** 'If using the Salary Sacrifice amount for serviceability, deduct the amount from the base salary and enter it as a separate income under **Salary discretionary - Salary sacrifice / packaging'**
		
		Change 4
		• Throughout the document:
		  ○ Deleted references to the 'Minimum Document Standards Matrix'. The matrix has been superseded, with all matrix rules transferred into the main body of the 'Document Standards' chapter.
		  ○ Deleted repeated references to the 'Document Standards' chapter, where a link is already present to the 'Assessing Income Document Standards' sub-section (as that section already links to the 'Document Standards' chapter)

10	2 October 2022	**Change 1** Update to content in section 2.6 Foreign income and employment > all foreign income types **Old wording** • Confirm the applicant is acceptable to the bank as per *Migrant Lending > Visa Matrix and Applicant via Resident Type Matrix* before commencing loan assessment. **New wording** • Confirm the applicant is acceptable to the bank as per Lending to Non-Australian Citizens *:* ○ *Visa Matrix*

Amendment number	Amendment issue date	Description of changes
		▪ *Acceptable Visas* ▪ *Unacceptable Visas* **Change 2** Added new attachment ' Acceptable country / currency list' (this document was previously attached to chapter 03.14 Non-Resident Lending – which is to be decommissioned 02 Oct 2022) **Change 3** Update to section 3.8.2 Loan applications and approval where the applicant is earning foreign income > Loan applications **Old wording** Resident of' field in OBP to be completed as indicated in the Applicant via resident type matrix in the *Migrant lending* policy **New wording** No lending is permitted where any applicant is considered to be a non-resident (refer to definition Lending to Non-Australian Citizens > Rules you must apply > N on-Resident Lending), the following process is provided for applicants earning foreign income: **Change 4** Update to Assessing base income > Account credits to remove reference to non-base income as account credits can only be used to determine base income. **Old wording** 'Determine base and non-base income' **New wording** 'Determine base ' **Change 5** Updated section ' **What is income verification?':** • Included words and link highlighted in bold ○ Any servicing (**variation**) activity requiring a serviceability assessment **Change 6** In Supplementary Income added Rental income (in AUD) Rent received on a short term basis. Rental Income (in AUD) Not an NDIS property has been updated adding "Rent received on a long term basis" to the income type. Deleted **Mortgage insured applications** Rent from serviced apartments and rural residential are not acceptable **Note** : For OBP loan applications assessed under the fully verified assessment method, refer to Self Employed Applicants > Rental income - fully verified self-employed assessment In the conditions section: **Added:** Investment property where the loan is non-mortgage insured **and not** currently tenanted. Rent will be assessed at 80%. Investment property where the loan is non-mortgage insured **and** currently tenanted. Rent will be assessed at 90%. **Deleted:** Standard investment property where the loan is non-mortgage insured **and** currently tenanted. Rent will be assessed at 90%. Definition of 'standard real estate' as per Acceptable Security Collateral > What is residential real estate security collateral **and** the investment security is not:

Amendment number	Amendment issue date	Description of changes
		Located in concentration risk postcode; or Prestige property; or Defence Housing Authority; or NRAS security under a Head lease; or Commercial property Untenanted at time of assessment Serviced apartments has also been deleted from mortgage insured loans. **Change 7** In the Self-Employed Income table, "Fully verified self employed latest year income assessment or COVID recovery (FY 2019) Income assessment" has been deleted In "Assessing Self-employed Income" **Updated:** "Fully verified self-employed standard assessment 2 year average" to Fully verified self-employed: 2 year average Or Latest year **Deleted:** Fully verified self-employed - Latest Year Income Assessment (Non-LMI Only) Fully verified Self-Employed COVID Recovery (FY 2019) Income Assessment (Non-LMI Only)
11	20 November 2022	**Change 1** **Under section 'Self Employed income >** Partners from selected companies' included the below companies: • Gilbert & Tobin • Pitcher Partners • Binder Dijker Otte – BDO • William Buck **Change 2** **Update to content in section 2.6 Foreign Income and employment** **Old wording** **All foreign income types** Where assessing applicants who receive foreign income **all** of the below apply: • In the event foreign income and supporting documents are not in English: • The applicant is to supply both the original document and an English translation prepared by an accredited translator at their own cost. • The translated document is to be stamped with translators NAATI stamp Translation of documents by either a Westpac Group staff member or a Westpac Group Finance Broker is not permitted. Refer *https://www.naati.com.au/#* for a list of translators in your local area (click on the "online directory"). Link to Translation checklist **New wording**

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		All foreign income types
		
		Where assessing applicants who receive foreign income **all** of the below apply:
		In the event foreign income and supporting documents are not in English or display a currency other than AUD, refer to Document Standards policy > When supporting documents are not in English or display a currency other than AUD
		
		Change 3
		Document renamed from 'Translation checklist' to 'Foreign currency translation checklist' this update has been made to reflect the name used in the Home lending toolkit calculator.
		
		Change 4
		Update to Supplementary Income > Child Support Payment / Maintenance > Documents
		Old wording
		• **Government letter**
		New wording
		Either:
		• Government letter; **or**
		• Child support assessment extract from myGov portal
		Change 5
		Under section 'Assessing Supplementary income', clarification change under:
		• **'Fully Maintained Company Car' updated to state '**Enter $5k into the field 'Gross Amount' and select the 'Yearly' Frequency'.
		• **'Fringe benefits' updated from '**1. if only the fully maintained car is being accepted then treat as "Fully maintained Company Car" in the income matrix above, i.e. add $5k gross per annum to base salary and tax.' **to** '1. if only the fully maintained car is being accepted then treat as "Fully maintained Company Car" in the row above'
		Change 6
		• Update to 'Supplementary Income > income type > Dividend from ASX listed shares (other than from own company)':
		Old wording
		• Latest Australian tax return **and** Australian Taxation Office Notice of Assessment
		New wording
		• Latest Australian tax return **and**
		  ○ Australian Taxation Office Notice of Assessment, **or**
		  ○ **If ATO NOA has not issued: Australian Tax Return lodgement extract from MyGov Portal**
		Old wording
		For both Mortgage Insured and Non-mortgage insured loans:
		
		If latest Australian tax return **and** Australian Taxation Office Notice of Assessment is not available = refer to Credit with current investment certificate and bank account statements evidencing payment over a 6 month period
		New wording
		For both Mortgage Insured and Non-mortgage insured loans:

Amendment number	Amendment issue date	Description of changes

		If the above documents are not available = refer to Credit with current investment certificate and bank account statements evidencing payment over a 6 month period
		
		Change 7
		• Update to 'Self Employed Income > income type > Fully verified - **Medico Assessment**':
		Old wording
		Non-mortgage insured
		Where self-employed and applying under *Medico Sector policy*
		
		May be assessed using the Fast Track Self-employed assessment method or
		
		The last 1 years:
		• Personal *Australian Tax* Return, **and** Australian Taxation Office Notice of Assessment (whilst preferable to hold all pages of the NOA, minimum requirement is for page 1 (front page) of the NOA to be held for Fully verified Self-employed)
		New wording
		Non-mortgage insured
		Where self-employed and applying under *Medico Sector policy*
		
		May be assessed using the Fast Track Self-employed assessment method or
		
		The last 1 years:
		• Personal *Australian Tax* Return, **and:**
		  ○ Australian Taxation Office Notice of Assessment (whilst it is preferable to hold all pages of the ATO NOA, the minimum requirement is for page 1 (front page) of the ATO NOA to be held for Fully verified Self-employed); **or**
		  ○ **If ATO NOA has not issued: latest Australian Tax Return lodgement extract from MyGov Portal**
		Change 8
		• Update to 'Self Employed Income > income type > Professional sportsperson':
		Old wording
		Non-mortgage insured
		Performance based and employed less than 2 years:
		• Latest Australian tax return **and** Australian Taxation Office Notice of Assessment
		New wording
		Non-mortgage insured
		Performance based and employed less than 2 years:
		• Latest Australian tax return; **and**
		  ○ Australian Taxation Office Notice of Assessment; **or**
		  ○ **If ATO NOA has not issued: latest Australian Tax Return lodgement extract from MyGov Portal**

Amendment number	Amendment issue date	Description of changes

12	19 February 2023	**Change 1**
		Updated content in section Process to follow > 3.6 S upplementary income > Dividend from ASX listed shares (other than from own company) **or** Interest Income (other than from own company)
		Removed wording " Select the Employer Name in the Additional Details screen"
		Not required in OBP work instruction
		
		Change 2
		To align policy wording with the calculators new name t **hroughout this chapter, c** hanged references
		from 'income verification tool'
		to 'employer income calculator'
		
		Change 3
		Update to content in section 2.3 Salary or wage > **Base income – Payslips > Documents**
		Old wording
		Either:
		• 1 YTD payslip (Group 1A) detailing base income, covering last 2 pay cycles;
		or
		• Last 2 consecutive[2] payslips[#] (Group 1A) detailing base income, includes where the payslip does not cover 2 pay cycles[#] (YTD or non-YTD)
		or
		• Where the borrower is unable to provide the above documents, for example, where base income has changed and the consecutive payslips have different base income amounts, **or** the YTD earnings do not support the annualisation of the new base income:
		  ○ 1 payslip detailing the base income for a full pay period (may be a YTD or non-YTD payslip); **and**
		  ○ Employer's letter / Employer's email advice / Employment contract – for general use. In addition to requirements in Document Standards policy, **the letter must confirm** the new base income **and** payment frequency as displayed on the payslip.
		
		New wording
		Either:
		• 1 YTD payslip (Group 1A) detailing base income, covering last 2 pay cycles;
		or
		• Last 2 consecutive[2] payslips[#] (Group 1A) detailing base income, includes where the payslip does not cover 2 pay cycles[#] (YTD or non-YTD)
		or
		Where the borrower is unable to provide the above documents due to:
		• A recent increase to their base income (i.e. consecutive payslips have different base income amounts **or** the YTD earnings do not support the annualisation of the new base income), **or**
		• Having recently commenced new employment

Amendment number	Amendment issue date	Description of changes

		Then:
		• The following documents may be used to complete verification:
		  ○ 1 payslip detailing the new base income for a full pay period (may be a YTD or non-YTD payslip); **and**
		  ○ Employer's letter / Employer's email advice / Employment contract – for general use. In addition to meeting requirements in Document Standards policy, the document must support the new gross base income / employment as shown on the payslip.
		Note: Any minimum time in employment requirement must be met for mortgage insured loans
		
		Change 4
		Update to content in section 2.3 Salary or wage > Base Income – Direct Salary Credits as follows:
		Old wording
		Salary credit cannot be split between Westpac group brands or multiple other financial institutions
		New wording
		Salary credit can be split between Westpac group brands or multiple other financial institutions
		
		Change 5
		Update to content in section 2.3 Salary or Wage > Miscellaneous Salary and Wage types > **Family employee (permanent)**
		Old wording
		
		Conditions: **Family employee - Spouse of business owner**
		• Applicant has PAYG income from a business wholly or partially owned by their spouse. Applicant is not an owner of the business.
		Family employee - Non-spousal family member of the business owner
		• Person employed by a family owned business and not an owner of the business.
		Note: An owner of the business must be assessed as self-employed. Refer to Self-employed income.
		
		All other requirements:
		• Same as Base plus Non-Base income**,** YTD payslip or payslip and ATO YTD income statement covering a minimum of 3 months
		
		# **Transition between financial years**
		Permitted for payslips covering pay cycles from 1 July to 30 September only.
		• where 2 consecutive[2] payslips are not from the same financial year, then:
		  ○ the most recently issued consecutive payslip must from this financial **and**
		  ○ the older payslip must be the final payslip from the immediately previous financial year

Amendment number	Amendment issue date	Description of changes

	Notes: • Both documents must be from the same employer **and** • Documents must be consecutive • The income calculated may not exceed the total income in the previous year Australian tax return and ATO NOA or tax ready income statement

New wording

Conditions	**Family employee - Spouse of business owner** • Applicant has PAYG income from a business wholly or partially owned by their spouse. Applicant is not an owner of the business. Where the applicant's spouse **is** a co-borrower / income guarantor **or** assessed under *Serviceability Assessment policy* > *Apportioned household expenses and shared commitments – Spousal same household* on the new loan, the applicant may be assessed as: • PAYG using documents listed above for Family employee (permanent); **or** • The same as a self-employed applicant, where assessed using the same self-employed income assessment method used to verify the applicant's spouses' income, e.g. fully verified, Fast Track Where the applicant's spouse **is not** a co-borrower / income guarantor or assessed under Apportioned household expenses and shared commitments on the new loan, the applicant must be assessed as: • PAYG using documents listed above for Family employee (permanent) **Family employee - Non-spousal family member of the business owner** • Person employed by a family owned business and not an owner of the business. **Note:** An owner of the business must be assessed as self-employed. Refer to Self-employed income. **All other requirements:** • Same as Base plus Non-Base income**,** YTD payslip or payslip and ATO YTD income statement covering a minimum of 3 months **# Transition between financial years** Permitted for payslips covering pay cycles from 1 July to 30 September only.

Amendment number	Amendment issue date	Description of changes

	• where 2 consecutive[2] payslips are not from the same financial year, then:
	  ○ the most recently issued consecutive payslip must from this financial **and**
	  ○ the older payslip must be the final payslip from the immediately previous financial year
	
	Notes:
	• Both documents must be from the same employer **and**
	• Documents must be consecutive
	The income calculated may not exceed the total income in the previous year Australian tax return and ATO NOA or tax ready income statement

Change 6
Update to content in section 2.4 Supplementary Income > Rental Income (in AUD) – Not an NDIS property – Rent received on a long term basis
Old wording

Documents	**For both Mortgage Insured and Non-Mortgage Insured loans.** Investment property currently tenanted: Any of the below may be used to verify rental income, but where more than one of the rental verification documents are held, the most recent document adhering to Document Standards policy must be used • Existing rental / lease agreement, or Rental statement from licensed - real estate property manager / agent or letting agent; **or** • Contract of Sale where the property is being purchased subject to an existing tenancy. **Note**: transaction is being completed at arm's length through an independent Australian based real estate agent (i.e. not private sale); **or** • Account transaction listing produced internally from a Westpac group system, over a 3 month period, with the credit narrative aligned to the income; **or** Account statement from other financial institution, over a 3 month period, with the credit narrative aligned to the income; **or** Account transaction listing from another financial institution and Account statement collectively covering a 3 month period, with the credit narrative aligned to the income. Final transaction on the statement must be no older than 12 months from the Responsible Lending Start Date; **or** • Latest Australian tax return **and** Australian Taxation Office Notice of Assessment (refer specific rental

Amendment number	Amendment issue date	Description of changes
		Property statement in the ATO return). **Note:** Where the application also includes self-employed income refer to: • Self Employed Applicants policy > Fast track self-employed assessment; or • Self Employed Applicants policy > Rental income - fully verified self-employed assessment Investment property **not** currently tenanted Any of the below may be used to verify rental income, but where more than one of the rental verification documents are held, the document with the lowest rental value must be used: • Valuation report (no older than 3 months) with rental estimate; **or** • Licensed real estate property manager's / agent's or letting agent letter or email advice. **Note:** Where the application also includes self-employed income refer to: • Self Employed Applicants policy > Fast track self-employed assessment; **or** • Self Employed Applicants policy > Rental income - fully verified self-employed assessment
		New wording
		Documents: **For both Mortgage Insured and Non-Mortgage Insured loans.** Investment property currently tenanted: Any of the below may be used to verify rental income, but where more than one of the rental verification documents are held, the most recent document adhering to Document Standards policy must be used • Existing rental / lease agreement, or Rental statement from licensed - real estate property manager / agent or letting agent; **Note:** Where the existing rental / lease agreement exceeds Document standards > Age of documents policy, a combination of documents may be used to complete verification, refer Document Standards > Minimum Document Standards Table > Rental / lease agreement **and** Using a combination of documents to

Amendment number	Amendment issue date	Description of changes		
				complete verification **or** • Contract of Sale where the property is being purchased subject to an existing tenancy. **Note:** transaction is being completed at arm's length through an independent Australian based real estate agent (i.e. not private sale); **or** • Account transaction listing produced internally from a Westpac group system, over a 3 month period, with the credit narrative aligned to the income; **or** Account statement from other financial institution, over a 3 month period, with the credit narrative aligned to the income; **or** Account transaction listing from another financial institution and Account statement collectively covering a 3 month period, with the credit narrative aligned to the income. Final transaction on the statement must be no older than 12 months from the Responsible Lending Start Date; **or** • Latest Australian tax return **and** Australian Taxation Office Notice of Assessment (refer specific rental Property statement in the ATO return). **Note:** Where the application also includes self-employed income refer to: • Self Employed Applicants policy > Fast track self-employed assessment; or • Self Employed Applicants policy > Rental income - fully verified self-employed assessment Investment property **not** currently tenanted Any of the below may be used to verify rental income, but where more than one of the rental verification documents are held, the document with the lowest rental value must be used: • Valuation report (no older than 3 months) with rental estimate; **or** • Licensed real estate property manager's / agent's or letting agent letter or email advice. **Note:** Where the application also includes self-employed income refer to: • Self Employed Applicants policy > Fast track self-employed assessment; **or**

Amendment number	Amendment issue date	Description of changes
		• Self Employed Applicants policy > Rental income - fully verified self-employed assessment

13	26 March 2023	**Change 1**
		Policy re-write to:
		• **remove procedures from policy**
		• **relocate some PAYG Salary or Wage Income and Employment definition from** Glossary **to this chapter**
		• **re-format and re-wording of policy to improve readability**
		• **add clarification for mortgage insured loans:**
		  ○ **rental income from an NDIS property:**
		  ▪ **is unacceptable if the property is Rural Residential**
		  ▪ must not exceed 50% of total income (refer to Credit for consideration above 50%)
		• add clarification (detailed in bold below) to 'Base Income (AUD)', 'Base plus Non-base income (AUD), 'Family Employee Full Time or Part Time (AUD'):
		  ○ Where no base rate is available: Verify income using Casual method **(casual time in employment rules do not apply where full-time or part-time employed)**
		Change 2
		The below legend items (and associated footnotes) have been removed from this chapter
		• **Legend item '#1 ABN Search':** Supported by an Australian Business Number Registration Search via *ABN Lookup* if employer's name is not provided on the supporting documents –this rule has been moved to **'Document Standard Policy'**
		• **Legend item '#2 Age of consecutive payslips':** Where 2 consecutive payslips are required, the most recently issued consecutive payslip must adhere to age of document requirements – this is a repeat of information already contained in the **'Document Standard Policy'**
		• **Legend item'#4 Age of payslip exceeds age of document requirements**
		(as per Document standards policy)': It is acceptable to use older payslips (no older than 4 months) supported by current account statement or account transaction listing or account summary / extract / overview, evidencing credits to the account are equal to or greater than amount shown on payslip:
		  ○ Source is consistent with payslip. Employer is the same; **and**
		  ○ Frequency of deposit is consistent with pay cycle; **and**
		  ▪ Amount credited to account is equal to or greater than net amount shown on payslip (where amount credited is greater, the amount shown on payslip applies in all cases)
		Note: Account statement or account transaction listing or account summary / extract / overview are as per Document standards
		- this rule has been moved to **'Document Standard Policy'**
		Change 3
		Wording updated for 'Income not used for servicing the loan' (clarification only change):
		<u>Old wording:</u>

Amendment number	Amendment issue date	Description of changes

For Non Mortgaged insured loans	For Mortgaged Insured loans
Applicants are not required to provide evidence of income where it is not used to service the loan, unless: • required for self-employed applicants as detailed above in 'For all loans', **or;** • specifically requested by Credit on a case by case basis Example: If an application services on base income then it is not required to verify rental income or income from other investments.	• All applicants are to provide satisfactory documentation to verify employment/ income.
Important: Brokers need to include in ApplyOnline notes that other income might be available but is not required for serviceability	

New wording;
Applicants **are not** required to provide evidence of income where it is not used to service the loan, unless:
- required for self-employed applicants as detailed under 'Self-employed income, Directorships, company shareholding, ABN' **or**
- specifically requested by Credit on a case-by-case basis

Action required:
Where any income type is evident on a verification document but is not used, notes must be entered to explain why this is the case.
For PAYG Salary or Wage income, this includes using a lower base income figure and not using non-base income.

Change 4
Updated rules related to ' Salary Sacrifice / Fringe Benefit deduction / Pre - Tax deductions':
- **Completion of the** *'Salary Sacrifice Declaration*' form has been replaced by inputting required salary sacrifice details into the application
- **The required salary sacrifice details (previously captured in the** *'Salary Sacrifice Declaration*' form) have changed:

	Previous Rules	New Rules
Additional superannuation contributions above SG	The declaration must confirm: • The deduction is not required to repay Self-Managed Super	Can be added back to gross income for servicing after confirming with the customer that: • **The deduction is voluntary**, can be cancelled at any time

Amendment number	Amendment issue date	Description of changes		
			Fund borrowings; **and** • **The deduction is voluntary**, can be cancelled at any time and received as taxable income; **and** • The customer will cancel the deduction if required to meet their existing commitments and the repayments for the loan they have requested	and received as taxable income; **and** • The customer will cancel the pre-tax deduction if required to meet their existing commitments and the repayments for the loan they have requested
		Purchased leave	The declaration must confirm: • The deduction is voluntary, can be cancelled at any time and received as taxable income; **and** • The customer will cancel the deduction if required to meet their existing commitments and the repayments for the loan they have requested	Can be added back to gross income for servicing after confirming with the customer that: • **The deduction is voluntary**, can be cancelled at any time and received as taxable income; **and** • The customer will cancel the pre-tax deduction if required to meet their existing commitments and the repayments for the loan they have requested
		For all other purposes	The declaration must confirm: • The deduction is voluntary, can be cancelled at any time and received as taxable income	Can be added back to gross income for servicing after confirming with the customer that: • **The deduction is voluntary**, can be cancelled at any time and received as taxable income; **and**

Amendment number	Amendment issue date	Description of changes

		• The customer will cancel the pre-tax deduction if required to meet their existing commitments and the repayments for the loan they have requested
Novated leases and other commitments	• Previously assessed under the category 'For all other purposes'	Can be added back to gross income for servicing when the related commitment is captured in the loan application and verified as per *Commitments* policy
Categorisation of 'Salary sacrifice / Fringe benefit deduction / Pre-tax deduction' types	Categories were: • Additional superannuation contributions above SG • Purchased leave • All other purposes	Categories are: • Superannuation contribution, purchased leave, salary packaging or other purposes not documented • Novated leases and other commitments

Change 5
Section: Rules > Verifying Foreign income and/ or Foreign Employment

- **Clarification as below:**

'Applications are to be assessed using this policy, where an applicant, income guarantor (WBC only) or individual assessed under *Serviceability Assessment policy > Apportioned household expenses and shared commitments – Spousal same household:*

-
  - Is earning income in a foreign currency
  - Is not working in Australia and its territories, this includes, but is not limited to, applicants employed by an Australian entity, but working outside Australia and its territories.
  - Is employed by a foreign employer which is not registered in Australia, i.e. does not have an Australian Business Number (ABN)'
- **re-formatted and re-worded of policy to improve readability (refer to Change 1)**
- **replaced content already included in other chapters with a link to the other chapter**
- **removed procedures from policy (refer to Change 1)**

- **moved content relating to joint applicants to section LVR > LVR by borrower type and income source**

Amendment number	Amendment issue date	Description of changes
		• **added below policy rules for 'Base salary or wage income (AUD) – from Foreign Employment** **New wording**

Base salary or wage income (AUD) - from Foreign Employment • Australian citizen, New Zealand citizen and Permanent resident (Ordinarily resident **in** or **outside** Australia) **OR** • Temporary resident (Ordinarily resident **in** Australia)	
Definition	**Base income:** as per Verifying PAYG Salary Wage income (AUD) > Base income
Documents	
<u>Non - mortgage insured</u>	**<u>Mortgage insured</u>**
• 1 YTD payslip, covering 2 pay cycles, **or** • Last 2 consecutive payslips **AND** • Account statement covering a minimum of 3 months' salary credits, with the employer's name included in the credit narrative, **or** • Latest Australian tax return and Australian taxation office Notice of Assessment	The same as 'Non – Mortgage insured', excluding: **Mortgage insurance is not available for**: • New Zealand citizen or Permanent resident where ordinarily resident **outside** Australia
ASSESSMENT / INCOME CALCULATION	
100% base 0% non-base	

Where payslip is supported by:
• 3 months' salary credits, income used is:
  ○ Gross base salary from payslip(s),
• Latest Australian tax return, income used is the lower of:
  ○ Gross base salary from payslip(s), and	

Amendment number	Amendment issue date	Description of changes
		◦ Assessable foreign income from personal Australian Tax return **ADDITIONAL CONDITIONS** **Eligibility**: • Must comply with **Verifying Foreign Income and / or Foreign Employment >** Restrictions and Conditions • F or c onsideration of non-base income, refer to Credit with strong supporting mitigants and justification **Varying income on documents**: Where: • The base income amount varies between payslips, the payslip with the lowest base income must be used • Payslip(s) is supported by salary credits, the net salary credit(s) on the account statement must match the net pay amount on the payslip(s) **Foreign income team assessment**: • **Where all income earned is in Australia Dollars (AUD) and credited to an Australian financial institution account, assessment by the foreign income team is not required**
14	26March 2023	Correction to section: **Rental Income (AUD) - Not an NDIS property** Removal of duplicated Income Reliance row only
15	21 May 2023	**Change 1** Rental income shading for standard "Not NDIS" and "From NDIS" (non-tenanted) reduced to 10% - Including Mortgage Insurance deals (with exception of Rural Residential property) **Change 2** **Minor wording update to section Base plus non base (AUD) income – Non-Standard 'Projected bonus'** **Old wording** • Projected bonus can only be used to the lower of the: ◦ projected bonus amount; or ◦ total gross income from the immediately previous financial year, less the current gross annualised base, less current annualised non-base (including any bonus already received)

Amendment number	Amendment issue date	Description of changes

		• Bonus income already received will be removed prior to annualisation of YTD income
		New wording
		• Projected bonus can **only** be used to the lower of the:
		  ○ projected bonus amount; **or**
		  ○ total gross income from the immediately **previous** financial year, less the **current** gross annualised base, less **current** annualised non-base, less any bonus already received
		• Bonus income already received will be removed prior to annualisation of YTD income
		
		Change 3
		Updated link from 'Validation of Information provided by the customer' to 'Loan Application and Approval > Validation of information provided by the customer

16	20 August 2023	**Change 1** • Deleted below 'Verifying PAYG Salary or Wage income > Base plus non-base income (AUD) – Non- standard 'Projected Bonus': **Base plus non base (AUD) income – Non-Standard 'Projected bonus'** Optional method **Definitions**: Used where: • projected Bonus income is to be received in the current financial year; **or** • a combination of already received Bonus and projected Bonus income is required for serviceability **DOCUMENTS** • Obtain 'primary' documents as per an available method 'Verifying: 'Base plus non-base Income (AUD) – Standard method', 'Base plus non-base Income (AUD) – Non-standard method –'Base income increased', 'Dependant Contractor (AUD)', 'Emergency Services Employee (AUD)', 'Family Employee -Full Time or Part Time (AUD)' **AND where not already obtained, one of:** • Latest PAYG Payment Summary, **or** • Latest tax ready ATO Income Statement; **or** • Latest Australian Tax Return and Australian Taxation Office Notice of Assessment **AND** Prior financial year payslip(s) with details of **every** historical bonus amount(s) received that year*

Amendment number	Amendment issue date	Description of changes
		*It is acceptable for this document to exceed Document standards > Age of document requirements.
		ASSESSMENT / INCOME CALCULATION
		• Annualised base assessed at 100%, annualised non-base assessed at 80% • **For Mortgaged insured loans:** Bonus income can be accepted under OVA up to a maximum of $30k (before shading) per annum per borrower or income guarantor. Amounts higher than $30k require referral to credit.

		• Projected bonus can **only** be used to the lower of the:
		  ○ projected bonus amount; **or**
		  ○ total gross income from the immediately **previous** financial year, less the **current** gross annualised base, less **current** annualised non-base less any bonus already received
		• Bonus income already received will be removed prior to annualisation of YTD income

		ADDITIONAL CONDITIONS
		Eligibility: • Projected bonus income **cannot** be used when current annualised income is greater than the total prior year income.
		Also refer to 'Assessment' and 'Additional Conditions' applicable to the method used 'Verifying: 'Base plus non-base Income (AUD) – Standard method', 'Base plus non-base Income (AUD) – Non-standard method –'Base income increased', 'Dependent Contractor (AUD)', 'Emergency Services Employee (AUD)', 'Family Employee -Full Time or Part Time (AUD)'

		• Updated 'PAYG Salary or Wage income - Definitions and Time in Employment > Bonus income' to remove 'paid', 'projected' or 'paid 'and 'projected' and to direct to new rules for 'Verifying PAYG Salary or Wage income > Bonus Income (AUD)'
		• Removed 'Bonus (paid or projected)' from the definition of 'Non-Base Income (AUD)' and added it as an exclusion
		• Added a new 'Additional Condition' of 'Refer to 'Verifying PAYG Salary or Wage income > Bonus Income (AUD)' when bonus income is also being used for serviceability.' Change made under:
		  ○ 'Verifying PAYG Salary or Wage income > Base income (AUD)
		  ○ 'Verifying PAYG Salary or Wage income > Base income Plus Non-base income (AUD) – Standard
		  ○ o 'Verifying PAYG Salary or Wage income > Base Plus Non-base income (AUD) - Non-Standard 'Base income increase'

Amendment number	Amendment issue date	Description of changes
		◦ o 'Verifying PAYG Salary or Wage income > Casual (AUD)' ◦ o 'Verifying PAYG Salary or Wage income > Family Employee – Casual (AUD)' ◦ o 'Verifying PAYG Salary or Wage income > Emergency Services (AUD) ◦ o **Updated the** Verifying PAYG Salary or Wage income > Casual (AUD)' to specify that the 'Direct Salary Credits' method is not available when the salary credit includes bonus income • Update to exclude bonus income from all income calculations associated with: ◦ 'Verifying PAYG Salary or Wage income > Base income (AUD) ◦ 'Verifying PAYG Salary or Wage income > Base income Plus Non-base income (AUD) – Standard ◦ o 'Verifying PAYG Salary or Wage income > Base Plus Non-base income (AUD) - Non-Standard 'Base income increase' ◦ o 'Verifying PAYG Salary or Wage income > Casual (AUD)' ◦ o 'Verifying PAYG Salary or Wage income > Family Employee – Casual (AUD)' ◦ o 'Verifying PAYG Salary or Wage income > Emergency Services (AUD) • Deleted rules and section 'Verifying PAYG Salary or Wage income > Base Plus Non-base (AUD) income- Non-Standard Projected Bonus' • Added new section and new rules for Bonus Income under 'Verifying PAYG Salary or Wage income > Other PAYG Salary or Wage Income > Bonus Income' • Deleted all references '**For Mortgaged insured loans:** Bonus income can be accepted under OVA up to a maximum of $30k (before shading) per annum per borrower or income guarantor. Amounts higher than $30k require referral to credit.' **Change 2** Added a new 'additional condition' for rental income types of Rental Income (AUD) – Not an NDIS property (long term rental) and Rental Income (AUD) - From a NDIS property (long term rental): Essential repairs noted on Full Valuation: Where a valuer comments that the property is unsuitable to rent due to repairs being required, and the value of the repairs is within acceptable tolerances, refer Security Collateral Value Assessment > Risk Rating in Valuation Report, and: • The valuer has provided an estimated rental amount, subject to the repairs being completed, **and** • The borrower(s) has sufficient funds to complete the repairs, as evident in the borrower's declared asset position **Then** • The Valuers rental estimate (where acceptable as detailed above), post the repairs being completed, may be included in the Serviceability assessment. **Note:** Where the Valuer has not provided an estimated cost of the repairs or recommends an independent professional opinion be sought, then

Amendment number	Amendment issue date	Description of changes

	rental income cannot be included for that property unless: • an estimated cost / quote(s) for the repairs is held, **and** • the borrower(s) has sufficient funds to complete the repairs, as evident in the borrower's asset position. Where the cost of the repairs exceeds acceptable tolerances, refer Security Collateral Value Assessment > Risk Rating in Valuation Report, the application must be referred to Credit consideration

Change 3
Added a new 'additional condition' to 'Rental Income (AUD) – Not an NDS property

Property under construction	Where the property under construction is:
	• A security collateral in the new loan application, the verified rental income for that property can be included in the serviceability assessment, or
	• An asset property in the new loan application, the verified rental income for that property may **only** be included in the serviceability assessment where the full corresponding commitment (i.e. the loan limit once the loan is fully drawn) is:
	  ○ included in the application, **and**
	  ○ verified to the loan contract or internal WBG system extract or enquiry.

Change 4
Updated section 2.1 Verifying PAYG Salary or Wage income > Base income (AUD) using payslips to remove the requirement for the payslip to cover the full pay period where an applicant has recently commenced employment or received a base increase
Change 5
Updated section 2.1 Verifying PAYG Salary or Wage income > Dependent Contractor (AUD) to remove the requirement to provide an Employment contract or Employer's email or Employer's letter.
Old wording
If the contractor:
- Has access to annual leave and sick leave, assess as per:
- Base Income (AUD); or
- Base plus non-base income (AUD) (standard or non-standard method); or
- Does not have access to annual leave and sick leave, assess as per:
- Casual Income (AUD)

AND

Amendment number	Amendment issue date	Description of changes

		• Employment contract; or
		• Employer's email; or
		• Employer's letter
		Document must confirm contract term, contract expiry date and if the contract includes annual leave and sick leave entitlements.
		New wording
		If the contractor:
		• **Has** access to annual leave and sick leave*, assess as per:
		  ○ Base Income (AUD); **or**
		  ○ Base plus non-base income (AUD) (standard or non-standard method); **or**
		  ○ **Bonus Income (AUD)**
		• **Does not** have access to annual leave and sick leave, assess as per:
		  ○ Casual Income (AUD)
		***Note**: Where an applicant receives annual / sick leave, but it is not evident on the payslip, a combination of documents can be used to confirm employment type, refer Document Standards > Using a combination of document to complete verification (e.g. employment Letter / email advice or Employment contract)
		Change 6
		Updated 'Additional Conditions' for Base Income
		• Condition wording changed from: 'Varying base rate or house on document' to : 'Varying base hourly rate or hours on document'
		• Condition wording changed from: 'No base rate available' to : 'Base income not available on document'

17	8 October 2023	**Change 1** Simplification and clarification only changes (no policy change): • Removed repeated rules throughout chapter and relocate those rules to a new 'Responsibilities' section directing users how to apply the policy • Remove references to 'AUD' against income sources, and add a new section 'Currency' specifying 'All income types are listed as in Australian dollars, except for the specific section for 'Foreign Income' • General rewording changes to improve clarity • Updated section 'Self Employed income, Directorships, company shareholding, ABN' to specify that 'PAYG income from own company' is to be verified in conjunction with Self Employed Applicants policy • Removed 'Temporary' employment classification to simplify policy, as Temporary employment is either assessed as 'Casual' or 'Dependant Contractor' • Merged specific categories 'Specific Industry payment (all allowances)' , 'Shift allowances', 'Car Allowances' into a new category called 'Allowances (car/shift/specific industry payments)' **Change 2** Section 'income not used for servicing' **Changed to:** **Action required:** Where income is evident on a payslip and is not being used in the assessment a comment needs to be entered to confirm details relating the income verification. **Changed from:** **Action required:**

Amendment number	Amendment issue date	Description of changes

		Where any income type is evident on a verification document but is not used, notes must be entered to explain why this is the case.
		For PAYG Salary or Wage income, this includes using a lower base income figure and not using non-base income.
		
		Change 3
		
		• Section 'Verifying PAYG Salary or Wage income > Base Income':
		  ○ Renamed 'Base income using salary credits' as 'Base income using Transaction History'
		  ○ 'Transaction History' introduced as an umbrella term to cover:
		  ▪ Internal system extract or enquiry or
		  ▪ Westpac Group or Other Financial Institution (OFI):
		  ▪ Account statement; or
		  ▪ Account Summary / Extract / Overview; or
		  ▪ Account Transaction listing
		Change 4
		• Section 'Verifying PAYG Salary or Wage income > Base Plus none base income':
		  ○ Simplified 'Documents' section to merge allowable documents into one row
		  ○ Renamed the verification category from 'Base Plus none base income (AUD) - Standard' to 'Base Plus none base income'
		  ○ Simplified documentation requirements for non-YTD payslip and YTD payslip not covering 3 months:
		  ▪ **Changed to:**
		• YTD payslip covering a minimum of 3 months
		or
		• 1 YTD payslip not covering 3 months **or** 2 consecutive payslips ,
		and one of the following documents **from same employer**:
		• ○ Final YTD payslip from previous financial year, **or**
		  ○ ATO Tax Ready Income Statement; **or**
		  ○ Latest PAYG payment summary; **or**
		  ○ Latest Australian tax return and Notice of Assessment
		These combined documents must cover a minimum of three months
		• **Changed from:**
		
		YTD Payslip – covers less than 3 months
		Where YTD payslip covers 2 pay cycles
		• 1 YTD payslip from **current** financial year detailing base income, covering last 2 pay cycles. Non-base income is evidenced by the YTD figure.
		and
		• One of the following documents from immediately previous financial year and from the same employer as listed on above payslip:
		  ○ Final YTD payslip from immediately previous financial year and from the same employer as detailed on the payslip, or
		  ○ Latest tax ready ATO Income Statement; **or**
		  ○ Latest PAYG payment summary; **or**
		  ○ Latest Australian tax return and Australian Taxation Office Notice of Assessment; **or**
		  ○ ATO Pre-filling report from an authorised tax agent. It is not mandatory to hold all pages of the document, but the pages held must display the 'Taxpayer details' and 'PAYG Payment summaries'
		Where YTD payslip covers 1 pay cycle
		• 1 YTD payslip from current financial year detailing base income, covering 1 pay cycle.
		and
		• Final YTD payslip from immediately previous financial year and from the same employer as listed on the above payslip
		Where combined documents do not cover a minimum of 3 months, assess as per Verifying > Base Income (AUD)
		
		Non-YTD Payslip
		Where ATO YTD statement covering 3 months can be provided
		• 1 non-YTD payslip detailing base and non-base income, **and**
		• ATO YTD income statement covering both a minimum of 3 months and the same pay period (pay date) as the non-YTD payslip. Non-base income is evidenced by the ATO YTD figure
		Where ATO YTD statement can be provided covering less than 3 months
		• 1 non-YTD payslip from **current** financial year detailing base income, **and**
		• ATO YTD income statement covering both the last 2 pay cycles and the same pay period (pay date) as the non-YTD payslip. Non-base income is evidenced by the ATO YTD figure
		AND
		• One of the following documents from **previous** financial year and from the same employer as listed on the above payslip:
		  ○ Latest tax ready ATO Income Statement; **or**
		  ○ Latest PAYG payment summary; **or**
		  ○ Latest Australian tax return and Australian Taxation Office Notice of Assessment; **or**
		  ○ ATO Pre-filling report from an authorised tax agent. It is not mandatory to hold all pages of the document, but the pages held must display the 'Taxpayer details' and 'PAYG Payment summaries'
		Where ATO YTD statement cannot be provided
		• Last 2 consecutive non-YTD payslips from **current** financial year detailing base and non-base income, **or**
		• For pay cycles from 1 July to 30 Sept only (due to new financial year):
		  ○ most recently issued payslip from **current** financial year and
		  ○ the final payslip from the immediately **previous** financial year
		  ○ both documents must be consecutive
		AND
		• One of the following documents from **previous** financial year and from the same employer as listed on the above payslip:
		  ○ Latest PAYG Payment Summary; **or**
		  ○ Latest tax ready ATO Income Statement; **or**
		  ○ Latest Australian tax return and Australian Taxation Office Notice of Assessment; **or**
		  ○ ATO Pre-filling report from an authorised tax agent. It is not mandatory to hold all pages of the document, but the pages held must display the 'Taxpayer details' and 'PAYG Payment summaries'
		Where combined documents do not cover a minimum of 3 months, assess as per Verifying > Base Income (AUD)
		
		Change 5
		Removed 'Base Plus Non-base income – Non Standard 'Base Income increase' verification category and rules, and:

Amendment number	Amendment issue date	Description of changes
		• Moved the documentation rules for 'Base income increase' as a 'Document' option under 'Verifying PAYG Salary or Wage income > Base Plus none base income' • Simplified the documentation rules for 'Base income increase' to require the most recent payslip showing the lower base income (in addition to a YTD payslip combination permitted under standard documentation used to verify base plus non-base income) **Base Income increase rules where previously:** **Document(s) cover a minimum 3 months current financial YTD; and** • **Base income increased in the current financial year** **DOCUMENTS** YTD Payslip: • 1 YTD payslip from **current** financial year showing **final** full pay period with **lower** base income*; **and** • 1 YTD payslip from **current** financial year covering a minimum of 3 months showing full pay period with **higher** base income. Non-base income is evidenced by the YTD figure *This document can exceed Document standards > Age of document requirements Non-YTD Payslip: • 1 non-YTD payslip from **current** financial year showing **final** full pay period with **lower** base income*; **and** • 1 non-YTD payslip from **current** financial year showing full pay period with **higher** base income; **and** • ATO YTD income statement from **current** financial year covering: ◦ a minimum of 3 months; **and** ◦ the same pay period (pay date) as the non-YTD payslip showing **higher** base income. Non-base income is evidenced by the ATO YTD income statement figure. *This document can exceed Document standards > Age of document requirements **Document(s) cover less than 3 months current financial YTD; and** • **Base income increased:** ◦ **in previous financial year; or** ◦ **on 1 July; or** ◦ **between 2 July to 30 Sep** **DOCUMENTS** YTD Payslip: • 1 YTD payslip from **current** financial year showing full pay period with **higher** base income. Non-base income is evidenced by the YTD figure **And:** • **Where base income increased in previous financial year:** ◦ 1 YTD payslip from immediately **previous** financial year showing **final** full pay period with lower base income*; and ◦ **Final** YTD payslip from immediately **previous** financial year showing full pay period with **higher** base income (which is consistent with payslip from **current** financial year)* • **Where base income increased 1 July:** ◦ Final YTD payslip from immediately previous financial year showing final full pay period with lower base income* • **Where base income increased between 2 July and 30 September** ◦ **Final** YTD payslip from immediately **previous** financial year showing full pay period with **lower** base income*; **and** ◦ 1 YTD payslip from **current** financial year showing full pay period with **lower** base income* *This document can exceed Document standards > Age of document requirements Non-YTD Payslip: • 1 non-YTD payslip from **current** financial year showing full pay period with **higher** base income **and** • ATO YTD income statement from **current** financial year covering same pay period (pay date) as the current financial year non-YTD payslip it is supporting. Non-base income is evidenced by the ATO YTD figure; **and** • Latest tax ready ATO Income Statement from the immediately **previous** financial year. Non-base income is evidenced by the YTD figure **And:** • **Where base income increased in previous financial year:** ◦ 1 non-YTD payslip from the immediately **previous** financial year showing **final** full pay period with **lower** base income*; **and** ◦ Final Non-YTD payslip from the immediately **previous** financial year showing full pay period with **higher** base income* • **Where base income increased 1 July:** ◦ Final non-YTD payslip from the immediately **previous** financial year showing full pay period with lower base income * • **Where base income increased between 2 July and 30 September** ◦ Final non-YTD payslips from the immediately **previous** financial year showing full pay period with **lower** base income*; **and** ◦ 1 non-YTD payslip from **current** financial year* showing **final** full pay period with **lower** base income *This document can exceed Document standards > Age of document requirements **Change 6** Updated 'Casual income': • (Clarification only change): Added and 'Exclusion' row specifying 'Where the applicant's payslip states that they are employed on a temporary or casual basis, but an employment contract can be provided with a defined start and end date, assess as per Dependant contractor • (Clarification only change): 'Definition' changed **Changed to:** 'Casual applicants are defined as employees who: • may not be entitled to sick or annual leave • may be employed directly via employer or temporary employment agency • may have irregular working hours **Changed from:** Casual: • ◦ Has no guaranteed hours of work ◦ May work irregular hours ◦ Can end employment without notice, unless notice is required by a registered agreement, award or employment contract ◦ Doesn't get paid sick or annual leave • Simplified 'Documents' section to merge allowable documents into one row • 'Transaction History': ◦ introduced: ▪ as a document type with the conditions: ▪ Can be split between Westpac Group Brands or multiple other financial institutions ▪ The most recent salary credit must not exceed minimum age of document requirements as per Document Standards policy

Amendment number	Amendment issue date	Description of changes

- as an umbrella term to cover:
  - Internal system extract or enquiry or
  - Westpac Group or Other Financial Institution (OFI):
  - Account statement; or
  - Account Summary / Extract / Overview; or
  - Account Transaction listing
- Changed documentation options:

Changed to:

-
  - 1 YTD payslip covering a minimum of 3 months, or
  - 1 YTD payslip not covering 3 months, **or**
  - 2 consecutive payslips, **or**
  - Transaction History covering 2 pay cycles with employer name in narrative;

<u>and</u> one of the following immediate prior year documents **from same employer**:

- Final YTD payslip, **or**
- ATO Tax Ready Income Statement; **or**
- Latest PAYG payment summary; **or**
- Latest Australian tax return and Notice of Assessment

Changed from:

DOCUMENTS	
YTD Payslip - covering minimum 3 months YTD	1 YTD payslip covering a minimum of 3 months of the current financial year
YTD Payslip - covering less than 3 months YTD	• 1 YTD payslip covering last 2 pay cycles from the **current** financial year; **and** • **one** of the following from the immediately **previous** financial year: o the final YTD payslip; **or** o Latest PAYG Payment Summary; **or** o Latest tax ready ATO Income Statement; **or** o Latest Australian tax return **and** Australian Taxation Office Notice of Assessment **OR** • For pay cycles from 1 July to 30 Sept only (due to new financial year): o Where the YTD payslip does not cover 2 pay cycles of the **current** financial year: ▪ 1 YTD payslip from **current** financial year detailing base income; **and** ▪ **Final** YTD payslip from the immediately previous financial year; **and** ▪ both documents must be consecutive and from the same employer
Non- YTD Payslip	• Last 2 consecutive payslips from the **current** financial year; **or** • For pay cycles from 1 July to 30 Sept only (due to new financial year): o Where the 2 consecutive payslips are not the **current** financial year: ▪ the most recently issued payslip from the **current** financial year; **and** ▪ the final payslip from the immediately **previous** financial year; **and** ▪ both documents must be consecutive and from the same employer **AND** **One** of the following from the immediately previous financial year • Latest PAYG Payment Summary; **or** • Latest tax ready ATO Income Statement; **or** • Latest Australian tax return and Australian Taxation Office Notice of Assessment
Direct Salary Credits	**This method cannot be used if any of the current financial year or previous financial year documents include bonus income** **One** of the following from the **current** financial year: • Account transaction listing produced internally from a Westpac Group system covering the latest 2 pay periods, with specific employer name included in the credit narrative; **or** • Account statements from other financial institution covering the latest 2 pay periods with specific employer name included in the credit narrative; **or** • For non-mortgaged insured only: Account transaction listing from another financial institution and Account statement collectively covering the latest 2 pay periods. With specific employer name included in the credit narrative **AND** one of the following from the immediately **previous** financial year: • the final YTD; **or** • Latest PAYG Payment Summary; **or** • Latest tax ready ATO Income Statement; **or** • Latest Australian Tax return and Australian Taxation Office Notice of Assessment **WARNING**: Take care when assessing contract income paid to an account: as it may be a net or gross figure.

Change 7

Updated 'Dependant Contractor':

- (Clarification only change): 'Definition' changed

Changed to:

'A dependant contractor is employed on a commercial contract but has work arrangements consistent with being an employee. These arrangements include:

- Regular number of contracted hours
- All income taxes, deductions and superannuation paid by the employer'
-

Changed from:

'Dependent Contractor:

Persons employed on a commercial contract but with work arrangements consistent with them being an employee will be classified as a dependant contractor.

For policy assessment purposes all Dependent Contractors:

Have a regular number of contracted hours either working full time or part

Amendment number	Amendment issue date	Description of changes

		time
		Have access to annual leave and sick leave
		May not subcontract the work out to another party
		Have all income taxes, deductions and superannuation paid by the employer
		Do not take any commercial risk i.e. the employer is legally responsible for the work done
		Do not direct how the work is done i.e. the employer has the right to direct how the work is completed'
		
		Change 8
		Updated 'Emergency Services Employee':
		• (Clarification only change): Name change from 'Emergency Services Employee' to 'Emergency Services Employee Base and Non-Base'
		• (Clarification only change) Simplified 'Documents' section to merge allowable documents into one row
		• (Clarification only change): Rewording to improve clarity
		• Removed requirement for YTD payslip to cover 2 pay cycles
		
		Change 9
		• Updated 'Pre-Tax deductions':
		  ○ (Clarification only change): Name change from 'Salary Sacrifice / Fringe Benefit deduction / Pre - Tax deductions' to 'Pre-Tax deductions'
		  ○ (Clarification only change): Rewording and restructure of content to improve clarity
		
		Change 10
		• Updated 'Annuity':
		  ○ (Clarification only change): Added a 'Definition': An annuity is designed to provide a steady stream of income to an individual over a specified period of time. It is typically used as a form of retirement income.
		  ○ (Clarification only change): Rewording and restructure of content to improve clarity
		Change 11
		• **Updated non base to include**
		  ○ commissions (including where commission is 100% of the total remuneration, and no base salary or wage is evident)

18	7 November 2023	Update to processes in **3. Process to follow** section
19	19 November 2023	**Change 1** Updated Self-employed income, Directorships, Company shareholding, ABN **Old wording** **1.4 Self-employed income, Directorships, company shareholding, ABN** • Self-employed income (including PAYG income from own company, Trust distribution and company income / profitability) is required to be verified in conjunction with Self Employed Applicants policy

Amendment number	Amendment issue date	Description of changes
		• Where the borrower, income guarantor (WBC only) or borrower's spouse (where using the apportioned household expense policy) has a directorship(s), shareholding or an ABN, as identified via Credit Bureau Reporting or other application checks, and the applicant is not being assessed under Fast Track, Lenders/ Assessors are required to undertake further investigation to identify if they must be assessed as self-employed. Refer to the Self-employed Applicants policy **New wording** **1.4 ABN or directorship identified** Where the customer has a directorship or an ABN, as identified via Credit Bureau Reporting or other application checks, Lenders/ Assessors must refer to the Self-employed Customers policy to confirm if the customer fits the banks definition of self-employed Customers that fit the banks definition of self-employed must be assessed in line with the Self-employed Customers policy **Change 2** Updated Dividend from ASX listed shares (other than from own company) to state: The actual Franking credit received can be included with the dividend **Change 3** In "Verifying Self-employed Income" the definition has been updated **Old wording** A borrower or income guarantor may need to be assessed as self-employed where they earn income or have a loss from a business related to them, which may include: • PAYG income and / or Directors fees **from own company** • Distribution of income from a trust • They are a sole trader, earning Personal Services (PSI) income or in a partnership • borrower or income guarantor is an Individual ATF a trust • When undistributed company profits are being used for individual serviceability assessment • Dividend received from own company and used for serviceability assessment • Independent contractors **New wording** A customer may need to be assessed as self-employed where they have an ABN, directorship, receive income or have a loss from an entity related to them, which may include: • PAYG income and / or Directors fees **from own entity** • Distribution from a Trust or Partnership • They are a sole trader, earning Personal Services (PSI) income • Borrower is an Individual ATF a trust • When dividends or undistributed Company profits are being used for individual serviceability assessment • Independent contractors **Change 4** Self-employed Eligibility content and documents have been deleted and replaced with "Refer to Self-employed Customers " under the following sections • Dividend from own company

Amendment number	Amendment issue date	Description of changes
		• Fully verified Self-employed (Non-Fast Track) **Change 5** Updated Medico Assessment added the following documents • Entity tax return • Entity financials (profit loss and balance sheets) **Change 6** Formatting and clarification only changes (no associated policy change) for PAYG Salary/Wage: • Definitions • Time in Employment • Additional Conditions **Change 7** Simplification and update to "Rental Income – Short term" **Change 8** Removal of the following Income Reliance condition from all rental Income: • For mortgage insured loans: ○ Rental income must not exceed 50% of total income (refer to Credit for consideration above 50%) **Change 9** • Removal of "Dividend" and replaced with "Interest or Dividend (from ASX listed shares) – Other than from own company" • Simplification and update to (now) "Interest or Dividend (from ASX listed shares) – Other than from own company" **Change 10** Removal of the following Income Reliance condition from Interest and Dividend Income (not from own Company): • Dividend income must not exceed 50% of total income (refer to Credit for consideration above 50%) • Interest income must not exceed 50% of total income (refer to Credit for consideration above 50%) **Change 11** Updated Bonus Income > Documents as follows: • **Changed from:** 'Payslips evidencing bonus payment • **Changed to:** Payslip(s) showing bonus payment dated within 12 months of RL start date • More than one bonus payment requires payslips showing each payment • Bonus as a separate YTD figure in the current financial year can be used **Change 12** Formatting changes only under PAYG Salary or Wage Income' (no change to policy) to simplify wording or relocate content

20	18 February 2024	**Change 1**
		Renamed section 2.5 from Income Documents – Standards and Retention to Acceptable Documents and updated content as follows:
		Old wording
		Documents used for income verification must:
		• Comply with:
		  ○ Specific rules set out in this policy; and
		  ○ Document Standards policy

Amendment number	Amendment issue date	Description of changes

		• Be uploaded into loan application for verification to be undertaken and also held and retained in loan file.
		New wording
		Documents used for income verification:
		• Must comply with specific rules set out in this policy and Document Standards policy.
		• Must be uploaded into ApplyOnline for verification to be undertaken, and also held and retained in loan file
		• Can be used singularly or in combination with other documentation to complete income verification, refer Document Standards policy > Using a combination of documents to complete verification
		Change 2
		Social Security Income
		• Removal of Widow B pension and Widow's Allowance as both ceased in March 2020 and were transferred to the Age Pension
		• Removal of transaction history verification requirements for Service Pensions
		• Rewording and simplification of Additional Conditions
		
		Change 3
		Child Support Payments / Maintenance
		• Continuous review period for Account statement/transaction listing reduced from 6 months to 3 months
		• Alignment of definition of maximum age of dependent child between mortgage insured (previously up to **and** including **11** years of age) with non-mortgaged insured (upto and including 13 years of age)
		Change 4
		Annuity/Superannuation/Private Pension
		• Now Combined into single section for simplification
		• Removed need to verify from account history
		• Removed need to Refer to Credit for Annual Payments
		• Simplification of Taxation treatment - added "May be taxed or untaxed. If the letter/email advice does not specify the tax treatment, income must be assessed as taxable, or evidence obtained to confirm amount received".
		• Rewording and reformat of table
		Change 5
		Updated section 2.1 Verifying PAYG Salary or Wage income to:
		• Consolidate Base income Definitions and Time in Employment table, Base income using payslips table and Base Income using Transaction History table into one 'Base Income' table
		• Simplify wording for the scenario where there has been a recent base increase or commenced new employment
		• For Income using Transaction History:
		  ○ Remove the Salary Credit Variance Rule and replace with the requirement for 3 salary credits over 3 months to be consistent (exact amount match) with lower of consistent or lowest salary credit used in servicing
		  ○ Advise not acceptable to use where there is a >25% variance between the consistent salary credit and lowest salary credit
		Change 6
		Updated section 'Why this policy:'
		From:

Amendment number	Amendment issue date	Description of changes
		Applicable to a servicing / variation activity requiring a serviceability assessment To: Applicable to a loan variation activity requiring a serviceability assessment **Change 7** **Update to Assessing Foreign income** Confirm use of http://www.xe.com
21	7 April 2024	**Change 1** **Income annualisation for Casual teachers and other school staff changed from 40 weeks to 48 weeks.** **Change 2** **Update and simplification of Self-employed section which now directs to the Self-Employed Customers Chapter, - No changes to Standards only format** **Change 3** **Update and simplification of Foreign Income section** **Change 4** **Family Employee policy simplified and updated to include transaction history covering latest 3 months** **Old policy** **Family Employee** Definitions: Family employee - Non-spousal family member of the business owner Borrower or income guarantor has PAYG income from a family owned business and is not an owner of the business. Family employee - Spouse of business owner Borrower or income guarantor has PAYG income from a business wholly or partially owned by their spouse. Borrower or income guarantor is not an owner of the business. In all cases An owner of the business must be assessed as self-employed. Refer to Self-employed. Family Employee - Full Time or Part Time Family employee - Spouse of business owner (optional method) If the family employee's spouse: • is: a co-borrower or income guarantor or assessed under Serviceability Assessment policy > Apportioned household expenses and shared commitments – Spousal same household on the new loan, in lieu of using this assessment method, the family employee may be assessed as

Amendment number	Amendment issue date	Description of changes
		• as self-employed, using the same self-employed income assessment method used to verify their spouses' income, e.g. fully verified, Fast Track

Definitions	Full Time or Part Time	As per Base Income > Full Time or Part Time
Time in employment	Full Time or Part Time	As per Base Income > Full Time or Part Time
	If Bonus income is being used for serviceability	As per Bonus Income

DOCUMENTS

- Last 2 consecutive payslips from current financial year and same employer detailing base and non-base income; or
- For pay cycles from 1 July to 30 Sept only (due to new financial year):
- Where the 2 consecutive payslips are not the current financial year:
  - the most recently issued payslip from the current financial year; and
  - the final payslip from the immediately previous financial year; and
  - both documents must be consecutive and from the same employer

AND

- Australian Business Number Registration Search via ABN Lookup

AND

- One of the following from immediately previous financial year and same employer:
- Latest tax ready ATO Income Statement; or
- Latest Australian tax return and Australian Taxation Office Notice of Assessment

ASSESSMENT / INCOME CALCULATION

- Base Income 100%, non-base income 80%
- Bonus income is excluded from the below calculations
- The income calculated may not exceed the total income in the previous year Australian tax return and ATO NOA or tax ready income statement
- Use the lowest:
  - hourly rate, and
  - number of paid hours excluding unpaid leave

Non-Base income = Lower of a) payslip with lowest gross annualised or b) previous years income, then less annualised base income.

Amendment number	Amendment issue date	Description of changes

ADDITIONAL CONDITIONS

Base income not available on document	Verify income using Family Employee - Casual method (casual time in employment rules do not apply where Full Time or Part Time employed)	
Family Employee - Casual		
Definitions	Casual	As per Casual
Time in employment	Minimum 6 months continuous service with the same employer	
	If Bonus income is being used for serviceability	As per Bonus Income

DOCUMENTS

- Last 2 consecutive payslips from current financial year and same employer; or
- For pay cycles from 1 July to 30 Sept only (due to new financial year):
  - Where the 2 consecutive payslips are not the current financial year:
    - the most recently issued payslip from the current financial year; and
    - the final payslip from the immediately previous financial year; and
    - both documents must be consecutive and from the same employer

AND

- Australian Business Number Registration Search via ABN Lookup

AND

- one of the following from immediately previous financial year and same employer
  - Latest tax ready ATO Income Statement, or
  - Latest Australian tax return and Australian Taxation Office Notice of Assessment

ASSESSMENT / INCOME CALCULATION

- Bonus income is excluded from the below calculations
- Assessed at 100%
- Use the lowest gross pay

Lower of:

- annualised current financial year income (using lowest gross payment on payslips); and

Amendment number	Amendment issue date	Description of changes
		• annual previous financial year income

New policy

Family Employee	
Definitions	An individual is defined as a family employee where they earn PAYG income from a business and that individual is: • A non-spousal family member of the business owner, **or** • The spouse of the business owner
Time in Employment	Family employees can be Permanent (FT / PT) or Casual. **Time in employment is per the income verification method, i.e. base income, non-base income or casual income.**

Documents	• 1 YTD payslip covering the last 2 pay cycles or 2 consecutive payslips, **and**
	• Australian Business Number Registration Search via ABN Lookup
	AND
	
	• Transaction history covering the latest 3 months salary credits
	OR
	• One of the following from immediately previous financial year and same employer:
	  ○ Latest tax ready ATO Income Statement; **or**
	  ○ Latest Australian tax return and Australian Taxation Office Notice of Assessment
	Note: Where non-base income is included in servicing, payslip(s) must be supported by the latest Australian tax return and ATO Notice of Assessment, or the latest Tax Ready ATO Income Statement

ASSESSMENT / INCOME CALCULATION – Full Time / Part Time employees	Base income assessed at 100%, non-base and bonus income assessed at 80% Where ATO tax return or tax ready income statement is used, income used for servicing is the lower of: • Current year annualised base and non-base income from payslip, or

Amendment number	Amendment issue date	Description of changes	
			• Previous year income from ATO tax return or Tax Ready Income Statement Where transaction history is used, income used for servicing is the lower of: • Current year annualised base income from payslip, or • Annualised base income from lowest salary credit **Note**: Income must be annualised from the payslip with the lowest gross payment. Bonus income is removed prior to annualisation.
		ASSESSMENT / INCOME CALCULATION – Casual employees	Annualised income over 48 weeks and assessed at 100% Where ATO tax return or tax ready income statement is used, income used for servicing is the lower of: • Current year annualised income from payslip, or • Previous year income from ATO tax return or Tax Ready Income Statement Where transaction history is used, income used for servicing is the lower of: • Current year annualised income from payslip, or • Annualised current year income from lowest salary credit **Note: Income must be annualised from the payslip with the lowest gross payment. Bonus income is removed prior to annualisation.**
		Optional Verification and Assessment – Spousal family employee	A family employee can be verified and assessed as self-employed, using the same self-employed income method as their spouse, where that family employee's spouse is: • A co-borrower or income guarantor on the new loan, or • Assessed under Apportioned household expense and shared commitments – Spousal same household policy on the new loan
22	19 May 2024	**Change 1** • **Housekeeping change (clarification only – no change to current policy):** ○ **Updated 'Interest or Dividends (from ASX listed shares) – Other than from own company'> Assessment / Income Calculation'**	

Amendment number	Amendment issue date	Description of changes
		section to specify that the value used in the 80% assessment rate is: ▪ Interest: The interest received ▪ Dividend: The actual (franked and unfranked) dividend(s) received and any actual Franking Credit(s) received **Change 2** • Change to 'Professional sportsperson – contract based' to: ○ Restrict 'Documents' to 'Employment contract for professional sportsperson' regardless of employment tenure (removed use of 'Latest year and 2 year average (Non-Fast Track)' documents and assessment where employed greater than 2 financial years) ○ Change assessment method to use lowest of current and future base salary on contract with superannuation deducted ○ Clarification to use 'Professional sportsperson- Performance based' method when income above base salary (endorsements, bonuses, match payments) is required for serviceability • Formatting change to create separate sections for 'Professional sportsperson – contract based' and 'Professional sportsperson- Performance based' **Change 3** Update to 'Base income', 'Base plus non-base income' , 'Emergency Services Base and Non-Base', 'Family Employee Full Time/Part time' to specify that for base income from payslip(s) determination: • ○ Unpaid leave can be used in determining the number of base hours if the applicant has confirmed they are back to full hours and a supporting comment is made on the file ○ If **excess** payslip(s) have been received **and** show a base rate or number of hours that differs to the **required** payslip(s): ▪ the **excess** payslip(s) do not need to be used if: ▪ the applicant has confirmed the most recent **required** payslip reflects their ongoing income and a supporting comment is made on the file
23	30 June 2024	**Change 1** Housekeeping 'clarification only' changes (no change to policy or risk appetite) • Under section '1.3 Income not used for servicing' updated existing link to direct to the 'Self-employed customers' policy for self employed applicant rules related to income not used to service the loan • Updated the 'Family Employee' verification method: ○ Definition section to updated to include 'does not meet the definition of Self-employed under the Self-employed Customers policy' ○ Document section updated to clarify that the ABN search is required '(to support the application of rules under section 1.4 'ABN or directorship identified')' **Change 2** **Update to section 2.4 Verifying Income and /or Foreign Employment > All Foreign Income and Employment to include the following content under 'Assessment':**

Amendment number	Amendment issue date	Description of changes

		• Tax Deductions relating to Australian investment properties (i.e. negative gearing benefits) are permitted:
		  ○ Where the applicant has Australian Residency / Citizenship, **and**
		  ○ Latest Australian tax return and Australian Taxation Office Notice of Assessment are held showing inclusion of the applicant's foreign PAYG income and a negative gearing taxation benefit, i.e. a rental loss is evident and has been used to reduce total taxable income (inclusive of the foreign income).
		Note: Where the property is newly purchased and not evidenced in the latest Australian tax return and ATO NOA, no tax deduction is permitted.
		
		Change 3
		Updated wording in base income policy to remove definitions and clarify verification, assessment and payslip variances
		Old wording

Base Income	
Definitions	A regular fixed income from salary or wages **excluding** bonus payments, overtime, allowances, commissions, etc. • Full time employment - Usually 32 hours or more of work per week • Part time employment - Usually less than 32 hours of work per week

Time in employment	• Non-Mortgage Insured: No minimum
	• Mortgage Insured:
	  ○ 3 months minimum length in current employment
	  ○ If less than 3 months in current employment must have a record of total employment history in the same occupation of at least 12 months, with a maximum 2-month gap between positions

DOCUMENTS	
• 1 YTD payslip covering last two pay cycles, or • 2 consecutive payslips, or • Transaction history covering the last 3 months, with employer name / acronym in the narrative and most recent salary credit no more than 60 days old at Responsible Lending start date Where there has been either a recent increase in base income or new employment commenced: • Employer's letter / Employer's email advice / Employment contract detailing new base income, and • One payslip detailing the new base rate (full or part pay period is acceptable)	

Amendment number	Amendment issue date	Description of changes

ASSESSMENT /INCOME CALCULATION	

Payslips	• Annualised base salary from payslip assessed at 100%
	• Use the lowest base rate and lowest number of hours for servicing. Unpaid leave can be used in determining the number of base hours if the applicant has confirmed they are back to full hours and a supporting comment is made on the file.
	• If excess payslip(s) have been received and show a base rate or number of hours that differs to the required payslip(s):
	  ○ the excess payslip(s) do not need to be used if:
	  ▪ the applicant has confirmed the most recent required payslip reflects their ongoing income and a supporting comment is made on the file
	• Assess as casual income where no base rate is available on the payslip

Transaction history	• A minimum of 3 consistent salary credits (i.e. the exact same amounts) over a 3 month period
	• The lower of the consistent salary credit or lowest salary credit must be used for servicing and assessed at 100%
	• Transaction history must confirm the frequency and cycle of salary credits, and align with the customer declared information
	• Transaction history method is not acceptable where:
	  ○ There is a >25% variance between the consistent salary credit and lowest salary credit
	  ○ Non-base or bonus income is used for the applicant

New wording

Base Income Annualised and assessed at 100% A regular fixed income from salary or wages **excluding** bonus payments, overtime, allowances, commissions, etc.	
Time Employed	• **Non-Mortgage Insured**: Employment must have commenced and received at least one pay.

Amendment number	Amendment issue date	Description of changes	
			• **Mortgage Insured**: 3 months minimum length in current employment, **OR** ○ If less than 3 months in current employment, must have: ▪ Total employment history in the same occupation of at least 12 months, **AND** Maximum 2-month gap between positions
		DOCUMENTS **Refer Document Standards**	There are two (2) methods to verify base income, either: 1. **Payslip(s)[1] – most recent no older than 2 months – Minimum requirements:** ○ 1 YTD payslip covering last two pay cycles and validating annualised base income, **OR** ○ 2 consecutive payslips 2. **Transaction history - showing at least 3 months' salary credits and most recent salary credit no older than 2 months at Responsible Lending start date, confirming:** ○ Pay frequency, **AND** ○ Minimum 3 salary credits (with employer name / acronym in the narrative) for the same amount and with a variance between those 3 salary credits and the lowest salary credit of less than or equal to 25%
		[1]PAYSLIP VARIANCES A combination of documents can be used to verify all mandatory information on a payslip	1. **Lowest base rate and hours must be used unless an acceptable variance below applies.** 2. **YTD annualised is less than annualised base income:** • A comment is included in application notes explaining why the annual base income is not supported (unless meets one of the below variances) 3. **New employment or base rate increase, provide both:** ○ Employer's letter / email advice / contract detailing new base income, **AND** ○ One payslip supporting the new base rate (full or part pay period)

Amendment number	Amendment issue date	Description of changes
		4. **The most recent YTD or 2 consecutive payslip(s) may be used where additional payslips above minimum document requirements are held, and:** ○ Applicant has confirmed most recent payslip(s) reflects their ongoing income, **AND** ○ A comment is included in application notes detailing applicant's explanation for the variance. 5. **Unpaid leave hours where evident on payslip(s) may be included in base hours where:** ○ Applicant has confirmed the leave was a one-off and they have returned to standard / normal working hours, **AND** ○ A comment is included in application notes detailing the applicant's reason for the leave. 6. **Assess as casual income where no base rates is available on the payslip.** **Change 4** **Reformatting of Social Security Income – for additional clarity, No change to Policy**

Attachments

03.27 Acceptable country & currency list.pdf

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