



Credit Policy

Eligible Income

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Self-Employed income policy for specialised professions

Self-employed customers derive their income from their own business. They earn income and pay out business expenses during the year, with the difference between their income and expenses being their profit or loss. At the end of the financial year, self-employed customers must account for all their income by completing financial statements/tax returns which are lodged with the taxation office.

The assessing officer reserves the right to seek additional information if considered necessary.

A minimum of 2 years trading history must be confirmed. When adopting the specialised professions policy, a trading period of less than 2 years can be accepted where at least 12 months experience in the same industry can be evidenced. Individual circumstances can be considered by a credit assessor if the application is deemed creditworthy.

Verification Method	Documentation requirements	Additional requirements
Self-Employed income for specialised professions verification	<p>Full extraction of financial information for Sole Proprietor evidenced and supported by:</p> <ul style="list-style-type: none"> ▶ Personal tax returns from the most recent financial year only; and ▶ Most recent Notice of Assessment (NOA) for individuals OR letter from accountant to confirm that tax returns are final and have been lodged with ATO; and ▶ *if applicable* Business (Partnership, Company, Trust) tax return from the most recent financial year; and ▶ Accountant prepared business financial statements that show the profit and loss and balance sheet information from the most recent financial year 	The income figure used for servicing will be the most recent financial year's figures.

Process

Full Verification

Step 1	<p>Confirm the applicant is eligible by checking:</p> <ol style="list-style-type: none"> 1. That they are self-employed in an eligible occupation 2. That evidence of their qualification criteria can be provided 3. That their income meets the income threshold requirement (if any) <p>Tables showing eligible occupations, required eligibility criteria and income thresholds can be found further down the page in the 'Eligible Medical and Industry Professionals' section.</p> <p>Note: Ensure that the customer is self-employed in an eligible industry which is dependent on their qualification criteria to operate e.g:</p> <p>Eligible: Pharmacist who is registered on AHPRA and earns ≥ \$150,000 p.a.</p> <p>Not eligible: A partner owner of a restaurant who happens to also be registered as a CPA as he is not self-employed as one of the eligible occupations.</p>
Step 2	<p>Enter the business income (including profit/loss) as per the self-employed calculator.</p> <p>Note:</p> <ul style="list-style-type: none"> ▶ When entering the self-employed income, you will need to input the income details from the most recent year into both the most recent financial year and previous financial year self-employed fields to ensure the correct income is calculated. ▶ When entering income from a Company, you will need to enter the applicant's percentage of ownership, the Company's annual Loan Repayments and Salary/Director's fees. <p>For trust applications, where the net profit/loss has been fully distributed the amount is to be captured as \$0</p>
Step 3	<p>Enter any of the below acceptable addbacks (only if required for servicing):</p> <ul style="list-style-type: none"> ▶ Interest expense - Where the interest expense is to continue, the related commitment must be included in servicing ▶ Depreciation expense - The write down of assets used in producing income <p>General depreciation is normally accounted for over a number of years and should be added back as a depreciation expense. Where the full depreciation is written off in the first year - under either 'Simplified Depreciation' or 'Instant Write Off' the addback should be included as</p>

	<p>a Non-Recurring Expense. (All depreciation will be added as non-recurring expenses. In order to have general depreciation expenses treated as a tax-free add back, two years depreciation schedules will need to be provided).</p> <ul style="list-style-type: none"> ▶ Amortisation - The write down of intangible assets ▶ Lease/Hire Purchase - Where the lease/hire purchase is to continue, the related commitment must be included in servicing ▶ Non-recurring expenses - Full details of the non-recurring expenses are necessary to justify why it should be added back ▶ Non-recurring income (deduction) - Details of the non-recurring income must be obtained ▶ Superannuation* - The amount paid in excess of the compulsory superannuation contribution set by the ATO <p>* Superannuation is to be entered into the 'Extra Super Contributions' field.</p>
Step 4	<p>For applicants who are sole traders:</p> <ul style="list-style-type: none"> ▶ Broker must ensure that all personal and business commitments are entered into the applicant's individual balance sheet. <p>For applicants who earn their income from a partnership:</p> <ul style="list-style-type: none"> ▶ The system will automatically distribute addbacks as per policy and percentage of ownership. ▶ Broker must ensure that all personal and business commitments are entered into the applicant's individual balance sheet. <p>For applicants who earn their income from company:</p> <ul style="list-style-type: none"> ▶ The system will automatically distribute addbacks as per policy and percentage of ownership. ▶ The system will automatically distribute any remaining profits after annual Company Loan Repayments and Salary/Directors fees have been deducted according to percentage of ownership. ▶ Brokers must ensure that all business commitments are entered in the income Company Loan Repayments and not the applicant's individual balance sheet.
Step 5	<p>In your comments, please include the following wording in addition to your usual comments:</p> <p><i>Most Recent Year Income Assessment Method has been applied for <Applicant name> for <Business name> under One Year Financials for Specialised Professions.</i></p>

Calculating Annual Company Loan Repayments*

The following guidance is for calculating annual Company Loan Repayments only refer [Company Loan Repayment Calculator](#).

The below table and guidance should not be used for any other purpose.

Only commitments in the company's name should be included in this field. Commitments in the applicant's name or business (i.e. sole trader or partnership) should be included in the applicant's personal balance.

For business commitments held in the applicant's name or where they are a sole trader or in a partnership, refer to [Calculating Product Commitments](#).

Facility Type	Calculation
Term Loans without an IO period (e.g. fixed or variable rate term loan, Business Loan/Home Loan)	Actual repayment including monthly fees
Term Loans with an IO period (e.g. home loans and investment home loans)	Calculate the total loan amount on the actual P&I interest rate over the remaining P&I loan term.
Commercial revolving credit facility (e.g. Business Overdraft, IO only facilities, balloon/residual payments)	Amortise the limit at the actual interest rate over a notional 15 year term.
Credit Cards	Multiply the limit by 2.5% (minimum \$25 per month)
Margin loans	Excluded from serviceability calculations
Foreign currency loans	All actual overseas loan repayments converted into AUD.
Equipment finance, hire purchase, lease, etc.	Actual repayment as declared by the customer including monthly fees
Commercial bill	Amortise the loan amount at the actual interest rate over a 15 year term

Evidence required:

For all commitments, evidence could include (but is not limited to) one of the following:

- ▶ For all business facilities:
 - ▶ statement with most recent repayments
 - ▶ loan contract evidencing repayments
 - ▶ balance sheet evidencing balance reducing over 2 years (e.g. balance year 1 = \$100,000 and balance year 2 = \$80,000 therefore annual repayments on loan = \$20,000)
 - ▶ internet printout from OFI institution showing repayment

For facilities where amortisation is based on actual interest evidence must include interest rate of the product.

Notes

Entering multiple self-employed customers

- ▶ Where your customer has multiple self-employed income sources please ensure you:
 - ▶ Provide comments detailing how income should be captured for each self-employed income source.

You should capture and record each employment type with the applicable business name in ApplyOnline and CommApply.

Non-standard self-employed income verification scenarios (outside of policy).

Non-standard verification scenarios can be considered

Non-standard verification scenarios can be considered.

In addition to the standard documents required under the current self-employed full verification method, you must also provide:

- ▶ Mitigating comments to consider your non-standard verification method.
- ▶ Additional documentary evidence to support your request. This may include (but is not limited to), Accountant prepared interims, Business Activity Statements (BAS), Business Transaction Statements (BTA), historical PAYG Income (with Individual Tax Returns).
- ▶ For common scenarios where one year's financials in isolation can be considered, refer to [Quick reference guide: Non-standard self-employed income scenarios](#) or the Uplift to Self Employed Income Policy Training Guide.

Note:

- ▶ Non-standard verification scenarios (outside of policy) will be considered by Credit.
- ▶ For a faster turnaround time, ensure you satisfy all the above requirements. This will make it easier for Credit to consider your request and make a decision on the first submission.

Definition of "Most Recent Financials"

The definition of "most recent financials" (MRF) revolves around a defined cut-off date. The date of the application in relation to the cut-off date determines which financial year is considered the MRF for the serviceability assessment. The methodology is:

- ▶ If the application date is before the cut-off date, MRF is two tax financial years' previous
- ▶ If the application date is after the cut-off date, MRF is the most recently finished tax financial year

For example, if the relevant cut-off date is 30 April and the application is submitted on 28 April 2024, the MRF is the financial year ending 30 June 2022. If the application is submitted on 2 May 2024, the MRF is the financial year ending 30 June 2023.

The cut-off date for customers satisfying all of the following criteria is 30 June:

- ▶ The business / company has been trading for at least 3 years; and
- ▶ They have an existing home loan, business loan or business transaction account with CommBank or Bankwest that has been open for at least 6 months; and
- ▶ They have had no defaults on their CommBank or Bankwest facilities, nor dishonours or overdraws on their business transaction accounts, for at least 6 months.

For all other customers, the cut-off date is 28 February.

Miscellaneous notes:

Where the customer is a director / shareholder in a company the loan commitments for the company do not need to be included in the applicant's individual balance sheet of the Home Loan application.

Where the customer is a sole proprietor or in a partnership the loan commitments for the business must be included in the applicant's individual balance sheet of the Home Loan application.

Where a customer has multiple self-employed income sources you will have to verify the income using either all simple or all full verification, you cannot use a combination of the two methods.

'Full verification' must be used for applications where there is CommBank commercial exposure and the application requires assessment by the Business Credit team.

Eligible Medical Professionals

In addition to meeting the standard eligibility criteria in [Customer eligibility](#) and Home Loan Eligibility Criteria above, borrowers must:

- ▶ Borrow in their own names or as a trust, provided they are a director or trustee and
- ▶ Be registered:
 - ▶ For non-veterinary professionals: Registered on the Australia Health Practitioner Regulation Agency (AHPRA) website; or
 - ▶ For veterinary professionals: Registered in their relevant state or territory veterinarian board website.
- ▶ Be employed and working in Australia as one of the following:

(**Note: eligibility is also subject to internal credit scoring**)

Eligible Medical Professionals	Qualification Criteria	Income Criteria
<ul style="list-style-type: none"> ▶ Anaesthetist ▶ Cardiothoracic Surgeon ▶ Clinical Pharmacologist ▶ Cosmetic Surgeon ▶ Dentist ▶ Dermatologist ▶ Ear and Throat Surgeon ▶ Emergency Surgeon ▶ Endocrinologist ▶ Gastrointestinal Surgeon ▶ Gastroenterologist ▶ General Practitioner (also known as as Medical Practioner) ▶ Gynaecologist ▶ Haematologist ▶ Hepatologist ▶ Immunologist ▶ Nephrologist ▶ Neurosurgeon 	<ul style="list-style-type: none"> ▶ Go to the Australian Health Practitioner Regulation Agency (AHPRA) website. ▶ Enter the relevant information in the Details of practitioner and Principal place of practice sections and click Search. ▶ Ensure the Profession is one of the Eligible Medical Professionals, the Status is registered and the Registration Type is Provisional, General or Specialist. 	<ul style="list-style-type: none"> ▶ None

<ul style="list-style-type: none">▶ Neurologist▶ Obstetrician▶ Oncologist▶ Ophthalmologist▶ Optometrist▶ Oral and Maxillofacial Surgeon▶ Orthopaedic Consultant▶ Orthodontist▶ Otolaryngologist▶ Paediatric Surgeon (Neonatal and Perinatal)▶ Pathologist▶ Plastic Surgeon▶ Podiatrist▶ Psychiatrist▶ Radiologist (Note: This doesn't include Radiographers)▶ Reconstructive Surgeon▶ Respiratory or Thoracic Surgeon▶ Urologist▶ Vascular Surgeon																				
<ul style="list-style-type: none">▶ Pharmacist	<ul style="list-style-type: none">▶ Go to the Australian Health Practitioner Regulation Agency (AHPRA) website.▶ Enter the relevant information in the Details of practitioner and Principal place of practice sections and click Search.▶ Ensure the Profession is one of the Eligible Medical Professionals, the Status is registered and the Registration Type is Provisional, General or Specialist.	<ul style="list-style-type: none">▶ Eligible income for Pharmacists is based on their individual income and not total application income.▶ Minimum gross eligible annual income of \$150,000 for the individual applicant, per application																		
<ul style="list-style-type: none">▶ Veterinarian	<table><tr><th>State or Territory</th><th>Link to Check Registration</th></tr><tr><td>NSW</td><td>Veterinary Practitioners Board of NSW</td></tr><tr><td>VIC</td><td>Veterinary Practitioners Registration Board of Victoria</td></tr><tr><td>QLD</td><td>Queensland Veterinary Surgeons Board</td></tr><tr><td>SA</td><td>Veterinary Surgeons Board of South Australia</td></tr><tr><td>TAS</td><td>Veterinary Board of Tasmania</td></tr><tr><td>NT</td><td>Veterinary Board of the NT</td></tr><tr><td>WA</td><td>Veterinary Surgeons' Board Western Australia</td></tr><tr><td>ACT</td><td>Email: vetboard@act.gov.au</td></tr></table>	State or Territory	Link to Check Registration	NSW	Veterinary Practitioners Board of NSW	VIC	Veterinary Practitioners Registration Board of Victoria	QLD	Queensland Veterinary Surgeons Board	SA	Veterinary Surgeons Board of South Australia	TAS	Veterinary Board of Tasmania	NT	Veterinary Board of the NT	WA	Veterinary Surgeons' Board Western Australia	ACT	Email: vetboard@act.gov.au	<ul style="list-style-type: none">▶ None
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Eligible Industry Professionals

In addition to meeting the standard eligibility criteria in Customer eligible and Home Loan Eligibility Criteria above, borrowers must:

- ▶ Borrow in their own names or as a trust, provided they are a director or trustee **AND**
- ▶ Be employed in Australia as one of the following and meet the qualification and income criteria:

(Note: eligibility is also subject to internal credit scoring)

Eligible Occupations	Qualifications Criteria	Income Criteria
<p>Currently working in Australia as an:</p> <ul style="list-style-type: none"> ▶ Accountant ▶ Actuary ▶ Auditor ▶ Chief Financial Officer ▶ Director ▶ Finance Director ▶ Finance Manager ▶ Financial Controller ▶ Partner <p>Minor variations to this list are acceptable as job titles do not always match the occupations.</p> <p>For example, an applicant with a job title 'Tax Accountant' or 'Internal Auditor' can be accepted</p>	<p>Must be registered to practice as CA, CPA, CFA or FIAA in Australia, verified through evidence of:</p> <ul style="list-style-type: none"> ▶ Current membership of the Chartered Accountants Australia and New Zealand (including members of the Global Accounting Alliance); OR ▶ Current membership of CPA Australia (or a comparable international accounting body with evidence of mutual recognition by CPA Australia); OR ▶ Current membership of the Chartered Financial Analyst Institute Australia; OR ▶ Current Fellowship of the Institute of Actuaries of Australia 	<ul style="list-style-type: none"> ▶ Minimum gross' eligible annual income \$100,000 per eligible applicant

<p>Currently working in Australia as:</p> <ul style="list-style-type: none">▶ Lawyer▶ Solicitor▶ Barrister▶ Partner <p>Minor variations to this list are acceptable as job titles do not always match the occupations.</p> <p>For example, an applicant with a job title 'Associate' or 'Legal Counsel' can be accepted.</p>	<ul style="list-style-type: none">▶ Must be registered to practice in Australia, verified through evidence of the Practicing Certificate issued in Australia.▶ Judges and Magistrates are eligible if they can provide evidence that a condition of their employment is that they are prohibited to hold a practicing certificate.	<ul style="list-style-type: none">▶ Minimum gross¹ eligible annual income \$100,000 per eligible applicant
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