



- Assessing Income of self-employed persons
- Providing financial information
- Business income assessments
- Lower profit businesses
- Working from home
- Conditions for home-based work
- Allowable and non-allowable deductions for self-employed persons

Assessing Income of Self Employed Persons

The assessable income of self-employed tenants and household members is determined by taking the gross income less the business deductions allowable for community housing rent setting purposes.

Allowable deductions

Allowable deductions and expenses are classed as any expense essential for producing an income. Some items may be allowable as tax deductions, but are not considered to be legitimate business expenses. These are presented in Table 1.

It is important to note that NCCH itself does not determine which expenses are allowable as deduction for rent setting purposes. NCCH is required to apply the NSW Government's *Community Housing Rent Policy*.

Providing financial information

The tenant or household member will need to provide proof of income in the form of a Profit and Loss statement. The statement must be signed by an accountant.

Copies of the *NCCH Profit and Loss Statement* can be obtained from our website or by contacting any NCCH office. Generally, NCCH will not accept other statements of income and expenses related to a business unless:

- It specifically lists the allowable deductions as defined in Table 1
- It is signed by a qualified accountant

Business income assessments

Rent assessments for self-employed people are generally conducted annually at the end of each financial year.

We understand that business income can fluctuate, so more regular reviews can be conducted wherever necessary.

NCCH can make retrospective adjustments to rents if we have over/under estimated the rent for a self-employed tenant (or other household member). Therefore it is very important that self-employed tenants and residents contact NCCH where their business income is fluctuating. NCCH staff will make arrangements to ensure that a fair rent is assessed and will minimise the possibility of future backdated rental adjustments needing to be made.

If, when the tenant or household member's income is calculated, it results in the income being below the standard rate of Newstart Allowance, then the tenant or household member's income will be assessed at the Newstart Allowance rate.

Working from home

Tenants (and/or residents) may seek to earn an income through home-based work. There is an expectation that people operating a business from home will meet certain conditions.

These conditions aim to strike a balance between the promotion of employment opportunities through home-based work, and the need to minimise potential risks to the tenant, the tenant's neighbours, NCCH and its employees.

NCCH does not make an assessment of the type of home-based work that can be undertaken from the rented premises. The responsibility lies with the tenant to ensure the person undertaking the home-based work, be it the tenant or resident, meets the NCCH conditions as outlined below.

A tenant must make an **application to NCCH in writing** in order to seek approval to operate a home-based business.

Lismore Branch

Level 1
107 Molesworth Street
PO Box 145
Lismore 2480
P: (02) 6627 5300
F: (02) 6622 4261

Tweed Branch

Units 9 & 10
2 Blundell Boulevard
PO Box 6423
Tweed Heads South 2486
P: (07) 5523 5800
F: (07) 5513 0337

Grafton Branch

119 Pound Street
PO Box 948
Grafton 2460
P: (02) 6642 9100
F: (02) 6643 2569

info@ncchc.org.au

ACN: 002-685-761
ABN: 97 002 685 761

Providing homes, Improving lives, Strengthening communities



Self-employed tenants

Tenants who wish to work from home should consider the suitability of the premises for the type of work they wish to do. NCCH does not modify its properties to enable tenant

Tenants working from home must not:

- erect signs or advertisements at the premises; or
- allow employees to work at the property, unless they are an authorised occupant of the household.

Conditions for home-based work

1. Primary use of the property to be residential

NCCH expects that tenants working from home will continue to use the property predominantly for residential purposes. Tenants working from home cannot sub-contract work or the business at the premises.

2. Necessary permits and licences

NCCH expects that tenants who wish to work from home will obtain the necessary permits and licenses to undertake the planned business activity, and comply with all laws and regulations relating to the conduct of the work/business.

A failure to meet legal requirements may constitute illegal activity. Tenants who engage in illegal activity will be in breach of their agreement with NCCH. In addition, tenants may also be subject to sanctions under non-tenancy law.

3. Public liability insurance to be obtained

NCCH expects tenants conducting business from home to take out public liability insurance appropriate to the business, and to supply a copy of the certificate of currency under which both the tenant conducting the business activity and NCCH are named as insured parties.

It is expected that renewal or updated certificates of insurance currency will be obtained for so long as the work/business activity continues at the property.

4. Income to be declared

Tenants or residents earning an income through home-based work must declare all income derived from the business to NCCH.

Documentation for all sources of income for all household members must be provided with an Application for Rental Subsidy form and a Profit and Loss Statement.

5. Work/conduct of the business must not cause nuisance, dangerous or anti-social behaviour

The nature of the work carried out by a tenant working from home must not increase the scope for complaints to be made by neighbours if, for example, there is an increase in foot traffic and noise levels.

6. Work/conduct of the business must not cause damage

NCCH expects that any maintenance required as a result of damage caused through conducting the business at the rented premises, will be reported NCCH.

Tenants who wish to work from home are reminded that they have an obligation not to cause nuisance or interference, and should carefully consider whether the type of work they wish to undertake is likely to lead to reasonably based complaints from other tenants.

NCCH aims to recover costs where repairs to a rental property are necessary as a result of damage or neglect caused by the tenant, another household member or a visitor who enters the property with the tenant's permission.

Table 1: Allowable and Non-allowable deductions for self-employed persons

Allowable deductions

- Advertising
- Depreciation
- Electricity and gas (non-domestic)
- Equipment and lease of equipment
- Goods to be sold
- Insurance fees
- Interest component of a loan repayment
- License fees (essential to business)
- Loan repayments (Interest component)
- Materials
- Motor vehicle expenses (essential to business)
- Postage
- Public risk insurance
- Rent (commercial)
- Repairs
- Salary and wages (employees only)
- Stationery
- Subscriptions
- Superannuation levy for employees
- Telephone (Non-domestic)
- Tools
- Travel

Non-allowable deductions

- Accountancy fees
- Bank fees
- Bookkeeping fees
- Capital expenditure
- Course costs and staff training
- Domestic expenses (such as telephone, electricity and gas)
- Drawings
- Dry cleaning and laundry
- Electricity and gas (Domestic)
- Gifts or donations
- Laundry and dry cleaning
- License fees (not essential to business)
- Legal fees
- Loan repayments (Principal component)
- Magazines and books
- Medicare levies
- Motor vehicle expenses (Non-essential to business)
- NRMA fees
- Personal expenses
- Protective clothing and uniforms
- Rent (community housing dwelling)
- Salary and wages (Business owner)
- Taxation levies
- Telephone (Domestic)



NCCH acknowledges the Bundjalung, Arakwal, Gumbaynggir and Yaegl peoples who are the traditional custodians of the land that comprises the Northern Rivers.