



Connective Essentials

Latest News

Keeping you informed



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LATEST NEWS

One-year lodged tax return to verify self-employed income for home lending 80% LVR or under!

We've updated our credit policy and will now require only a **one-year tax return**, accompanied by confirmation that it's been **lodged to the ATO**, to verify self-employed income for Connective Home Loan Essentials applications with an LVR 80% or under.

What's changing?

We're rolling out this new policy over the coming months to ensure a smooth transition and seamless experience for you and your customers. Here's the key information you need to know:

For home lending applications with an LVR 80% or under:

- From Friday 13 December, you can submit a **one-year tax return**, accompanied by confirmation that it's been **lodged to the ATO**, to verify self-employed income for home lending applications with an LVR 80% or under.
- Over the coming months, we'll update our credit policy and systems to reflect the change in policy.
- From March next year, tax returns will be the only document we accept to verify self-employed income for these applications.

- Until then, you can continue to provide two years of financial statements (profit & loss) to verify self-employed income for applications with an LVR 80% or under until further notice.

For home lending applications with LVR over 80%:

- There will be no change to the requirement to provide two years of financial information to verify self-employed income for home lending applications with an LVR over 80%.
- However, you'll now be able to provide either two years' tax returns or two years' financial statements (profit & loss).

For home lending where financial statements are used to verify income:

- If you provide two years' financial statements and want these to be assessed based on the most recent year, this option is still available when you provide commentary outlining why recent performance is a more appropriate indicator of future performance – as you do today.

Enjoy time-saving benefits with this simpler policy for your self-employed customers!

This change means we now only need a one-year lodged tax return to verify self-employed income for home lending applications with an LVR of 80% or under, which provides some great time-saving benefits including:

- **Removal of commentary** requirements when using one-year tax return
- **Less** rework
- **Simplified lending** processes
- **Faster** 'Time to Yes'

Applications that are ineligible for the one-year tax return option

- Where your customer's tax return is yet to be lodged or only financial statements (profit & loss) are provided, the one-year tax return cannot be used.

- For applications that are higher than an 80% LVR follow the existing process.

Pipeline applications

- The new one-year lodged tax return option is available for all new home lending applications with 80% LVR or under submitted after Friday 13 December 2024.
- Any application submitted with two years' worth of financial information will be assessed based on the existing policy.

What you need to do

Start asking your self-employed customers for their most recent available tax return (2023 tax returns are acceptable under policy until 31 March 2025) and confirmation of lodgement for all eligible Connective Home Loan Essentials applications.

The confirmation of lodgement needs to be from either their accountant or the ATO.

How to submit with one-year lodged tax return or using most recent years income from financials

When submitting an application using the most recent year's income information, please enter the same figure in both years in your lodgement system, as you do today.

Further Support

If you have any questions or want help submitting an application, please contact your Connective Home Loan Essentials Business Development Manager.



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