

Personal services income schedule 2012

Schedule and explanatory notes for 1 July 2011 – 30 June 2012



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This publication was current at **June 2012**.

INTRODUCTION

This schedule is to be used by companies, partnerships and trusts only.

These instructions will help you to complete the schedule.

If you are an individual receiving personal services income (PSI) you must complete item **P1** on the *Business and professional items schedule for individuals 2012* (NAT 2816).

There are special rules that affect the tax treatment of PSI earned by contractors and consultants and these rules are explained in this publication.

WHAT IS PERSONAL SERVICES INCOME?

This is income that is mainly a reward for an individual's personal efforts or skills.

Examples of PSI include:

- income of a professional practitioner in a sole practice
- income payable under a contract that is wholly or principally for the labour or services of a person
- income derived by a professional sportsperson or entertainer from the exercise of professional skills
- income derived by consultants from the exercise of personal expertise.

It does not include income that is mainly:

- for supplying or selling goods – for example, from retailing, wholesaling or manufacturing
- generated by an income-producing asset – for example, from operating a bulldozer
- for granting a right to use property – for example, the copyright to a computer program
- generated by a business structure – for example, a large accounting firm.

If PSI is received by a company, partnership or trust (a personal services entity) it is still the individual's PSI for income tax purposes.

The rules do not affect PSI received by employees, except when the individual is an employee of a personal services entity. The rules also do not apply to PSI that is earned in the course of conducting a personal services business.

'You' and 'your' in these instructions refer to the personal services entity.

WHAT IS A PERSONAL SERVICES BUSINESS?

You qualify as a personal services business if:

- you meet the results test
- less than 80% of the individual's PSI in an income year comes from one source and you meet either the unrelated clients test, the employment test or the business premises test or
- you obtain a determination from the Commissioner of Taxation confirming that you are a personal services business.

To apply for a personal services business determination, go to **www.ato.gov.au** and enter 'NAT 72465' or 'Personal services business determination application' in the 'Search for' box at the top of the page to obtain a copy of the instructions and the application form.

WHAT IS THE RESULTS TEST?

You will meet the results test in an income year if, for at least 75% of the PSI of the individual doing the personal services work, having regard to the custom or work practice when work of that kind is performed:

- the PSI is paid to achieve a result under your contract or agreement and

- you provide the tools or equipment necessary (if any) to do the work and
- you are liable for the cost of rectifying defects in the work performed.

We consider that the PSI is paid to achieve a result when the individual is required to produce a specified result or outcome, and payment is conditional upon that result or outcome being achieved. The essence of the contract or agreement has to be to achieve a result, and not just to do the work as required.

You can self-assess whether you meet the results test.

WHAT IS THE 80% RULE?

If you don't meet the results test, and 80% or more of the PSI in the income year comes from one entity (or one entity and its associates), you cannot self-assess whether you meet the other tests. The PSI rules apply to you unless you get a determination from the Commissioner.

When considering the 80% rule, do not take into account PSI received as an employee or income that is not PSI – for example, investment income or income from the sale of goods or the use of an income-producing asset.

If you are a commission agent, your PSI will be treated as coming from each customer provided you meet all of the following conditions:

- you are an agent of the principal, but not an employee
- you receive income from your principal for services that you provide to customers on the principal's behalf
- at least 75% of that income is performance-based commissions or fees
- you actively seek other customers to whom you could provide services on the principal's behalf and
- you do not provide any services to the customers, on the principal's behalf, using premises that the principal (or their associate) owns or has a leasehold interest in, unless you use the premises under an agreement entered into at arm's length.

If you meet all of these conditions and, as a consequence, less than 80% of the PSI is treated as coming from each customer, you can self-assess against the unrelated clients test, the employment test and the business premises test. You do not need a determination from the Commissioner to be a personal services business, although you may apply for a determination if you are unsure.

UNRELATED CLIENTS TEST

You will meet the unrelated clients test in the income year if the individual doing the personal services work generates PSI from two or more clients who are not associated with each other, or with the individual, or with you.

The personal services must also be provided as a direct result of making offers to the public – for example, by advertising. Do not count clients obtained as a result of registering your name with a labour-hire firm, placement agency or similar organisation.

Separate government departments are deemed not to be associates of each other for the purposes of this test.

If you are a commission agent who meets all of the conditions for the special rules, you will pass the unrelated clients test if your services are provided to at least two customers as a direct result of your making offers or invitations to the public on behalf of your principal.

EMPLOYMENT TEST

Subject to certain exceptions noted below, you will meet the employment test in the income year if you:

- have employees, engage subcontractors or engage entities that perform at least 20% (by market value) of the principal work, or
- have apprentices for at least half the income year.

'Principal' work is the main work that generates the PSI and does not usually include support work such as secretarial duties.

You can count a spouse or family member who does principal work, but not companies, partnerships or trusts associated with you.

If you are a partnership you can also count any partners who perform principal work that helps to generate the PSI.

You cannot count any individual whose PSI you receive.

BUSINESS PREMISES TEST

You will meet the business premises test if, at all times during the income year, you maintain and use business premises that are:

- mainly used to conduct the work – that is, used for gaining or producing personal income for more than 50% of the time
- used exclusively by you
- physically separate from the private residence of
 - the individual doing the personal services work
 - their associates
 - your associates, and
- physically separate from the business address of your clients or their associates.

The phrase 'at all times during the income year' is taken to mean the whole period during which activities are conducted for the purposes of generating personal services income.

You do not need to maintain and use the same business premises throughout the year, but you must satisfy all the above criteria.

WHAT IF THE PSI RULES APPLY?

Generally, if the rules apply to you there are three main effects:

- The PSI, reduced by certain deductions to which the personal services entity is entitled, is treated as the income of the individual who does the personal services work and must be included on their income tax return.
- The personal services entity must either
 - pay the PSI promptly, as salary or wages, to the individual who does the personal services work, or
 - attribute the net PSI to the individual who does the personal services work and withhold and remit tax on that income.
- The deductions that may be claimed are limited.

If the personal services entity has made a net PSI loss:

- the individual is entitled to a deduction for the loss, and
- the total amount of the deductions to which the entity is entitled is reduced by the amount of the individual's deduction for the loss.

DEDUCTIONS

The deductions that may be limited include the following:

Certain car expenses

You may deduct:

- a car expense for each car used solely for business purposes

- a car expense or an amount of fringe benefits tax payable for a car fringe benefit where a car is used partly for private purposes. However, there cannot be, at the same time, more than one car for which such deductions can arise in relation to gaining or producing the same individual's PSI. If there is more than one car used privately at the same time for the same individual, you must choose one car only for which to claim deductions. The choice remains in effect until you cease to hold that car.

Superannuation contributions

You may be able to claim a deduction for a portion of the contributions you make to a complying superannuation fund or retirement savings account (RSA) for the purpose of making provision for superannuation benefits payable for your associate to the extent that their work for you relates to gaining or producing your PSI.

If you make such a contribution for your associate and their work forms part of the principal work for which you gain or produce your PSI, your deduction is limited. Your deduction cannot exceed the amount you would have to contribute for the associate to ensure that you did not have an individual superannuation guarantee shortfall for that associate.

If the associate only performs non-principal work, you cannot claim any deduction for contributions you make to a complying superannuation fund or RSA for the associate.

Entity maintenance deductions

These are:

- fees or charges associated with an account with an authorised deposit-taking institution (but not including interest or interest-like amounts)
- tax-related expenses
- any expense incurred in relation to the preparation or lodgment of a document under Corporations Law, except if the payment is made to an associate
- statutory fees.

Entity maintenance deductions must first be offset against your other income. If the entity maintenance deductions exceed your other income, the excess of the entity maintenance deductions may reduce PSI attributable to the individuals.

If your income includes the PSI of more than one individual, apportion the excess entity maintenance deductions between the individuals using the following formula:

$$\text{excess entity maintenance deductions} \times \frac{\text{individual's PSI}}{\text{total PSI}}$$

Mortgage interest, rates and land tax

You cannot deduct amounts that are incurred in gaining or producing an individual's PSI if such amounts represent rent, mortgage interest, rates and land tax for the residence of the individual or the residence of an associate of yours.

Payments to associates

You cannot deduct payments to associates or any amount you incur from an obligation you have to your associate to the extent the payment or obligation relates to the associate performing non-principal work.

Other expenses you incur in gaining or producing other income (for example, investment income) should be claimed on your tax return and not on the attached schedule.

MORE INFORMATION

WEBSITE

Go to www.ato.gov.au for general tax information and to download publications and taxation rulings.

PUBLICATIONS

Publications you may need when completing the PSI schedule are:

- *Alienation of personal services income: Additional pay as you go withholding obligations – fact sheet* (NAT 3517)
- *Business and professional items schedule for individuals 2012* (NAT 2816)
- *Company tax return 2012* (NAT 0656)
- *Company tax return instructions 2012* (NAT 0669)
- *Partnership tax return 2012* (NAT 0659)
- *Partnership tax return instructions 2012* (NAT 73750) – available only at www.ato.gov.au
- *PAYG payment summary – individual non-business* (NAT 0046)
- *PAYG payment summary – business and personal services income* (NAT 72545)
- *Personal services business determination application* (NAT 72465)
- *Tax return for individuals (supplementary section) 2012* (NAT 2679)
- *Taxation Ruling TR 2001/7 – Income tax: the meaning of personal services income*
- *Taxation Ruling TR 2001/8 – Income tax: what is a personal services business*
- *Taxation Ruling TR 2003/6 – Income tax: attribution of personal services income*
- *Taxation Ruling TR 2003/10 – Income tax: deductions that relate to personal services income*
- *Trust tax return 2012* (NAT 0660)
- *Trust tax return instructions 2012* (NAT 73751) – available only at www.ato.gov.au.

To get an ATO publication

If you are not a tax agent

- go to www.ato.gov.au/publications for publications, taxation rulings, practice statements and forms
- phone **1300 720 092**
- visit one of our shopfronts.

For our shopfront addresses, go to www.ato.gov.au

If you are a tax agent

- go to <http://taxagent.iorder.com.au>
- order by fax on **1300 361 462**

PHONE

Business

13 28 66

Information about business income tax, fringe benefits tax (FBT), fuel tax credits (FTC), goods and services tax (GST), pay as you go (PAYG) and activity statements, including lodgment and payment, accounts and business registration (including Australian business number and tax file number), and dividend and royalty withholding tax.

OTHER SERVICES

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service (TIS) on **13 14 50**.

If you are deaf or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below, and ask for the ATO number you need:

- TTY users, phone **13 36 77**. For ATO 1800 free call numbers, phone **1800 555 677**.
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727**. For ATO 1800 free call numbers, phone **1800 555 727**.
- Internet relay users, connect to the NRS at www.relayservice.com.au

PS1 ARE YOU CONDUCTING A PERSONAL SERVICES BUSINESS?

Did you satisfy the results test in respect of any individual?

Print **X** in the appropriate box at **W**.

Do you hold a personal services business (PSB) determination in respect of any individual?

Print **X** in the appropriate box at **B**.

If you printed **X** in the **Yes** box at **W** or **B**, or **both** labels, and this answer applies to all individuals, you do not need to complete the remaining parts of the PSI schedule. Sign in the signature block at the bottom of page 2 of the schedule. Otherwise go to the next question.

For any individual who did not satisfy the results test or hold a PSB determination, did 80% or more of their PSI come from one source?

Print **X** in the appropriate box at **A**.

For any individual who did not satisfy the results test or hold a PSB determination, did each source of their PSI yield less than 80% of their total PSI?

Print **X** in the appropriate box at **C**.

If you printed **X** in the **Yes** box at **C** you must indicate which of the PSB tests you satisfy (if any). Print **X** at **D1**, **E1** and **F1** as appropriate.

Before you can complete the rest of your PSI schedule you will need to make some calculations. Use the worksheet at the back of these instructions.

PS2 PERSONAL SERVICES INCOME DETAILS

1 Total amount of income gained by you during the year that is PSI of one or more individuals (excludes exempt and non-assessable non-exempt income)

This item records the total amount of income gained by you during the income year that is the PSI of one or more individuals and that is not earned in the course of conducting a personal services business.

At this item, exclude any exempt or non-assessable non-exempt components of the PSI – for example, goods and services tax (GST).

Examples of PSI include:

- income derived by consultants for the exercise of personal expertise
- income derived by professional sportspeople for the exercise of their professional skill. This does not include income from the endorsement by the person of a sponsor's products.

At step 1 on your worksheet, write down the PSI that relates to each individual. Add these amounts together and write the total at **G** on your PSI schedule.

2 Total amount of this income that you promptly paid as salary or wages

At step 2 on your worksheet, write down the amounts of PSI from step 1 that you actually paid to each individual as salary or wages before the end of the 14th day after the pay as you go (PAYG) payment period during which you received the income.

Add these amounts together and write the total at **H** on your PSI schedule.

If you pay salary or wages, you must comply with the requirements of PAYG withholding and you must complete a *PAYG payment summary – individual non-business* (NAT 0046).

An individual receiving such salary or wages must complete item **1 Salary or wages** on their individual tax return.

3 Total payments to associates for principal work claimed as deductions

At step 3 on your worksheet, write down the amounts that you are claiming as deductions that were paid to each associate to perform work that forms part of the principal work from which each individual gained or produced PSI.

Add the amounts for each individual together and write the total at **K** on your PSI schedule.

4 Total amount of other deductions against PSI

Work out the total of your entity maintenance deductions and subtract this amount from your non-PSI income (if any). Allocate any excess between each individual as described in **Entity maintenance deductions** on page 2.

PS3 PERSONAL SERVICES INCOME DISTRIBUTION

Allocate your other PSI deductions to each individual to the extent that the deductions relate to gaining or producing that person's PSI. If a deduction relates to more than one individual, it must be prorated between those individuals.

Add the excess entity maintenance deductions and other deductions for each individual and record the answers at step 4 on your worksheet.

Add these amounts together and write the total at **L** on your PSI schedule.

The sum of the excess entity maintenance deductions and the PSI deductions will reduce the attributable PSI of each individual.

5 Net PSI

On your worksheet, for each individual, subtract the amounts at steps 2, 3 and 4 from the amount at step 1. Write this amount at step 5. If the total is a negative amount (a loss) print **L** in the box at the right of the amount.

Write down the answer for each individual on your worksheet.

If the amount calculated is positive, this is the amount of PSI attributable to the individual. If the amount calculated is negative, this is the amount that the individual is entitled to deduct for the net PSI loss at **J Other deductions item D15** on the *Tax return for individuals (supplementary section) 2012* (NAT 2679). Add the amounts of attributed income and personal services income losses together and write the total at **M** on your PSI schedule. If the amount is negative, print **L** in the box at the right of the amount.

The total of the attributed income amounts is not included in the assessable income of the personal services entity.

The total amount of the deductions to which the personal services entity is entitled is reduced by the total of the net PSI loss amounts.

On the tax returns of the personal services entities:

- the total of the attributed income amounts is included in the reconciliation items **Q Other income not included in assessable income item 7** on the *Company tax return 2012* (NAT 0656) and **A Income reconciliation adjustments item 5 Reconciliation items** on the *Partnership tax return 2012* (NAT 0659) and the *Trust tax return 2012* (NAT 0660), and
- the total of the net PSI loss amounts is included in the reconciliation items **W Non-deductible expenses item 7** on the company tax return and **B Expense reconciliation adjustments item 5 Reconciliation items** on the partnership and trust tax returns.

The attribution of PSI creates obligations for PAYG withholding. See *Alienation of personal services income: Additional pay as you go withholding obligations – fact sheet* (NAT 3517).

The payer must complete the *PAYG payment summary – business and personal services income* (NAT 72545).

1 Total number of individuals to whom income is attributable or was promptly paid as salary and wages

Write this number at **N** on your PSI schedule.

2 Individuals to whom PSI is attributable or promptly paid as salary and wages

On your worksheet, for each individual, add the amount from step 2 to the amount from step 5 that is not a loss. This is the combined amount of income that is attributable and income that is promptly paid as salary or wages to each individual.

At step 6 on your worksheet, write the four highest combined amounts at **S**, **T**, **U** and **V**. In the **TYPE** box at the right of the labels, print the appropriate type codes (step 7) as follows:

- **A**: attributable PSI
- **P**: promptly paid salary or wages
- **B**: both attributable PSI and promptly paid salary or wages.

Transfer the amounts at **S**, **T**, **U** and **V** on your worksheet to **S**, **T**, **U** and **V** on your PSI schedule. Also transfer the appropriate type codes.

Write the tax file numbers (TFN) of the individuals to whom **S**, **T**, **U** and **V** relate at **O**, **P**, **Q** and **R** respectively, and print the relevant family name and given names in the spaces provided.

The law does not require you to provide the TFN of the individual, but providing them will assist in processing your tax return. Keep your worksheet with your tax records.

Taxpayer's declaration

If the schedule is not lodged with the income tax return, you are required to sign and date the schedule.

TREATMENT OF ATTRIBUTED PSI ON YOUR INCOME TAX RETURN

If PSI is attributed to an individual, the income is not assessable to the company, trust or partnership. Include the PSI on the company, partnership or trust tax returns as follows:

■ **Company tax return 2012**

Include the attributed amount at **Q Other income not included in assessable income** item 7, as calculated in **Worksheet 2: Other reconciliation items** in the *Company tax return instructions 2012* (NAT 0669).

■ **Partnership tax return 2012 or Trust tax return 2012**

Include the attributed amount in the amount shown at **A Income reconciliation adjustments** item 5 **Reconciliation items**, as calculated in **Worksheet 1: Reconciliation statement** in the *Partnership tax return instructions 2012*, and *Trust tax return instructions 2012*. The attributed amounts are income subtraction amounts. If the income subtractions exceed the income add backs, the total is a negative amount. If a negative amount, print **L** in the box at the right of **A** on the tax return.

The following examples will help you complete the PSI schedule and the PSI details on the company, trust or partnership tax return. The entities in the examples are not conducting a personal services business.

EXAMPLE 1: Company tax return

Some salary or wages have been promptly paid, and some PSI is attributed to an individual because it has not been promptly paid as salary or wages.

A company derives PSI from the efforts of a director.

Part of the PSI has been promptly paid as salary within 14 days of the end of the relevant PAYG withholding period. The company's profit and loss statement is as follows:

Income (all PSI of the director)		\$100,000
Less Expenses		
Salary	\$30,000	
Rent for director's home that is a place of business	\$5,000	
Other expenses (all deductible)	\$25,000	\$60,000
Net profit		\$40,000

The rent paid for the director's home used as a place of business is not deductible under the alienation of PSI provisions. The net profit is PSI of the director and is attributed to the director for income tax purposes (together with the amount representing non-deductible rent expense).

The information is entered at the following labels:

Item **6 Calculation of total profit or loss** on the *Company tax return 2012*:

Income		
Other gross income R	\$100,000	
Total income S		\$100,000
Expenses		
Rent expenses H	\$5,000	
All other expenses S	\$55,000	
Total expenses Q		\$60,000
Total profit or loss (subtract Total expenses from Total income T)		\$40,000

Item **7 Reconciliation to taxable income or loss** is then completed as follows:

Total profit or loss amount shown at T item 6	\$40,000
<i>Add</i>	
Non-deductible expenses (rent) W	\$5,000
Subtotal	\$45,000
<i>Less</i>	
Other income not included in assessable income Q	\$45,000
Subtraction items subtotal	\$45,000
Taxable income or loss T	\$0

EXAMPLE 2: Partnership tax return

Income of the partnership comprises PSI which is attributed to one or more of the partners.

A partnership derives PSI from the contributions of its two partners, A and B. However, the PSI is mainly derived by the efforts of partner A. The partnership's profit and loss statement is as follows:

Income (all PSI of the partners)		\$100,000
Less Expenses		
Rent for home that is a place of business	\$5,000	
Other expenses (all deductible)	\$55,000	\$60,000
Net profit		\$40,000

The business is conducted from the home of partner A. The rent paid for partner A's home used as a place of business is not deductible under the alienation of PSI provisions. The net profit is PSI of partner A and will be attributed for income tax purposes (together with the amount representing non-deductible rent expense).

The information is then entered at the following labels at item **5 Business income and expenses** on the *Partnership tax return 2012*:

(It is assumed the income is non-primary production income.)

Income		
Other business income H	\$100,000	
Total business income		\$100,000
Expenses		
Rent expenses H	\$5,000	
All other expenses N	\$55,000	
Total expenses O		\$60,000
Reconciliation items		
<i>Add</i>		
Income reconciliation adjustments: attributed income A	\$45,000	/L*
<i>Add</i>		
Expense reconciliation adjustments: rent B	\$5,000	
Net income or loss from business R and S		\$0
Item 15 Total of items 5 to 14 (assuming no other amounts in items 6 to 14 are relevant to the tax return)		\$0
Item 20 Net Australian income or loss (assuming no other amounts in items 16 to 18 are relevant to the tax return)		\$0

* This figure is a loss and is deducted from the net income figure.

TREATMENT OF NET PSI LOSS ON YOUR INCOME TAX RETURN

If an individual can deduct the net PSI loss, the total amount of the deductions to which the company, partnership or trust is entitled is reduced by that amount. Include the PSI loss amounts on the company, partnership or trust tax returns as follows:

- *Partnership tax return 2012 or Trust tax return 2012*
Include the net PSI loss amounts in the amount shown at **B Expense reconciliation adjustments** item **5 Reconciliation items**, as calculated in **Worksheet 1: Reconciliation statement** in the *Partnership tax return instructions 2012*, and *Trust tax return instructions 2012*.
- *Company tax return 2012*
Include the net PSI loss amounts at **W Non-deductible expenses** item **7 Reconciliation to taxable income or loss** as calculated in **Worksheet 2: Other reconciliation items** in the *Company tax return instructions 2012*.

The following example will help you complete the PSI schedule and the PSI details on the company, partnership or trust tax return. The entity in the example is not conducting a personal services business.

EXAMPLE 3: Company tax return (net PSI loss)

A company derives PSI from the services of a director.

Part of the PSI has been promptly paid as salary within 14 days of the end of the relevant PAYG withholding period. The company's profit and loss statement is as follows:

Income (all PSI of the director)		\$75,000
Less Expenses		
Salary	\$40,000	
Salary to director's son (non-principal work)	\$10,000	
Other expenses (all deductible)	\$40,000	\$90,000
Net loss		(\$15,000)

The salary paid to the director's son for non-principal work is not deductible under the alienation of PSI provisions.

The information entered at **PS2** in the *Personal services income schedule 2012* is as follows:

1	Total amount of income gained by you during the year that is PSI of one or more individuals (excludes exempt and non-assessable non-exempt income) G	\$75,000
2	Total amount of this income that you promptly paid as salary or wages H	\$40,000
4	Total amount of other deductions against PSI L	\$40,000
5	Net PSI M	\$5,000 L

The director is entitled to a deduction for the amount of the net PSI loss. The deduction to which the company is entitled is reduced by this amount.

The information is entered at the following labels:

Item **6 Calculation of total profit or loss** on the *Company tax return 2012*:

Income		
Other gross income R	\$75,000	
Total income S		\$75,000
Expenses		
All other expenses S	\$90,000	
Total expenses Q		\$90,000
Total profit or loss (subtract Total expenses from Total income) T		\$15,000 L

Item **7 Reconciliation to taxable income or loss** is then completed as follows:

Income		
Total profit or loss amount shown at T item 6 :		\$15,000 L
<i>Add</i>		
Expenses		
Non-deductible expenses (salary paid to director's son and reduction in total deductions for the net PSI loss that director is entitled to claim) W		\$15,000
Subtotal		\$15,000
<i>Less</i>		
Other income not included in assessable income Q		\$0
Subtraction items subtotal		\$0
Taxable income or loss T		\$0

Worksheet

- Across the top of the worksheet, print the names and write the tax file numbers (TFN) of all the individuals for whom the entity does not satisfy a personal services business test or does not hold a personal services business determination. If there are more than four individuals, provide details of the four with the highest combined PSI attributable and promptly paid salary or wage amounts (step 6).
- Add the amounts for each step and write the amounts in the **Total of all amounts** column. If there are more than four individuals, include the amounts for the individuals not named in the **Total of all amounts**.
- Work down the column for each individual.

Name of individual		TFN of individual	
1	2	3	4
O	P	Q	R

	Total of all amounts			
Step 1 Income gained by you during the year that is PSI of the individual, less the exempt or non-assessable non-exempt component of PSI – for example, GST				G
Step 2 PSI you promptly paid as salary or wages during the year to the individual				H
Step 3 Payments to associates for principal work claimed as deductions				K
Step 4 Other deductions against PSI				L

Subtract the amounts at **step 2**, **step 3** and **step 4** from **step 1**. Write your answer below.

Step 5 Net PSI				M
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Add the amounts at **step 2** to any amounts that are not losses at **step 5**. Write your answer at **step 6**.

Step 6 PSI attributable, or promptly paid as salary or wages or both	S \$	T \$	U \$	V \$
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Step 7 Type of income

Print **A** (for attributable PSI), **P** (for promptly paid salary or wages), or **B** (for both attributable PSI and promptly paid salary or wages) in the TYPE box next to **S**, **T**, **U** and **V** as appropriate.

Transfer the details at **O**, **P**, **Q**, **R**, **G**, **H**, **K**, **L**, **M**, **S**, **T**, **U** and **V** to the corresponding label on your PSI schedule and attach the schedule to your tax return.

Worksheet

- Across the top of the worksheet, print the names and write the tax file numbers (TFN) of all the individuals for whom the entity does not satisfy a personal services business test or does not hold a personal services business determination. If there are more than four individuals, provide details of the four with the highest combined PSI attributable and promptly paid salary or wage amounts (step 6).
- Add the amounts for each step and write the amounts in the **Total of all amounts** column. If there are more than four individuals, include the amounts for the individuals not named in the **Total of all amounts**.
- Work down the column for each individual.

Name of individual		TFN of individual	
1	2	3	4
O	P	Q	R

	Total of all amounts			
Step 1 Income gained by you during the year that is PSI of the individual, less the exempt or non-assessable non-exempt component of PSI – for example, GST				G
Step 2 PSI you promptly paid as salary or wages during the year to the individual				H
Step 3 Payments to associates for principal work claimed as deductions				K
Step 4 Other deductions against PSI				L

Subtract the amounts at **step 2**, **step 3** and **step 4** from **step 1**. Write your answer below.

Step 5 Net PSI				M
Step 6 PSI attributable, or promptly paid as salary or wages or both	S \$	T \$	U \$	V \$

Add the amounts at **step 2** to any amounts that are not losses at **step 5**. Write your answer at **step 6**.

Step 7 Type of income

Print **A** (for attributable PSI), **P** (for promptly paid salary or wages), or **B** (for both attributable PSI and promptly paid salary or wages) in the TYPE box next to **S**, **T**, **U** and **V** as appropriate. Transfer the details at **O**, **P**, **Q**, **R**, **G**, **H**, **K**, **L**, **M**, **S**, **T**, **U** and **V** to the corresponding label on your PSI schedule and attach the schedule to your tax return.

