



**Australian Government**  
**Australian Taxation Office**

# Personal services income schedule 2005

Schedule and explanatory notes for 1 July 2004–30 June 2005



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When we make a decision about your tax affairs, we will tell you about your rights and obligations in relation to that decision. We will also give you contact details in case you have any queries or need more information.

There is information under 'Your rights' on the Tax Office website at **[www.ato.gov.au](http://www.ato.gov.au)** To get a printed copy of the *Taxpayers' charter – what you need to know* (NAT 2548), phone our distribution service on **1300 720 092**.

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# INTRODUCTION

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

Please read these instructions to 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 2005*.

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

## WHAT IS PERSONAL SERVICES INCOME (PSI)?

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 which 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, and
- 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, or
- 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.

### NOTE

'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, or
- less than 80% of the individual's PSI in an income year comes from each client and you meet either the unrelated clients test or 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.

You can apply for a personal services business determination by using the *Alienation of personal services income: guide and application for a personal services business determination* (NAT 3360).

## 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 specified result or outcome under your contract or arrangement, 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.

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 client (and their 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.
- 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 or word of mouth. 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 that meets all of the conditions for the special rules and satisfies the 80% rule, 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
- you 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 in the year of income, 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
- 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 in 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 you can claim are limited.

If the personal services entity has made a net personal services income 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 which 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 claim a deduction up to the age-based limit for contributions you make to a complying superannuation fund or retirement savings account (RSA) for the purpose of making provision for superannuation benefits payable for an individual whose PSI is included in your ordinary or statutory income.

If you make a contribution to a complying superannuation fund or RSA for an individual who is an **associate** of an individual whose PSI is included in your ordinary or statutory income, and the contribution is for principal work, your deduction cannot exceed the amount you would have to contribute to a complying superannuation fund or RSA to ensure you did not have an individual superannuation guarantee shortfall for that individual.

If the associate only performs non-principal work, you cannot claim any deduction relating to PSI 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, and
- 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:

$$\text{Excess entity maintenance deductions} \times \frac{\text{Individuals PSI}}{\text{Total PSI}}$$

## 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.

### NOTE

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

## MORE INFORMATION

For more information:

You can:

- phone the Tax Office on **13 28 66**
- visit our website **[www.ato.gov.au](http://www.ato.gov.au)**
- speak to a recognised tax adviser
- write to us at

**Small business law  
Australian Taxation Office  
PO Box 1130  
PENRITH NSW 2470**

- phone the Telephone Typewriter Service on **13 36 77** if you have a hearing or speech impediment
- apply to the Tax Office for a personal services business determination. You can download a copy of the form and instructions from our website or phone **1300 720 092**.

Taxpayers who do not speak English and need help from the Tax Office can phone the Translating and Interpreting Service (TIS) on **13 14 50**

## PUBLICATIONS

Publications you may need when completing the PSI schedule are:

- *Alienation of personal services income: guide and application for a personal services business determination* (NAT 3360)
- *Taxation Ruling TR 2001/7 – The meaning of personal services income*
- *Taxation Ruling TR 2001/8 – What is a personal services business*
- *Taxation Ruling TR 2003/6 – Attribution of personal services income*
- *Taxation Ruling TR 2003/10 – Deductions that relate to personal services income*.

To get any publication referred to in these instructions:

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## COMPLETING THE SCHEDULE

## 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(s) in respect of any individual?**

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

### NOTE

If you printed **X** in the Yes box at **W** and/or at **B** and this applies to all individuals you do not need to complete the remaining parts of the PSI schedule. Go to the signature block at the bottom of page 2. 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 personal services business tests you satisfy (if any). Print **X** at **D1**, **E1** and/or **F1** as appropriate.

### NOTE

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 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 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, and
- 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 have actually been 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.

### NOTE

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*.

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 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 3.

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 step 2, step 3 and step 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 personal services income loss at **J Other deductions** item **D 15** on the *Tax return for individuals (supplementary section) 2005*. 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.

In the income tax returns of the personal services entities:

- the total of the attributed income amounts are included in the reconciliation items – **Q Other income not included in assessable income** item **7** in the company tax return and **A Income reconciliation adjustments** item **5** in the partnership and trust tax returns, and
- the total of the net personal services income loss amounts are included in the reconciliation items – **W Non-deductible expenses** item **7** and **B Expense reconciliation adjustments** item **5** in the partnership and trust tax returns.

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

The payer must complete the *Payment summary – personal services attributed income* (NAT 3446).

## PS3 PERSONAL SERVICES INCOME DISTRIBUTION

### 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 determined at step 2 to the amount determined at 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, write the appropriate type codes (step 7) as follows:

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

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 (TFNs) 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 name in the spaces provided.

#### NOTE

The law does not require you to provide the tax file numbers of the individuals but providing it will assist in processing your tax return.

#### NOTE

Keep your worksheet with your tax records.

### Signature as prescribed on tax return

Remember to sign the signature block at the bottom of page 2 of the PSI schedule.

# TREATMENT OF ATTRIBUTED PSI IN 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:

- *Partnership tax return 2005 or Trust tax return 2005*  
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 and trust tax returns instructions 2005*. 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.
- *Company tax return 2005*  
Include the attributed amount at **Q** **Other income not included in assessable income** item **7**, as calculated in **Worksheet 1 Other reconciliation items** in the *Company tax return instructions 2005*.

## Examples

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 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:

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

The rent paid for the director's home used as a place of business is not deductible under the alienation of personal services income 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 at item **6** Calculation of total profit or loss on the *Company tax return 2005*:

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

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

Total profit or loss amount shown at <b>T</b> item <b>6</b> :	\$40,000
<i>Add</i>	
Non-deductible expenses [rent] <b>W</b>	\$5,000
Subtotal	\$45,000
<i>Less</i>	
Other income not included in assessable income <b>Q</b>	\$45,000
Subtraction items subtotal	\$45,000
Taxable income or loss <b>T</b>	\$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 personal services income 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 2005*:

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

Income		
Other business income <b>H</b>	\$100,000	
Total business income		\$100,000
Expenses		
Rent expenses <b>H</b>	\$5,000	
All other expenses <b>N</b>	\$55,000	
Total expenses <b>O</b>		\$60,000
Subtotal		\$40,000
Reconciliation items		
Add		
Income reconciliation adjustments: attributed income <b>A</b>		\$45,000 /L*
Add		
Expense reconciliation adjustments: rent <b>B</b>		\$5,000
Net income or loss from business <b>R</b> and <b>S</b>		\$0
Item <b>13 Total of items 5 to 12</b> (assuming no other amounts in items <b>6–12</b> are relevant to the tax return)		\$0
Item <b>17 Net Australian income or loss</b> (assuming no other amounts in items <b>14–16</b> 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 IN 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 2005 or Trust tax return 2005**  
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 and trust tax returns instructions 2005*.
- **Company tax return 2005**  
Include the net PSI loss amounts at **W Non-deductible expenses item 7 Reconciliation to taxable income or loss** as calculated in **Worksheet 1 Other reconciliation items** in the *Company tax return instructions 2005*.

## Examples

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 personal services income 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:

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

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

The information entered at **PS2** in the *Personal services income schedule 2005* is as follows:

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

The director is entitled to a deduction for the amount of the net personal services income loss. The deductions to which the company is entitled is reduced by this amount.

The information is entered at the following labels at item **6 Calculation of total profit or loss** on the *Company tax return 2005*:

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

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

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

Worksheet

- Across the top of the worksheet, write the names and tax file numbers (TFNs) 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 attributable and promptly paid salary or wages 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	
<div>1<div></div></div>	<div>2<div></div></div>
<div>3<div></div></div>	<div>4<div></div></div>
TFN of individual	
<div>O<div></div></div>	<div>P<div></div></div>
<div>Q<div></div></div>	<div>R<div></div></div>

<b>Step 1</b> Income gained by you during the year that is PSI of the individual less the exempt non-assessable component of PSI – for example, GST.				Total of all amounts
				<div>G<div></div></div>
				<div>H<div></div></div>
				<div>K<div></div></div>
				<div>L<div></div></div>
<b>Step 2</b> PSI you promptly paid as salary or wages during the year to the individual.				
<b>Step 3</b> Payments to associates for principal work claimed as deductions.				
<b>Step 4</b> Other deductions against PSI.				
<b>Subtract</b> the amounts at <b>step 2</b> , <b>step 3</b> and <b>step 4</b> from <b>step 1</b> . Write your answer below.				
<b>Step 5</b> Net PSI.				

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

<b>Step 6</b> PSI attributable or promptly paid as salary or wages.	<div>S<div></div></div>	<div>T<div></div></div>	<div>U<div></div></div>	<div>V<div></div></div>
	<div>\$</div>	<div>\$</div>	<div>\$</div>	<div>\$</div>

**Step 7** Type of income  
Print **A**, **P** or **B** in the  as appropriate at **S**, **T**, **U** or **V** – attributable (**A**) or promptly paid salary or wages (**P**) or both (**B**).

Transfer the details at each label to the corresponding label on your attached PSI schedule and attach the schedule to your tax return.

Worksheet

- Across the top of the worksheet, write the names and tax file numbers (TFNs) 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 attributable and promptly paid salary or wages 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	
<div>1</div>	<div>2</div>
<div>3</div>	
<div>4</div>	
TFN of individual	
<div>O</div>	<div>P</div>
<div>Q</div>	<div>R</div>

<b>Step 1</b> Income gained by you during the year that is PSI of the individual less the exempt non-assessable component of PSI – for example, GST.					Total of all amounts
	<div>G</div>				
	<div>H</div>				
	<div>K</div>				
	<div>L</div>				
<b>Step 2</b> PSI you promptly paid as salary or wages during the year to the individual.					
<b>Step 3</b> Payments to associates for principal work claimed as deductions.					
<b>Step 4</b> Other deductions against PSI.					
<b>Step 5</b> Net PSI.					

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

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

<b>Step 6</b> PSI attributable or promptly paid as salary or wages.	<div>S</div>	<div>T</div>	<div>U</div>	<div>V</div>
	<div>\$</div>	<div>\$</div>	<div>\$</div>	<div>\$</div>

**Step 7** Type of income  
Print **A**, **P** or **B** in the  as appropriate at **S**, **T**, **U** or **V** – attributable (**A**) or promptly paid salary or wages (**P**) or both (**B**).

Transfer the details at each label to the corresponding label on your attached PSI schedule and attach the schedule to your tax return.



## Personal services income schedule

# 2005



Notes to help you complete this schedule are attached.

--	--	--	--	--	--	--	--	--

[illegible][illegible]

**PS1** Are you conducting a personal services business?

**W** Yes ☐ No ☐ Print **X** in the appropriate box

**B** Yes ☐ No ☐ Print **X** in the appropriate box

If you printed **X** in the **Yes** box at either **W** or **B**, or at both labels, and this answer applies to **all** individuals, you do not have to complete any other labels on this schedule. Go to the signature block on the next page. 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?**

**A** Yes ☐ No ☐ Print **X** in the appropriate box

Complete **PS2** below for each individual for whom you printed **X** in the **Yes** box at **A**

You must provide an answer at **A** if you printed **X** in the **No** box at both **W** and **B**.

**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?**

**C** Yes ☐ No ☐ Print **X** in the appropriate box

You must provide an answer at **C** if you printed **X** in the **No** box at both **W** and **B**.

If you printed X in the Yes box at **C**, indicate if you satisfy any of the following personal services business tests – print X in the appropriate box(es).

Unrelated clients test **D1** ☐

Employment test **E1**Business premises test **F1**

Complete **PS2** below for each individual who does not satisfy the results test, hold a PSB determination or satisfy at least one of the personal services business tests.

**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 income)**

G . . . . .

Less

**2 Total amount of PSI that you promptly paid as salary or wages**

[illegible]



K □ □ . □ □ . □ □ . □ □ . 00

[illegible]

**M** [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] . ~~00~~ **LOSS**

Complete **PS3** below if you have an amount shown at **H** or **M** that is not a loss.

### PS3 Personal services income distribution

N 11

List details of the four individuals with the highest amounts.

O

Amount TYPE

[illegible][illegible]

P

**T**    Amount    TYPE

[illegible][illegible]

**Q** \_\_\_\_\_

[illegible][illegible][illegible]

R

**V** Amount TYPE

[illegible][illegible]

**Note regarding O to R:** It is not an offence not to quote a TFN. However, the TFN will help the Tax Office to correctly identify each individual's tax records.





## Personal services income schedule

# 2005



Notes to help you complete this schedule are attached.

--	--	--	--	--	--	--	--	--

[illegible][illegible]

□ □ □ □ □ □ □ □ □ □

**PS1** Are you conducting a personal services business?

**W** Yes ☐ No ☐ Print **X** in the appropriate box

**B** Yes ☐ No ☐ Print **X** in the appropriate box

If you printed **X** in the **Yes** box at either **W** or **B**, or at both labels, and this answer applies to **all** individuals, you do not have to complete any other labels on this schedule. Go to the signature block on the next page. Otherwise go to the next question.

**A** Yes ☐ No ☐ Print **X** in the appropriate box

Complete **PS2** below for each individual for whom you printed **X** in the **Yes** box at **A**

You must provide an answer at **A** if you printed **X** in the **No** box at both **W** and **B**

**C** Yes ☐ No ☐ Print **X** in the appropriate box

You must provide an answer at **C** if you printed **X** in the **No** box at both **W** and **B**

If you printed X in the Yes box at **C**, indicate if you satisfy any of the following personal services business tests – print X in the appropriate box(es).

Unrelated clients test **D1** ☐

Employment test **E1**Business premises test **F1**

Complete **PS2** below for each individual who does not satisfy the results test, hold a PSB determination or satisfy at least one of the personal services business tests.

## PS2 Personal services income details

[illegible]

Less

H \_ \_ \_ \_ \_ .00



K □ □ □ □ □ □ □ . 00

**L** □ □ . □ □ □ □ . □ □ . □ □

M [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] . 00 [ ] LOSS

Complete **PS3** below if you have an amount shown at **H** or **M** that is not a loss.

### PS3 Personal services income distribution



List details of the four individuals with the highest amounts.

0									
---	--	--	--	--	--	--	--	--	--

Amount TYPE

[illegible][illegible]

P

**T**           Amount  TYPE

[illegible][illegible]

**Q** \_\_\_\_\_

**U**    Amount    TYPE

[illegible][illegible]

R								
---	--	--	--	--	--	--	--	--

[illegible][illegible][illegible]

**Note regarding O to R:** It is not an offence not to quote a TFN. However, the TFN will help the Tax Office to correctly identify each individual's tax records.