



# The Self-Employed Lending Guide

How to prove your income and get approved when you work for yourself

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# The self-employed lending guide

Being self-employed doesn't mean fewer home-loan options — it means a different paperwork trail. Most knock-backs we see aren't because someone runs their own business; they're because the application was matched to the wrong lender, or the income was presented in a way that hid how much the business actually earns. Get those two things right and a self-employed borrower competes with any salaried applicant.

## Three ways to prove your income

Lenders accept different evidence depending on how long you've traded and what records you have. The right path depends on your situation, not on which is 'easiest'.

Path	What you provide	Best for
Full doc	1–2 years personal & business tax returns plus ATO notices of assessment	Established businesses with up-to-date returns — usually the sharpest rates
Alt / low doc	BAS, business bank statements, and/or an accountant's declaration	Newer businesses, or where the latest returns aren't lodged yet
One year's returns	A single year of financials, accepted by some lenders	Businesses trading 12+ months with a clear, stable picture

Low-doc loans are not a way around responsible lending — the lender still verifies income, just through different documents. Pricing can be slightly higher than full-doc, but the gap has narrowed and is often worth it to get an approval now rather than waiting a tax year.

## Add-backs: the income hiding in your return

Your taxable income is deliberately low — that's good accounting. But lenders can **add back** certain expenses that reduce tax without reducing your real capacity to repay. Common add-backs include:

- **Depreciation** — a paper expense, not cash out the door.
- **Additional superannuation** beyond the compulsory amount.
- **One-off or non-recurring expenses** — a major equipment purchase, say.
- **Interest on debts being refinanced or cleared** by the new loan.
- **Net profit retained in the company**, and director's wages, depending on structure.

A broker who knows each lender's add-back policy can often lift your assessable income by tens of thousands — which is the difference between 'declined' and 'approved' on the same return.

## How lenders read two years of income

Where you provide two years, most lenders take the **lower** of the two years, or an average. If your most recent year is higher, some lenders will use the latest year (or 120% of the prior year) — valuable for a growing business. If the latest year dipped, expect questions, and have an explanation ready.

## Present yourself well — a short checklist

- Lodge your tax returns on time; stale or overdue returns stall everything.

- Keep business and personal banking separate — it makes income obvious.
- Register for an ABN and GST early; lenders like to see trading history length.
- Talk to your accountant before, not after — aggressive deductions in the year you want to borrow can cost you serviceability.
- Keep your BAS and bank statements clean and consistent.

## Common traps

The biggest is a great accountant and a borrowing goal pulling in opposite directions: every dollar deducted to save tax is a dollar a lender can't count as income. The second is a recent structure change — moving from sole trader to company resets some lenders' trading-history clock. Plan the borrow around these, ideally a year out.

## Ready to talk it through?

Every figure in this guide depends on your structure, your returns and your goal. A 15-minute call will tell you exactly where you stand — free, no obligation, no jargon. Call Daniel on **0455 721 087**, email [daniel@toukanfinance.com.au](mailto:daniel@toukanfinance.com.au), or send an enquiry at [toukanfinance.com.au](https://toukanfinance.com.au).

### Important information

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