



NRAS Information Sheet

Income

The National Rental Affordability Scheme (NRAS or the Scheme) seeks to increase the supply of affordable rental dwellings and reduce rental costs for low to moderate income households.

The purpose of this information sheet is to provide information on:

- The definition of income for NRAS;
- examples of income;
- examples of exempt income;
- calculating the gross household income; and
- examples of documentation evidencing gross household income.

Income definition

The Department of Social Services (the Department) adopts a definition of gross income consistent with the *Social Security Act 1997* (the SS Act).

The SS Act, defines income as:

Gross income means the income amount in dollar value that has been earned, derived or received for one's own use or benefit; or a periodical payment or benefit received as a gift or allowance. It includes income from outside Australia.

The income limits for a household are set out in Regulation 19 (4) of the *National Rental Affordability Scheme Regulations 2008*. Each year, household income limits are cumulatively indexed on 1 May according to percentage changes of the "All Groups Component of the Consumer Price Index (CPI)", March quarter, so that the limits effectively maintain the same target group of tenants over the life of the Scheme.

Examples of income

The Department considers the following examples as income (but is not limited to):

- gross income from earnings, including fringe benefits. Note that the non-grossed up amount of a fringe benefit will be calculated as income;
- deemed income from financial investments;
- employment income salary sacrificed into superannuation (reportable superannuation contributions which include amounts voluntarily salary sacrificed to superannuation is included in gross income);
- net income from businesses, including farms;
- family trust distributions or dividends from private company shares;

- net income from rental property;
- total net losses from rental property;
- income from boarders and lodgers;
- reportable superannuation contributions (salary sacrificed contributions);
- non-Australian pensions and income;
- any income from sources outside Australia;
- a periodic payment from an immediate relative, that is father, mother, son, daughter, brother or sister;
- income from income stream products, such as annuities and allocated products;
- a rent subsidy paid by the Commonwealth, a state or a territory;*
- Child Support payments; and
- Income support payments.

*NB: Social Security Law does not count rent subsidies such as Rent Assistance as income. However, for NRAS purposes, Rent Assistance and other similar support payments e.g. Family Tax Benefit are counted as income.

Examples of exempt income

Examples of exempt income include but are not limited to:

- superannuation - will not be considered income until they reach pension age or start to receive a pension or annuity out of that fund. On that basis, if someone is transitioning to retirement, and receiving even a part payment out of their superannuation account, it would be considered income under the SS Act;
- compensation for loss of, or damage to, building, plant and personal effects;
- lump sum compensation payments;
- emergency relief or similar assistance; and
- lump sum winnings from lotteries or gambling.*

* NB: Note that where the winnings attract interest from investment, the interest will be counted as income.

Calculating gross household income

In order to rent an NRAS dwelling, tenants must meet certain eligibility criteria, including gross household income limits. When assessing whether a household will be eligible to rent an approved dwelling, approved participants must determine the gross household income for the 12 months prior to the day on which the household would become tenants.

For example, if a tenancy lease agreement for an NRAS dwelling commences on 1 October 2016, the tenant eligibility for NRAS would be assessed by calculating the gross household income for the period 1 October 2015 to 30 September 2016.

Approved participants should request income documentation from potential NRAS tenants in order to assess the gross household income and substantiate tenant eligibility under the NRAS Regulations. The Department advises approved participants to discuss with tenants directly about the information and documentation required to calculate tenant eligibility.

Tenants should be made aware that approved participants are required to substantiate the gross household income details to the Commonwealth in order to meet NRAS regulatory requirements.

Further to this, the selection of tenants for NRAS dwellings is assessed by, and at the discretion of, the approved participant of the property. As long as Commonwealth and state NRAS eligibility requirements are met, decisions will be made in line with their usual policies and procedures.

Examples of documentation evidencing gross household income

When determining household income for NRAS purposes, approved participants need to be satisfied that they have undertaken reasonable steps to determine the household income accurately.

To provide some guidance, the following documents (though not an exhaustive list) may be used in assessing gross household income:

- Copies of pay slips;
- Copies of bank statements;
- Notices of assessment for annual tax returns;
- Letters from employers – current and/or past;
- Statements from Centrelink;
- Written evidence of overseas income, such as pensions; and/or
- Statements that provide information about other sources of income.

Approved participants must keep copies of any documents obtained as evidence of income, as the Department may undertake an audit of approved participants' NRAS dwellings to ensure that the requirements of the Scheme are being met.

Existing tenant eligibility

For existing tenants and calculating ongoing tenant eligibility, please see the information sheet titled [Information Sheet: Eligible Tenants](#)

Further information

Further queries on the definition of income and associated enquiries can be sent to nras@dss.gov.au.