

STAFF-IN-CONFIDENCE (After first entry)

AD 138-2
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Department of Defence

Date received by unit

Australian Defence Force Reserves
Employer Support Payment Scheme
Claim form for Self Employed Reservists

Privacy statement

Defence is collecting the information on this form to determine your eligibility for payment under the ADF Reserves Employer Support Payment Scheme. This payment is authorised by Defence (Employer Support Payments) Determination 2005 made under Section 58B of the [Defence Act \(1903\)](#). Information provided in this Employer Support Payment claim form will be used for the administration of the Employer Support Payment Scheme. This information may be used to detect or prevent fraud and/or recover overpayments. The information may also be used in the organisation or conduct of employer support activities and to assist Service personnel staff with managing the employment of Reservists. This information is safeguarded by the [Privacy Act \(1988\)](#) (Cth) which prohibits the information from being used for unauthorised purposes.

Completion instructions: Refer to pages 1 to 5 for instructions. Reservists must tick or complete all appropriate boxes in Sections A to D. When completed, please submit pages 6 to 11.

Section A - To be completed by Reservist

Service number	PMKeyS number	Rank	Family name	Initials
Mailing address				
Phone number	Fax number	Email		
Unit				
Name of business or company			Activity of business or company	
ABN			Date business commenced	

Periods of Defence service to which this claim relates.
(If this is your first claim for the financial year, include the service that will meet the qualifying period requirement)

Date from	Date to	Date from	Date to

Nature of employment (Tick appropriate box)

- I am conducting a recognised business as a sole trader.
- I am conducting a recognised business as a partner.
- I am employed in an active role by a company or trust which I control.
- I am the director of a company which I control (and play an active role in the direction of the company).
- I am providing services, as an independent contractor, to a company which I control.

The basis of my employment is: (Tick appropriate box)

- Full-time (35 hours or more per week)
- Part-time for average hours per week

If in part-time self employment, payment is made on a pro-rata basis and no payment can be made if the Reservist is also in full-time employment.

If in more than one part-time employment (and not in full-time employment), payment is shared on a pro-rata basis.

If in part-time self employment, detail any other employments held.

Name of employer	Average number of hours per week
Name of employer	Average number of hours per week

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Section A - To be completed by the Reservist (continued)

Work hours

Evidence of normal work hours (Only required for Reservists who are self-employed on a part-time basis)

Evidence provided (eg last two months rosters, diary evidence or other similar evidence).

Have you been unemployed or applied for unemployment within the last 12 months?

No

Yes ➔ If 'Yes', provide dates and details, and any documentation you may have from Centrelink

Section B - To be completed by the Reservist

Supporting evidence

Documentation must be provided with the claimant's first ESP claim (to establish entitlement for ESP payments). This documentation must relate to the **six month or longer** period immediately prior to the Defence service being claimed. Evidence cannot be accepted that relates to a period during or after the claimed service. If the period covered by the supporting documentation is more than three months prior to the Defence service, the delegate may require more up-to-date evidence.

New Principal Source of Income documentation must be provided after any gap of six months or longer between periods of continuous Defence service or after three years from the principal source of income assessment period (whichever comes sooner). Otherwise, you may rely on documents provided with previous ESP claims.

In exceptional circumstances, self-employed Reservists may also claim under the Legitimate Business Test provisions.

See *Instructions for Completion* or visit the Reserves website www.defence.gov.au/reserves for further explanation of the Principal Source of Income or Legitimate Business Test documentation requirements.

NOTE: There are two requirements - the correct form and the substance of the information contained in the documentation.

Completion

Please only complete one sub-section. You must tick either:

you are submitting Principal Source of Income documentation - **go to sub-section (i)**; or

you wish to rely on previously submitted Principal Source of Income documentation - **go to sub-section (ii)**; or

you are submitting documentation for assessment under the Legitimate Business Test provisions - **go to sub-section (iii)**;
or

you wish to rely on a previous approval under the Legitimate Business Test provisions - **go to sub-section (iv)**.

(i) Principal Source of Income documentation

My nominated assessment period is from to (period must be at least six months in length and immediately prior to the Defence service being claimed).

I have enclosed the following documentation (See below - note that you must supply at least one from each of the sections below):

Proof that the business or company is bona fide (Attach one or more as necessary)

Notification of Australian Business Number registration from the Australian Taxation Office

Certificate of Incorporation

Business registration certificate

Proof that the business or company is trading or operating (Attach one or more as necessary)

Current Business Activity Statement for the business or company

Current financial statement for the business or company, certified by the company's financial adviser or accountant

Current business tax return with the Australian Taxation Office notice of assessment (Only required with sole trader Individual tax returns) - if not yet received, the notice of assessment **must** be forwarded within seven days of its receipt.

Other evidence from a financial adviser or accountant for the business or company

Proof that the business or company has provided the Reservist's Principal Source of Income for a continuous period of at least the previous six months (Attach one or more, as necessary)

Reservist's current financial statement, certified by the member's financial adviser or accountant (This statement must relate to the Reservist's finances, not to the business)

Reservist's current personal tax return with the Australian Taxation Office notice of assessment - if not yet received, the notice of assessment **must** be forwarded within seven days of its receipt

Other evidence from a financial adviser or accountant concerning the Reservist's income (Specific requirements apply - see *Instructions for completion*)

Go to Section C

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Section B - To be completed by the Reservist (continued)

(ii) Rely on previous Principal Source of Income documentation

I wish to rely on previously submitted documentation relating to a principal source of income assessment period of six months or longer

from to which was provided with an earlier claim.

Go to Section C

(iii) Legitimate Business Test documentation

I wish to claim under the Legitimate Business Test provisions, relying on an assessment period of six months or longer from to (period must be immediately prior to the Defence service being claimed)

I have enclosed the following documentation (*This evidence is mandatory*):

Proof that the business or company is bona fide (*Attach one or more as necessary*)

- Notification of Australian Business Number registration from the Australian Taxation Office
- Certificate of Incorporation
- Business registration certificate

Proof that the business or company is trading or operating (*Attach one or more as necessary*)

- Current Business Activity Statement for the business or company
- Current financial statement for the business or company, certified by the company's financial adviser or accountant
- Current business tax return with the Australian Taxation Office notice of assessment (*Only required with sole trader Individual tax returns*) - if not yet received, the notice of assessment **must** be forwarded within seven days of its receipt
- Other evidence from a financial adviser or accountant for the business or company

The following additional mandatory evidence (*Every element must be provided*)

- Evidence that the business or company has provided the Reservist's principal source of employment for a continuous period of at least the previous six months; and
- Explanation as to why the business or company does not provide the Reservist's Principal Source of Income and why it would be unfair to treat the Reservist as ineligible for payment on this basis; and
- Evidence of how much time the Reservist has spent on the work of the business or company over the assessment period; and
- Evidence of quotes, supply invoices or similar documentation in relation to the business or company (*Generally at least one document per month for the assessment period should be supplied*)

Additional information (*This is not mandatory but will assist the claim*)

I have enclosed:

- Detailed business plan
- Evidence of specialised knowledge
- Evidence of prior experience
- Evidence of capital investment in the business or company
- Evidence of market research
- Evidence of advertising
- Other relevant evidence or information

The Director of the ESP Scheme may request additional information or evidence.

Go to Section C

(iv) Rely on previous Legitimate Business Test approval

I wish to rely on a previous Legitimate Business Test approval from the Director of the ESP Scheme for service up to

Go to Section C

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Section C - To be completed by the Reservist

Business account details		
Account name	Bank name	
Branch	BSB number	Account number
<i>(To be completed by bank signatories or company human resource manager)</i>		
I hereby authorise the Department of Defence to record and use the details provided for the purpose of Direct Credit payment of the ESP.		
Signature	Printed name	Date
Signature	Printed name	Date

Section D - Self employed Reservist's declaration *(To be completed by the Reservist)*

<ul style="list-style-type: none"> • I confirm that I have attached all the required elements of evidence (unless I am relying on evidence previously submitted). • I confirm that I was not utilising annual leave, long service leave or other forms of accrued leave whilst on the periods of Defence service detailed on this claim form. • I confirm that I did not/will not engage in any activities related to my civilian employment whilst on the periods of Defence service detailed on this claim form, except in emergency situations or with prior written authorisation from my unit commander or branch head. • I acknowledge that I must advise the Director of the Scheme, through my ESP delegate, if any of the following events occur while I am receiving ESP payments for a continuing period of eligible service: <ul style="list-style-type: none"> • if my period of CFTS ceases earlier than the dates claimed on this claim form; or • if I dispose of my business; or • if I cease to trade or operate in my business on a permanent basis; or • if I cease to be a partner in the partnership; or • if I cease to have a controlling interest in my business or company. <p style="margin-left: 20px;">In this event, my entitlement to ESP payments will cease immediately the event occurs.</p> <ul style="list-style-type: none"> • I acknowledge that I may make a claim in writing to my ESP delegate for additional payment if I can justify that the absence on Defence service causes substantial financial hardship or substantial financial loss. I acknowledge that I must make such a claim as soon as reasonably possible after becoming aware of the circumstances giving rise to this hardship or loss. • If my self employment is on a part-time basis, I confirm that I am not in full-time employment as well. • I declare that all the information that I have given in this form is true and correct. • I acknowledge that should I give misleading or false information in respect to this claim, penalties may apply. • I declare that I have not submitted a previous claim for the periods of Defence service detailed in this claim. • I have read and understood each of the elements of this Declaration. 		
Signature	Printed name	Date

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Section E - Official use only *(To be completed by ESP delegate)*

Claimant's details

Service number	PMKeyS number	Rank	Family name	Initials

Prior to certifying a claim, the qualifying period and claimed service must be verified using CENRESPAY, PMKeyS or an authorised attendance diary or attendance source document.

Qualifying period service

The two weeks annual qualifying period service may have been undertaken prior to the service detailed on this claim form. Qualifying period service should be recorded from the first claim form submitted in each financial year.

Qualifying period calculations

Financial year	Date from	Date to	Number of days	Number of weeks qualifying service <i>(Must total two weeks)</i>

Eligible service for ESP payments

If qualifying period requirement was completed previously, all eligible service on this claim form should be detailed here. If qualifying period service was **not** completed previously, some of the service on this claim form must be detailed as qualifying period service.

ESP calculations

Date from	Date to	Number of days	Number of weeks payment	Part-time hours <i>(If applicable)</i>	Weekly rate	Amount payable
Total amount payable						

Note: GST does not apply to ESP claims for service commenced after 31 August 2005.

Certification by ESP delegate *(Not below the rank of MAJ(E))*

I have reviewed the documentation provided to support this claim and have conducted appropriate checks so as to satisfy myself that:

- The applicant is self employed
 - on a Full-time basis on a Part-time basis (hours per week)
 - If employed on a part-time basis, payment has been calculated on the correct pro-rata basis
- The applicant has a bona fide business or company.
- The business or company is trading or operating.
- The business or company has provided the applicant's principal source of income for a continuous period of six months or longer from to
(Legitimate Business Test claims must be forwarded to the Director of the Scheme)
- I approve this claim for ESP as detailed above I do not approve this claim for ESP

Comments

Signature	Printed name	Rank
Appointment	Phone number	Date

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Section F - Official use only *(To be completed by delegate or central processing area and returned to the claimant once payment has been processed)*

Notification of ESP payment		<input style="width: 95%;" type="text" value="Unit reference"/>	
Employer Support Payments have been approved for the following periods of Defence service undertaken by:			
<input style="width: 95%;" type="text" value="Name of reservist"/>			
Date from	Date to	Date from	Date to

This decision was based on your principal source of income over a continuous period of six months or longer from:

to

Payment of in Employer Support Payments will be made for this claim. If the Defence service covered by this claim includes any service in the next financial year, this payment figure will vary *(as a higher rate of payment will apply from 1 July onwards)*. This payment figure will also vary if there is any change to your dates of Defence service *(eg if you return early from a Defence activity)*.

If your claim relates to a completed period of Defence service, you should have received this payment into your nominated account *(or it will be paid into this account in the near future)*.

If your claim relates to ongoing service you will receive an initial payment of into your nominated account, with further payments until the claim period service is completed. In this case, you will receive further payments of on a fortnightly basis and a final payment of .

Thank you for your support of the Australian Defence Force Reserves.

<input style="width: 95%;" type="text" value="Signature"/>	<input style="width: 95%;" type="text" value="Printed name"/>	<input style="width: 95%;" type="text" value="Rank"/>
<input style="width: 95%;" type="text" value="Appointment"/>	<input style="width: 95%;" type="text" value="Phone number"/>	<input style="width: 95%;" type="text" value="Date"/>

Australian Defence Force Reserves Employer Support Payment Scheme

Claim form for Self Employed Reservists

Instructions for completion

- Introduction** This Employer Support Payment (ESP) form is for use by self employed Reservists (employers must use form AD 138-1 Employer's Claim Form). This form must be completed to claim an employer support payment. Please do not submit these instructions with the claim form.
- Dates of Defence service** This form has been designed for claims that relate to Defence service commenced after 31 August 2005. This form may also be used to claim earlier Defence service. However, claimants should note that a different (14 day) annual qualifying period applies and there are different rules for service over two financial years.
- Assistance** If you have difficulty understanding how to complete this form, assistance is available on the Defence Reserves Support Help-line on 1800 803 485 or by emailing esp@defence.gov.au.
- Are you self employed** To be eligible to claim ESP as a self employed member, you must be able to establish that your business is bona fide, operating or trading and provides your principal source of income. You may be:
- conducting a recognised business as a sole trader;
 - conducting a recognised business as a partner;
 - employed in an active role by a company or trust which you control;
 - director of a company which you control (and play an active role in the direction of); or
 - providing services, as an independent contractor, to a company which you control.
- You control a company if you and your associates (which includes your spouse and other relatives) are, between you, able to control more than 50% of the voting power in the company, or receive more than 50% of the dividends or have the right to more than 50% of any distribution of the capital of the company.
- How to submit** Naval and Army Reservists should submit claim forms to their ESP delegates who will decide whether the claim meets requirements and payments will be made.
- Details and postal addresses of delegates are on the Reserves website at www.defence.gov.au/reserves. (click on Employer Support Payment Scheme > Submitting a claim).
- Air Force Reservists should submit claim forms to their Reserve Squadron (1 AFDS for AFDGs). If not posted to a Reserve Squadron, submit to the Reserve Squadron closest to the member's Defence work location. The Squadron will forward the claim to the Air Force ESP delegate for claims from self-employed Reservists.
- When to claim** Claims should be made within six months from the first day of Defence service for which the claim is made (this does not apply to annual qualifying period service).
- Claims made later than six months will only be eligible for payment for periods of service within six months of the claim being made (unless this requirement is waived by the Director of the ESP Scheme).
- Claimants may provide justification with a late submission claim and request a waiver of the six month limitation period. The claim, with justification, must be submitted to your ESP delegate (for Air Force Reservists submit to your Reserve Squadron or 1 AFDS) for forwarding to the Director of the ESP Scheme.
- Eligibility criteria** Self employed Reservists will be eligible for ESP payments when they have met all of the following criteria and they have been assessed by an ESP delegate as being self-employed Reservist for ESP purposes:
- The Reservist, while self employed, has completed an **annual qualifying period of two weeks** of continuous Defence service prior to the period(s) of Defence service covered by this claim (or, if this is the first claim in the financial year, the Defence service covered by this claim includes the two weeks of qualifying period service).
 - ESP is **not** payable during the qualifying period.
 - Each period of Defence service is **at least five consecutive days** in duration. (**Note:** there are special provisions for Public Holidays, authorised stand-down days, and travel or rest days).
 - Each period of Defence service is considered discretely. A delegate is entitled to re-assess evidence accepted for an earlier claim and make a different decision relating to the approval of the current claim.
 - The Reservist has been released to undertake the Defence service and **has not undertaken duties for the business or company while on the Defence service** being claimed (except in emergency situations or with prior written permission from the Reservist's Commanding Officer or Branch Head).
 - Service utilising **annual leave, long service leave or other forms of accrued leave is not eligible** for ESP payments or as qualifying period service.

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Qualifying period Qualifying period service is the first two weeks Defence service of each financial year during which you were released to undertake Defence service and you have not undertaken duties for your business or company (*except in emergency situations or with prior written permission from your Commanding Officer or Branch Head*).

The qualifying period can be undertaken as a single period or multiple periods of continuous Defence service of five days or more. Only service in periods of five or more consecutive days can be counted, unless involving Public Holidays or authorised stand-down days.

The number of days qualifying period service in each period of service must be converted into weeks. A period of five days counts as one week. For longer periods of service, days six and seven are also included within the week. Extra days are each counted as 0.2 week until a second week is completed (*eg five, six or seven days equals one week; nine days equals 1.4 weeks; 12, 13 or 14 days equals two weeks*).

Qualifying period examples:

1. Reservist serves 2 x 5 day blocks of continuous Defence service. This completes two week qualifying period.
2. Reservist serves 21 days of continuous Defence service. Days 1 - 14 complete two week qualifying period. Reservist is entitled to one week of ESP (*for service on days 15 - 21*).
3. Reservist serves nine day block of continuous Defence service followed by a five day block of service. Nine day block equals 1.4 weeks of the qualifying period. The first three days of the five day block provide the remaining 0.6 week of the qualifying period. Reservist is entitled to 0.4 week of ESP (*for the remaining two days service*).

Are you self employed on a full-time basis

To be eligible to claim ESP on the basis of full-time self employment, you must be in regular paid self employment for 35 hours or more each week (*or for the number of hours specified in a workplace agreement, award or certified agreement as full-time hours each week for that work*).

If you claim ESP on the basis of full-time self employment and there is any uncertainty over your full-time status, an approving ESP delegate may require you provide confirming evidence (*eg if your income from your business is less than Federal Minimum Wage levels, the delegate may require further evidence*).

Documentation requirement - Initial claim

Your first claim form must be accompanied by the following supporting documents, which must relate to the period immediately **prior to** the Defence service being claimed:

- Evidence that your business or company is **bona fide**.
- Evidence that your business or company is **trading or operating**.
- Evidence that your business or company provides your **principal source of income** and has done so for a continuous period of at least the previous six months
- If you are self employed on a **part-time** basis - evidence of normal work hours (this should, whenever possible, cover a two month period). Generally, you will be regarded as part-time if you work less than 35 hours per week.

Acceptable forms of evidence are detailed in Section B of the claim form.

For example - if a member undertakes service in Aug 07, an assessment period from 1 Jul 06 to 30 Jun 07 would be acceptable. Suitable evidence would include the Apr - Jun 07 Business Activity Statement or 2007 Company tax return (*which covers FY 2006/07*) and the 2007 Individual tax return. Evidence of business bona fides would also be required. For a sole trader, the Reservist's 2007 Individual tax return (*and notice of assessment*) would provide evidence of both Principal Source of Income and operating or trading.

Evidence must be provided in an acceptable form and must also provide proof of the relevant requirement. There are two requirements - the correct form and the substance of the information contained in the document.

For example: A self employed Reservist, who commenced recruit training in Jul 06, might submit his claim in Oct 06 with his business registration certificate, Apr- Jun 06 business activity statement and 2006 personal tax return (*covering the period 1 Jul 05 - 30 Jun 06*) as supporting evidence. However, if the tax return shows he received more income over the 12 month period from his employment at Acme Pty Ltd than from his own business, then it cannot be used to show principal source of income.

Principal source of income documentation must relate to a specified period of at least the previous six months.

When there is a gap of more than three months between the information and the Defence service, the delegate may request more up-to-date information be provided.

For example: A self employed Reservist, who commenced recruit training in Jan 06, might submit his claim in Apr 06 with his notification of Australian Business Number registration (*as a sole trader business*) and his 2005 personal tax return (*covering the period 1 Jul 04 - 30 Jun 05*) as supporting evidence. However, as the gap between 30 Jun 05 and Jan 06 is over three months, the decision-maker might request the member provide further supporting evidence (*eg his Oct - Dec 05 Business Activity Statement to show that the business continues to receive similar income to the previous FY - this would support an assessment that the business continues to provide the member's principal source of income*).

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Evidence from a financial adviser or accountant

A statement from a financial adviser or accountant should specify the amounts of income earned, derived or received from all sources over a specified period of at least six months prior to the member's Reserve service (a statement that a Reservist receives his or her principal source of income from the business, without income details, is insufficient). See www.defence.gov.au/reserves for more information.

Documentation requirement - Further claims

If there has been a gap of six months or longer between periods of continuous Defence service (*ie periods that are at least five consecutive days in duration*) - new supporting documents are required with the subsequent claim for Defence service.

If a claimed period of Defence service is within six months of a previous period of continuous Defence service (*for which an ESP payment was received or which was counted towards the annual qualifying period*) - you can rely for up to three years on the supporting documents that were previously provided.

If relying on previously provided supporting documents, there is no requirement to re-submit these supporting documents, unless requested to do so by the approving ESP delegate (*eg if the documentation requirements of the Defence Determination are changed or you have been posted to a new unit, an ESP delegate may require you submit additional documents or re-submit documents provided previously to a different ESP delegate*).

However, each period of Defence service is considered discretely. So, an approving ESP delegate is entitled to re-assess evidence accepted by a different ESP delegate for an earlier claim and may make a different decision relating to acceptance of the evidence and approval of the current claim.

You may choose to provide new supporting documents with any claim, even if within the three year period detailed above. If the new evidence is accepted by the approving ESP delegate, a new three year period would apply.

Re-establishing eligibility

If you have relied on previously provided supporting documents, you must submit new supporting documents to re-establish your eligibility after three years. The three year period for the use of documentation runs from the end of the specified assessment period that the information covers.

For example: if you submit a FY 2004/2005 Tax Return as evidence of principal source of income, then the specified assessment period would be 1 Jul 04 to 30 Jun 05 and the three year period would run from 30 Jun 05. So, you would need to provide new supporting evidence for service after 30 Jun 08 (even if you are part way through a period of continuous full-time Defence service on that date).

These new documents must relate to a new period immediately **prior to** the Defence service now being claimed. They must cover the same requirements as previously:

- Evidence that your business or company is **bona fide**.
- Evidence that your business or company is **trading or operating**.
- Evidence that your business or company provides your **principal source of income** and has done so for a continuous period of at least the previous six months.
- If you are self-employed on a **part-time** basis - evidence of normal work hours (*this should, whenever possible, cover a two month period*). Generally, you will be regarded as part-time if you work less than 35 hours per week.

Consideration of ESP payments

When you submit new supporting documents to re-establish your eligibility, the principal source of income assessment period may include ESP payments that you have received from previous ESP claims.

ESP payments cannot be used to meet principal source of income requirements. If payments of ESP have been made to the member's business or company over the assessment period, then the amount of the payments is subtracted from the member's income from the business.

Example: A self employed member is a sole trader who provides principal source of income documentation for a financial year. His normal business income is \$45k pa with business expenses of \$15k pa (*net profit of \$30k pa*). He receives \$10k in employer support payments and uses these payments towards his normal expenses (*thus increasing his net annual profit to \$40k*). The employer support payments are subtracted from his income for principal source of income purposes and his income from the business is assessed as \$30k over the 12 month period.

This reduction of the amount of the member's income from the business by the amount of the ESP payments may be varied or eliminated by the Director of the ESP Scheme or an approving ESP delegate if:

- the payments of ESP, in whole or part, were provided to other persons who shared ownership or control of the business; or
- the payments of ESP were used to address extra costs to the business that related directly to the member's absence on Defence service; or
- the Director of the ESP Scheme is satisfied that it would be reasonable to include the payments, having regard to the aims of the scheme and provisions of the Defence Determination.

Examples:

1. A self employed member is one of four partners in a legal practice. The practice receives \$10k in employer support payments and divides this equally, with each partner receiving \$2.5k. On production of evidence, verified by the partnership's accountant, \$7.5k of the employer support payments would not be subtracted from the member's income for principal source of income purposes.

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Consideration of ESP payments *(Continued)*

2. A self employed member operates a rural property. He receives \$10k in employer support payments and uses these payments to pay for a replacement farm manager while he is absent on Defence service. These employer support payments are not subtracted from his income for principal source of income purposes as they were used to meet extra costs to the business that would not have arisen except for the member's absence on Defence service.

Legitimate business test

In exceptional circumstances, where it would be unfair to apply the principal source of income requirement, a Reservist may apply for consideration under the Legitimate Business Test see www.defence.gov.au/reserves for further information on the Legitimate Business Test provisions). These claims must be forwarded by the ESP delegate to the Director of the ESP Scheme for adjudication.

Substantial financial hardship or loss

In exceptional circumstances, where substantial financial hardship or substantial financial loss has occurred as the result of the Reservist's absence, a Reservist may apply for payment at a higher level (see www.defence.gov.au/reserves for more information on the hardship or loss provisions). These claims must be forwarded by the ESP delegate to the Director of the ESP Scheme for adjudication.

Injury or illness

Special provisions apply if a Reservist suffers an injury or illness as a result of their Defence service (see www.defence.gov.au/reserves for more information on these provisions).

Taxation

Payments under the Scheme are taxable income under the *Income Tax Assessment Act*. Payments are made to the member, for the benefit of the business, and should be declared in the appropriate business tax return.

Important notice

It is an offence to make a false statement to obtain a financial benefit.

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Guidance on Sections

Section A

You must complete all areas in this section. Tick appropriate boxes.

If this is your first claim of the financial year, you should include all eligible periods of Defence service *(when you were released to undertake the Defence service and you were not utilising annual leave, long service leave or other forms of accrued leave)* including those periods that will meet the qualifying period requirement.

Only days of service on which you worked a full day can be counted *(unless the part day was used for approved travel or rest purposes or you were on authorised stand-down on that day)*.

If a period of service is less than five consecutive days, it is not eligible for payment of ESP *(unless linked with a Public Holiday, an authorised stand-down day or a part day used for approved travel or rest purposes)*.

Each period of service must be shown separately *(eg service from 12 - 16 Aug, 19 - 23 Aug and 2 - 6 Sep must be shown in three separate blocks; not as 12 Aug - 6 Sep)*.

If you are self employed on a part-time basis, you will not be eligible for payment of ESP if you also have a full-time employer. In this situation, the payment of ESP will go to the full-time employer.

If you are self employed on a part-time basis and you also work for a number of part-time employers, you may be eligible for payment of ESP on a pro rata basis *(your self employment must still relate to a bona fide business or company which is operating or trading and provides your principal source of income)*. Please provide details of the total number of hours you work in all your jobs - this will assist to ensure the correct amount of payment is made. Your part-time employers may also be eligible for payment of ESP on a pro rata basis - encourage them to submit a claim as well.

Section B

Documentation **must** be provided with the first ESP claim that you submit. The documentation must relate to the period immediately prior to the Defence service being claimed.

On the current claim, you **must** indicate either:

- (i) you are submitting Principal Source of Income documentation; or
- (ii) you wish to rely on previously submitted Principal Source of Income documentation; or
- (iii) you are submitting documentation for assessment under the Legitimate Business Test provisions; or
- (iv) you wish to rely on a previous approval under the Legitimate Business Test provisions.

When you are relying on Principal Source of Income documentation, new documentation **must** be provided when your entitlement must be re-established - after any break of six months or longer between periods of continuous Defence service or after three years *(whichever comes first)*.

If you have not had a break of six months or longer between periods of continuous Defence service - you can rely for up to three years on the supporting documents that were previously provided.

However, an approving ESP delegate may request you re-submit these supporting documents. An approving ESP delegate is also entitled to re-assess evidence accepted by a different ESP delegate for an earlier claim and may make a different decision relating to acceptance of the evidence.

You may choose to provide new supporting documents with any claim, even if within the three year period detailed above.

If you submit documentation for assessment under the Legitimate Business Test provisions and your claim is approved, you will be advised as to how long the Legitimate Business Test approval will be valid for.

Tick appropriate boxes to show which evidence is attached.

Section C

This information is needed to allow Direct Credit payment of the ESP.

Section D

You must sign this declaration. **Please ensure that you read and understand each of the elements of the declaration.** You are required to confirm, acknowledge or declare a number of important points.

You must advise the Director of the ESP Scheme, through your ESP delegate, if while you are receiving payments of ESP, you:

- cease CFTS earlier than the dates on the claim form;
- dispose of your business or cease to trade or operate in your business on a permanent basis;
- cease to be a partner in the partnership;
- cease to have controlling interest in the business.