

Self- Employment Income Worksheet

Purpose: To assist in determining self-employment income.

Special Mention:

- ▶ The line numbers mentioned in this form are from Schedule C, IRS 1040 forms (2010).

Income from a Business

When calculating annual income, owners must include the net income from operation of a business or profession including self-employment income. Net income is gross income less business expenses, interest on loans, and depreciation computed on a straight-line basis.

- In addition to net income, owners must count any salaries or other amounts distributed to family members from the business, and cash or assets withdrawn by family members, except when the withdrawal is a reimbursement of cash or assets invested in the business.
- When calculating net income, owners must not deduct principal payments on loans, interest on loans for business expansion or capital improvements, other expenses for business expansion, or outlays for capital improvements.
- Excessive amounts claimed on lines 24 and 27 need to be explained.
- If the net income from a business is negative, it must be counted as zero income. A negative amount must not be used to offset other household income.

Specific Instructions:

1. Enter name of property and unit number.
2. Print applicant's or resident's name.
3. Follow line-by-line instructions on the form to determine self-employment income.

The completed *Self-Employed Income Worksheet* should be placed on top of the IRS 1040 with Schedule C and other appropriate schedules.

