

SELF-EMPLOYMENT INCOME WORKSHEET

Property Name: _____ **Unit:** _____

Applicant/Resident Name: _____

To Calculate Income from Schedule C *Profit or Loss From Business*:

| | | | |
|---------------|-----------------|---|---------|
| | <i>Line 31:</i> | Net profit or (loss) | _____ |
| Add | <i>Line 11:</i> | Contract labor: Add any part of the amount for contract labor that is paid to self or household members living in the unit. | _____ |
| Add | <i>Line 12:</i> | Depletion | _____ |
| Add | <i>Line 13:</i> | Depreciation and Section 179 expense Deduction | ===== |
| Equals | | Amount of self-employment income for given tax year | = _____ |

Other lines on Schedule C to take into account:

- ◆ Line H – If the tax return does not include a full year of self-employment earnings, then the income will need to be annualized.
- ◆ Line 24 – Travel and Meal expenses must be reasonable for the type of business.
- ◆ Line 27 – Other expenses must be detailed on the second page and be reasonable for the type of business.

Other considerations:

- ◆ Any cash withdrawals or payments made to expand the business need to be included in self-employment income.
- ◆ Any cash withdrawals or payments made by or to family members must be counted as income (unless resident can document that withdrawals are reimbursement of amounts previously invested in the business). The amount calculated above represents business income for the given tax year. Anticipated income for the next 12 months may be different. If the resident expects to earn less, obtain a written explanation why s/he expects to earn less. If it is anticipated to be more – include the higher amount.
- ◆ The amount on Line 12, “Business income or (loss)” on form 1040 should equal “Net profit or (loss)” on Line 31 of Schedule C. If it does not, then the resident may have, or have had another business, and should have another Schedule C.
- ◆ All other income and assets disclosed on the tax return must be accounted for.
- ◆ Tax return must be signed by the resident(s).
- ◆ If net income from business is negative it must be counted as zero income. A negative amount may not be used to offset other household income.
- ◆ Do Not Include in Expenses:
 - Principle Payments on Loans
 - Interest on Capital Improvement or Business Expansion Loans
- ◆ Do Not
 - Offset any other family member income