

## Self-Employment NEW Calculation

Self-Employment income will be allowed to go to a **negative** number after subtracting expenses. If the self-employment expenses ARE **GREATER THAN** the earnings from self-employment, then CBMS will count the negative net self-employment income.

The negative amount of self-employment must **COME OFF** the total countable income for the MBU.

### EXAMPLE:

Member is self-employed with \$12,000 annual income and with \$15,000 of expenses, this member's countable income will be **-\$3,000**.

This negative amount, -\$3,000, will come off the total countable income for the MBU. His spouse is employed and makes \$25,000 a year. The calculation would be:

$$\$25,000 - \$3,000 = \$22,000$$

Total Countable income for this MBU is  
**\$22,000**

## Net Operating Loss Data Entry

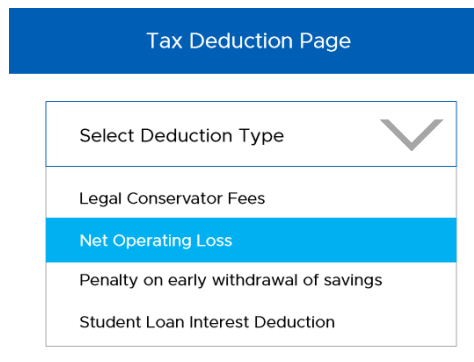
### Net Operating Loss is now a new tax deduction for MAGI

A net operating loss may occur when an individual's DEDUCTIONS for a year are more than the individual's income for the year. The Net Operating Loss may then be deducted from future year(s) income.

#### Data Entry:

##### EXAMPLE:

Elmira applies for Medical Assistance on 03/01/2021. She is self-employed and reports and verifies current annual income of \$15,000 and NOL of \$18,000 for tax year 2020. Her wife is employed and makes \$25,000.



The screenshot shows a blue header bar labeled "Tax Deduction Page". Below it is a white dropdown menu with a downward arrow icon. The menu is open, showing several options: "Select Deduction Type", "Legal Conservator Fees", "Net Operating Loss" (highlighted in blue), "Penalty on early withdrawal of savings", and "Student Loan Interest Deduction".

1. Navigate to the Tax Deduction Page.
2. Select Net Operating Loss from the drop down menu.
3. Enter the amount \$18,000.
4. Type the Effective Begin Date as 03/01/2021 (NOL reported).
5. Type the Effective End Date as 02/28/2022 (the RRR due month).

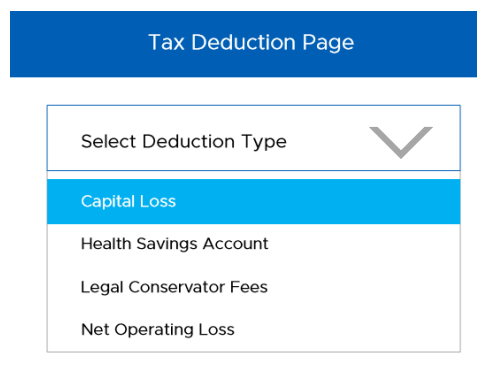
## Capital Loss

- Capital Loss is **NO LONGER** an Unearned Income type.
- It used to be on the Unearned Income page listed as Capital Gain/Losses. Now it is just an EXPENSE.

#### Data Entry:

##### EXAMPLE:

Ongoing Medical Assistance case. The case consists of two parents (MAGI Parent/Caretaker) and four children (MAGI Child). Parent #1 is Self Employed and has an annual income of \$20,000 and has a Capital Losses of \$24,000 (-\$4,000). Parent #2 is employed at IBM and makes \$35,000 a year. They file taxes jointly.



The screenshot shows a blue header bar labeled "Tax Deduction Page". Below it is a white dropdown menu with a downward arrow icon. The menu is open, showing several options: "Select Deduction Type", "Capital Loss" (highlighted in blue), "Health Savings Account", "Legal Conservator Fees", and "Net Operating Loss".

1. Navigate to the Tax Deduction Page.
2. Select Capital Loss from the drop down menu.
3. Enter the amount \$24,000.