

# What is Self-Employment?

Self employment is income received as a proprietor/owner of a business where the individual:

- Retains control over the work or services offered and all income received is from a self-operated business or enterprise **and**
- Assumes the business risks and expenses connected with the operation of the business
- Can include sole or joint owners, private contractors, etc.



**Self-employment is not:**

- Income received as an employee of the business (where taxes are withheld)

**Expenses** - All expenses are entered and CBMS will determine if the expense is allowable for the HLPG.

Allowable expenses are the out-of-pocket costs that are necessary. First, determine allowable costs of doing business and then enter the expense appropriately in CBMS.



Reach out to the appropriate program area if you have questions about allowable expenses.

*Check out verification of Self-Employment Income and Expenses on the flip side!*

*Self-Employment Income is calculated in CBMS by taking the total business income minus total allowable business expenses.*

**Self-Employment Income - Gross Income *plus* capital gains (total proceeds received from the sale of an asset) *minus* expenses.**

- All self-employment income received by the individual must be considered.
- Self-employment income shall be considered income in the month received.
- Most self-employment income will be entered in CBMS as a monthly record and CBMS will convert this income appropriately for all HLPGs.
  - Monthly income conversion will occur when entered as a frequency other than a monthly record.

**Seasonal, Irregular, Farm, or New Self-Employment Income**

- **SNAP/Cash Programs**
  - Irregular or Seasonal income may be averaged over a twelve-month period. The twelve-month period can either be the previous tax year (January to December) or the most recent twelve months prior to the application date.
  - Farm income shall be considered on an annual basis, using the previous year's income.
  - New source's of self-employment income with fewer than twelve months of business may be averaged over the period of time the business has been in operation.
- **Medical Assistance**
  - **Irregular, Seasonal, or Farming Income:**
    - The most current month's self-employment income will be used, and if over the income limit, may be averaged for MAGI only.
  - MA programs do not anticipate new self-employment income, so the most current month's income will be used.



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## Verification of Self Employment Income and Expenses

**SNAP/Cash Programs:** Client declaration of self-employment income and expenses is acceptable unless questionable period of time the business has been in operation.

- *If documentation is needed, no specific document is required, though the individual may provide the Self-Employment Ledger within application, tax forms, Profit/Loss statement, etc.*

**MA Programs:** Verification of current or prior month's Self-Employment income and expenses is required.

- *No specific document is required, and the Self-Employment Ledger within the application is applicable.*



## Joint Ownership



If a client/member is not a sole proprietor, the total business income and expenses will be data entered for each owner in the case.

CBMS will determine the percentage of income and expenses based on the number of owners of the business.

*Sole Proprietor	*# of Owners	% Owned
<input type="radio"/> Yes <input checked="" type="radio"/> No	<input type="text" value="2"/>	<input type="text"/>

This is also true if both owners/proprietors are on each case. Each owner's Self-Employment data entry will include full business income and full business expenses. CBMS will determine each individual's income separately, based on the number of owners of the business.

*For information on Self-Employed businesses that are considered an S-Corporation or Limited Liability Corporation, refer to the S-Corp/LLC Desk Aid.*