



Self Employment Information



You are self-employed if you:

- Work for yourself in any capacity. Some examples include running errands, selling goods online, delivery services, lawn care, renting property, or providing services and/or freelance work.
- Carry on a trade or business as a sole proprietor or independent contractor
- Earn rental income from a property (or properties) you own
- Are a member of a partnership that carries on a trade or business

You can be self-employed working full-time or part-time.

Applicants who are self-employed are required to provide all documentation for the prior 365 days of income. Generally, this can be provided with a complete copy of the current year tax return with all schedules included.

A few notes for self-employed applicants:

- Self-employment should be documented through tax statements even if the net profit is negative or \$0. If the losses are greater than the profit, the lowest income will be recorded is \$0.
- Depreciation deductions are not an allowable expense and will be added back into the net profit.
- When a business is operated out of a person's house/apartment, be it owned or rented, staff will be required to use statewide policy to exclude these rooms from household for benefit.



Self Employment Declaration

If you have not filed taxes, you are required to submit this completed self-employment declaration along with documentation of your business income. Please note:

- You must complete all information and sign and date the bottom of the form.
- Along with form, you must present supporting documentation in an orderly fashion. Documents should be organized in date order and, if including deductions, should be clearly labelled.

Person Self Employed _____ Start Date _____

Business Name & Activity _____

Business Address _____

365 Day Period From _____ To _____

For the period indicated above, please provide the following information:

- | | |
|--|------------|
| 1. Gross Income (for sales, services, tips) | \$ _____ |
| 2. Minus Cost of Goods Sold (products you resell) - | \$ _____ |
| 3. Equals Adjusted Gross Income | = \$ _____ |

Deductions – list the totals for any business-related expense for the period indicated above that you would like to see deducted. Please note that you must include documentation (most often in the form of receipts) as proof of these expenses in order to have deductions.

- | | | | |
|--------------------|----------|-----------------------|----------|
| 4. Advertising | \$ _____ | 12. Postage | \$ _____ |
| 5. Bank Charges | \$ _____ | 13. Rent | \$ _____ |
| 6. Car/Truck | \$ _____ | 14. Supplies | \$ _____ |
| 7. Cleaning | \$ _____ | 15. Taxes | \$ _____ |
| 8. Fuel | \$ _____ | 16. Travel | \$ _____ |
| 9. Insurance | \$ _____ | 17. Utilities | \$ _____ |
| 10. Interest | \$ _____ | 18. Wages (employees) | \$ _____ |
| 11. Office Expense | \$ _____ | 19. Other | \$ _____ |

20. **Total Deductions** (add lines 4 through 19) = \$ _____

21. **Net Profit** (line 3 minus line 20) = \$ _____

I certify that the above information is complete, accurate, and true to the best of my knowledge. I will provide additional documentation upon request if necessary. I understand that if I have intentionally falsified any of this information, I could be fined and/or imprisoned.

Printed Name

Title

Phone Number

Email Address

Signature

Date

Instructions on how to complete the deductions section of the Self-Employment Declaration

- **Advertising:** Costs related to advertising business in newspapers, radio, television, social media, brochures, etc, are deductible
- **Bank Charges:** The cost of maintaining a business bank account is deductible (i.e. monthly service charges, check cashing charges, bad check charges, etc).
- **Car/Truck:** There are two methods for determining deductions: Actual Costs and Standard Mileage Rate.
 - Actual Costs: Deduct the actual costs of gas, oil, tolls, tires, licenses, garage rent, parking fees, lease fees, and rental fees. If a car is used for both business and personal use, multiply the actual costs by the percent of time the car/truck is used for business. *A car that is used for 60% of the time for business with \$2,000 annual costs would have a \$1,200 deduction ($60\% \times 2000 = 1200$).
 - Standard Mileage: If using the standard mileage rate, multiply the business related miles by the current IRS rate for a mileage to arrive at the allowable deduction. You may also deduct parking fees, tolls, state and local personal property taxes. Records must be kept showing daily business mileage and a yearly business mileage figure.
- **Cleaning:** The cost of cleaning and janitorial services for business are deductible.
- **Fuel:** Fuel costs relating to gasoline/diesel used for work related equipment other than vehicle (e.g. tractor)
- **Insurance:** The cost of work-related insurance premiums are deductible including premiums for fire, theft, flood, casualty, merchandise, inventory, liability, public liability, malpractice, worker's compensation, state unemployment insurance, use and occupancy and business interruption. Employees' group insurance is also deductible as long as the strict nondiscrimination rules are complied with.
- **Interest:** Any interest paid on business loans, business credit cards, and mortgages for business. Must all be used exclusively for business purposes to be deductible.
- **Office Expenses:** The cost of office supplies used for business are deductible as long as they are used within one year. Cost of rent and utilities associated with business office may also be deductible.
- **Postage:** The cost of postage and shipping for business purposes are deductible.
- **Rent:** The cost to use property for business purposes that you do not own (i.e. cars, tools, property, etc)
- **Supplies:** The cost of incidental supplies and materials used for business (such as tools, office supplies, and equipment) are deductible if they are used within one year.
- **Taxes:** Taxes related to the cost of running business/profession are deductible, including sales, business profits, licenses, regulatory fees, state unemployment payments, franchise, user fees, and property.
- **Travel:** Normal expenses are deductible when traveling for business. Deductible expenses include: airplane, bus and train tickets, operating and maintaining vehicles (refer to CAR and TRUCK section), meals, lodging, and other ordinary and necessary expenses relating to business travel. Expenses that are lavish, extravagant, or are for personal/vacation purposes cannot be deducted. Expenses for travel/commuting between home and office cannot be deducted.
- **Utilities:** Normal costs associated with running a business are deductible, such as electricity, heating, and telephone. Note: if a home office is used, only a second phone line specifically for business is deductible.
- **Wages:** Any wages, salaries, or bonuses paid to employees who are NOT a member of the household are deductible. Wages paid to self or any household members are not deductible.
- **Other:** Other items that may be deductible include membership dues, subscriptions to relevant technical or trade journals, legal and professional fees (lawyers or accountants – not including legal fees paid to acquire business), minor costs related to the repair of work related equipment, cost of medical insurance premiums are deductible at a 25% rate (i.e. \$1,000 premium = \$250 deductible expense). Bad business debts are deductible if there has been an actual loss of money.