

P-2213 INCOME (continued)

P-2213C Self-employment (Reach Up Eligibility rule 2251 (24-20))

Self-employment is counted as earned income. Self-employment income will be determined by the household's most recent tax return unless the tax return is not indicative of the current situation, a tax return has not been filed, or the household has earned income not subject to taxation. In these circumstances, the department will use the household's records and other available sources to determine self-employment income.

Self-employment income should be verified at application, interim report, recertification and whenever there is a change reported.

Allowable Self-employment expenses (Reach Up Eligibility rule 2251.3)

Business expenses, which are deducted from gross receipts to determine adjusted gross earned income, are limited to operating costs necessary to produce cash receipts, such as:

- Office or shop rental;
- Taxes on farm or business property;
- Hired help;
- Interest on business loans;
- Cost of materials, stock, inventory, or livestock for resale required for the production of this income.

Business use of home

Households that claim business use of their home are also allowed to claim the same expense for their regular shelter deduction. The expense does not have to be split between personal use and business use as other ESD programs require.

Disallowed Self-Employment expenses (Reach Up eligibility rule 2251.3)

- Payments on the principal of the purchase price of income producing real estate and other capital assets such as buildings, equipment, animals, etc.
- Expenses and net losses from previous years.
- Depreciation, depletion, and section 179 expenses.
- Penalties and fines.
- Money set aside for owner's retirement from Federal, State and Local Income Taxes.
- Entertainment expenses
- Personal transportation

Self-Employment Income – Tax Return is available

If the household provides tax returns from the previous year that accurately show current income, see the [Self Employment Handbook](#) (internal ESD link) for determining countable self-employment income by using the appropriate tax forms.

Information from most recent tax return forms may be “adjusted” to predict current income.

Example: The household reports that milk price support income has decreased by 25% from the previous year. Current year farm expenses will approximate last year’s farm expenses. Verify the milk price support decrease (i.e. call the USDA for verification).

Last year’s income from dairy products (IRS Schedule F – milk income) = \$50,000.

Last year’s farm expenses, not including depreciation = \$25,500.

Current year projected income (0.75 x 50,000) = \$ 37,500

Current year farm expense (not including depreciation) - \$25,500

Countable Income = \$ 12,000

\$12,000/ 12 months = \$ 1,000/month farm income projected for the current year.

Self-Employment Income- Tax Return Not Available

Self-Employment Fact Sheets are available for calculating farm income ([204F](#)), rental income ([204R](#)), and business income ([204B](#)).

If the household has not filed for taxes or previous year’s tax returns do not represent current income/expenses, the appropriate business fact sheet can be used to verify current and ongoing income/expenses.

The household can also provide a statement of predicted monthly income/expenses and will need to complete an Interim Report every six months with current self-employment income/expenses verifications.

Calculating Self-Employment from Fact Sheets

Ask the household to provide verification or complete the factsheet from the time the business has been in operation. Use the average income/expense data to calculate their ongoing income.

Example: Household had a catering business for 7 months since 1/1/2024 and is applying for Reach Up. This participant would have to provide verification of their income and expenses for the last 7 months. The total of the income and expenses would be divided by 7, to determine the average monthly income.

BPS Support

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01/27/16 16:03 OTHER BUSINESS INC QUESTION 26 ( BUSI . 01 )
              (LAST UPDATED: / / : ; ASPAFF )

              AVG MONTHLY
PERSON WITH INCOME FROM OWN BUSINESS      INC AMT      COUNTABLE      RECUR
ANDREA M SEAMAN                            $$$$$ $$$$    CODE          (Y-N)
                                             02975 87
              RUFA, RUFA-ME, TCC  SSI-ME      FS/SF
              EXP AMT      EXP AMT      EXP AMT      FARM
              $$$$$ $$      $$$$$ $$      $$$$$ $$      INCOME
              01023 12      01023 12      01023 12      N

NOTES:  SCHEDULE C - BROWN'S BASEMENT SERVICES
        NO DEPRECIATION LISTED

COUNTABLE CODES:
BLANK - ALL PROGRAMS
A - RUFA, RUFA-ME, TCC
F - FS
M - SSI-ME
S - SF

FARM INCOME:
N - NON-FARM INCOME
Y - INCOME FROM FARMING

USER: 084 FNX: STAT MODE: C RPTGRP: 666 66 6666 PERIOD: 01 16 COMMAND:
DO: M IMS: GMI REPORTING ADULT: ANDREA M SEAMAN
    
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See ACCESS Eligibility Training Video ([STAT D BUSI](#)) [Entering Self Employment Income](#) (ESD internal link).

Entering Self Employment Income in ACCESS

BUSI

Enter the average monthly gross income amount and the average monthly expense amount on the BUSI panel. ACCESS will automatically compute the net business income and place that amount on the 3rd panel of ELIG.

Not entering a JINC panel

When a participant receiving Reach Up is self-employed, a JINC panel should not be entered for hours. The BUSI panel will correctly count hours for Reach Up eligibility and reporting purposes. ACCESS divides the monthly net self-employment income by Vermont minimum wage and then divides that amount by 4.3. These hours can be found on CASE/D/TIME- F10. See example below.

If a JINC is entered this can create inaccurate hours for Reach Up. The reason a JINC with hours is entered for 3SVT is to give a customer a GWR or TLBWR exemption. If the household is active Reach Up the codes should be 14/25 and a JINC is not necessary. BPS' should still ask about how many hours worked and put in CATN. If Reach Up closes the GWR and TLBWR codes should be updated and a JINC with hours may be required.

Example:

Net self-employment is \$206 per month

Divide this figure by minimum wage \$13.67 (2024) = \$15.06

Divide \$15.06 by 4.3 = 3.5, use regular rounding rules and round up to 4 hours a week

Case/D/TIME – F10 will reflect 4 hours per week of self-employment hours

If the household includes someone (such as an older child) that is not active Reach Up and that person is self-employed, then a JINC may be appropriate to exclude that person from the GWR and TLBWR due to hours.

Allowing full shelter for Reach Up when household claims business use of the home

Follow the instructions in the self-employment procedural handbook (specifically pages 11-12 about the schedule C) for entering the correct amount on the BUSI panel for Reach Up. The business use of home portion of the expense should be the same for Reach Up and 3SVT.

For households with rent panel

Allow the full amount of shelter expense to be included in the rent panel for Reach Up. Enter the reduced amount in the "(complete below if different) FS/SF Rent Amt."

For households without rent panels

Similar to how the gross property tax amount is entered on an additional HOME panel, enter an additional HOME panel that shows the difference between the amount of shelter expense allowed for 3SVT and the full shelter expense. The panel may need to include the difference of the gross property tax as well as the expense used for business. Add a CATN and WARN to the case explaining how the additional shelter expense was calculated. The additional HOME panel should be coded R (RUFA REPAIRS ALLOWED FOR).

Example: Household claims business use of home in taxes.

20% of shelter must be removed for 3SVT.

Lot rent = \$250. $\$250 \times 20\% = \50 (business use)

$\$250 - \$50 = \$200$ (allowed for 3SVT)

Add HOME panel for \$200/monthly lot rent amount. Add a second HOME panel for \$50/monthly, for R-RUFA REPAIRS ALLOWED FOR. This way, 3SVT budget will show \$200/monthly for shelter expense and the RUFA budget will show \$250/monthly for shelter expense.

Property tax and business use of the home

If property tax is claimed as a business expense, enter the reduced amount in the HOME panel for taxes, then add one additional HOME panel to include the

excess property tax claimed as a business expense added to the difference between gross property tax and net property tax.

Example: Household claims business use of home in taxes. 20% of shelter expenses must be removed for 3SVT. Gross property tax = \$1500, net property tax = \$1200.

$\$1200 \text{ (net tax)} \times 20\% = \$240 \text{ (business use)}$

$\$1200 \text{ (net tax)} - \$240 = \$960 \text{ (allowed for 3SVT)}$

Add HOME panel for \$960/annual net property taxes allowed.

$\$1500 \text{ (gross tax)} - \$960 \text{ (allowed net tax)} = \540

Add HOME panel for difference in GROSS property tax from allowed net tax = \$540/annual coded R-RUFA REPAIRS ALLOWED FOR.

Property tax and an additional shelter expense

If property tax is claimed with another shelter expense, make sure to convert the annual amount to a monthly amount.

Using the examples above:

Difference in Lot rent = \$50/month

Difference in GROSS property tax from allowed net tax = \$540 divided by 12 = \$45/month

$\$50 + \$45 = \$95/\text{month}$

Add additional HOME panel for \$95/month coded R-RUFA REPAIRS ALLOWED FOR.