Commissions

This section includes information about income received as commission pay.

Policy

A participant can receive earnings from commissions as an employee or as self-employment. The income received is countable.

NOTE When the participant is considered self-employed(g), the countable income is reduced by the self-employment expense deduction, when an expense is verified. (See Averaging Income for additional information.)

Commissions from a terminated source of employment are countable as unearned income in the month in which it is received.

NOTE Any unspent portion of the commission is considered a lump sum resource in following months. (See Lump Sum Resources for additional information.)

Countable income is used to determine an income budget. (See Income Budgeting to see how FAA determines the income budget.) FAA needs to know about income that is both countable and not countable to determine whether a budgetary unit's expenses are exceeding their income. (See Income Eligibility for more information about how FAA uses countable and not countable income.)

Procedures

Determine whether the commissions are from a current employment or from a terminated source.

When the participant is present, have them sign the Authority to Release Information (FAA-1765A) form to contact any companies or businesses involved. The FAA-1765A can be faxed or emailed to the participant's employer when it is not possible to use the Application for Benefits (FAA-0001A) or the HEAplus Authority to Release signed statement.

When the commissions are from a terminated source, clarify with the participant whether any of the commission amount is unspent. Unspent commissions are countable as lump sum resources for the month after it is received and ongoing months. Document the reason for the lump sum

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resource amount so the unspent amount can be reviewed during the next renewal. See Income Budgeting and Example 1 for budgeting procedures.

Documentation must support determinations of eligibility and benefit level. Document in sufficient detail to ensure that any reviewer can assess whether the determination is reasonable and accurate. Include specific information regarding the reason the income is determined to be reasonably expected to continue. (See Budgeting Income Documentation Requirements for additional information.)

Verification

System interface and the case file(g) must be reviewed before verification is requested. No additional verification is needed when AZTECS interface or HEAplus hubs have verified the information.

The participant has the primary responsibility for providing verification. (See Participant Responsibilities – Providing Verification for additional policy.)

When self-employment expenses are not verified, eligibility is determined without the 40% Self-Employment Expense deduction.

For NA, income is required to be verified for ***all*** of the following before eligibility is determined:

- When reported on a new application, during the interview of a new application, or changes reported before the eligibility determination of a new application.
- For changes reported after an eligibility determination of a new application (e.g., a renewal application, mid approval contact, etc.) and ***any*** of the following apply:

  The source of the income has changed.

  The income is questionable(g) or unclear(g).

  The reported income amount has changed by $51 or more.

  The previous verification in the case file is more than 59 calendar days(g) old.

For CA, all income is required to be verified before determining eligibility.

Examples of verification that can be used for commissions from a ***terminated*** source or while ***employed*** include, and are not limited to, ***any*** of the following:

- System interface(g) when the participant agrees that the information is accurate.
- A copy of a paycheck stub.
- Copy of checks when the gross earnings are listed.
- A printout from a third-party payroll verification source provided by the participant.
- Third-party payroll verification sources when the employer uses the verification source as its legal agent to provide payroll services or respond to inquiries about employee records. (See Third-Party Payroll Verification Sources(g) for FAA approved sources, additional information, and instructions for requesting additional sources.)

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- A New Employment Verification (C005) notice that is completed, dated, and signed by the employer or their payroll authority. To be considered complete, the statement needs to include ***all*** of the following:

  Name, address, and telephone number of the employer

  Gross pay for the periods needed

  Frequency of pay (e.g., weekly, monthly, quarterly, etc.)

  Day of the week or day of the month pay is received (e.g., Fridays, 5th and 20th of the month, first of the month, etc.)

  Any expected change in pay

- For new or current employment verification, a completed Verification of New/Current Employment (FAA-0053A) form that includes a date and the signature of the employer or their payroll authority.

- For terminated employment verification, ***any*** of the following completed items that include a date and the signature of the employer or their payroll authority:

  Verification of Terminated Employment (FAA-1701A) form

  Verification of Terminated Employment (C019) notice

- Letter from the agency providing government-sponsored training.

- Leave and Earnings Statement (LES) from the military.

- A collateral contact with the employer or their payroll authority to clarify documented verification the participant provided.

  NOTE Collateral contact is not used when contacting the employer would jeopardize the participant's employment or when the employer does not accept telephone verification.

Examples of verification that can be used for commissions while ***self-employed*** include, and are not limited to, ***any*** of the following:

- Bookkeeping records

- Business ledgers listing income amounts received and expenses incurred

- Actual receipts

- Contracts for work

- Statements from patrons and companies

- Most recent Internal Revenue Service (IRS) U.S. Individual Income Tax Return (1040) form. Below are common IRS Schedule forms that the participant may provide in addition to the 1040:

  Schedule C, Profit or Loss From Business

  Schedule E, Supplemental Income and Loss

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Schedule F, Profit or Loss from Farming

Schedules B-1, C, D, K, K-1, K-2, K-3, and M-3 of IRS U.S. Return of Partnership Income (1065) form (See Limited Liability Company (LLC) Definition for more information about LLCs.)

NOTE Do not use the most recent IRS 1040 and Schedule forms when the participant indicates it does not accurately reflect the participant's current income.

NOTE Many companies do not allow verification over the telephone. When an FAA-0053A or FAA-1701A must be completed by ***any*** of the following, see the company's contact information to determine where FAA staff must send the form:

- Wendy's Employment and Wage Contact Information
- Solutions Staffing Employment and Wage Contact Information

AZTECS Keying Procedures

When the commissions are from current employment, key the commissions as ***any*** of the following:

- On EAIC using the WA Earned Income Type Code when not self-employed
- On SEEI or SEEW using the OB Earned Income Type Code when self-employed

When the commissions are from a terminated source of employment, complete ***all*** of the following:

- In the month received, key the commission amount on UNIN or UNIC using ***any*** of the following:

  For NA, the OF Unearned Income Type Code.

  For CA, the OA Unearned Income Type Code.

- In the month after the month the commission amount is received and ongoing months, key the unspent commission amount as a lump sum on LIAS using the LS Liquid Assets Code.

Document the case file(g) thoroughly to support keyed codes, amounts, and frequencies. See the AZTECS Data Entry Guide for instructions on keying the AZTECS income screens.

Examples

1) Duffy no longer works for an employer. Duffy does telemarketing from her home.

   Her job is to set appointments for several small businesses.

   For every appointment set, Duffy makes a commission.

   Duffy sets her own work hours and pays her own expenses and taxes.

   Duffy is considered self-employed.

Legal Authorities

AAC R6-12-501 – 503

AAC R6-14-111

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ARS 46-292-P01

7 CFR 273.9(b)(1)(i)

Prior Policy

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