

## Merchandise Sales

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This section includes information about income derived from the sale of merchandise.

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### Policy

Income received from the sale of merchandise, less allowable business expenses, is countable.

Self-employed participants may be eligible for a 40% expense deduction from income. To be eligible for the 40% Self-Employment Expense Deduction, only one allowable expense has to be verified. When self-employment expenses are not verified using the verification process, eligibility is determined without those expenses.

The sale of merchandise includes, and is not limited to **any** of the following:

- Tupperware
- Avon products
- Cosmetic sales
- DoTerra oils
- Mary Kay

The sale of merchandise is considered self-employment when it meets the self-employment definition. Self-employment is defined as working for oneself rather than working for an employer.

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.)

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### Procedures

When the participant meets the definition of self-employment and expenses are incurred, see [Allowable Self-Employment Expenses](#).

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 self-employment definition is not met, consider another type of earned income.

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.)

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## 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 Merchandise Sales 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

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.

- Rent or mortgage receipt for business property
- Property tax statements for business property
- Utility costs for business property
- Cleaning cost bills for business property
- Business location and equipment maintenance
- Personal records indicating personnel salaries or costs of outside labor, such as canceled checks and payroll checks

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## AZTECS Keying Procedures

Key SA in the INCOME TYPE field on SEEI.

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.

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## Legal Authorities

AAC R6-12-501B

A.R.S 46-292-P01

7 CFR 273.9(b)

7 CFR 273.9(b)(1)(ii)

8 U.S.C. 2014(d)

## [Prior Policy](#)

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