

04 Self-Employment Definition

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Self-employment is defined as working for oneself rather than an employer.

This does not apply to Corporations or [Limited Liability Companies \(LLC\)](#) that file taxes as corporations. (See [Corporation Profits.](#))

When determining whether income meets the self-employment definition all factors relating to the income source must be explored with the participant. The factors to consider include, but are not limited to, the following:

- Existence of an employer - employee relationship

NOTE Self-employed participants do not have an employer - employee relationship with the person or business that they work for.

- Obligation to pay for work related expenses
- Responsibility for obtaining jobs or sales
- Responsibility for scheduling work
- Responsibility for risk of income gain or loss

Self-employment may include, but is not limited to the following situations:

- Income received directly from one's own business, a sole proprietorship, as an independent contractor, or as a member of a partnership.
- Income received from odd jobs or from irregular and varied activities.
- Income received from providing services.
- Income received from selling or reselling goods, including personal property and items purchased for the purpose of resale.
- Income received from working for others on a commission or piecework basis.

The participant has an employer - employee relationship when the person or business they work for is responsible for any of the following:

- Directing and controlling the hours or manner in which the participant performs work.
- Paying the participant's withholding taxes.

- Providing work related training to the participant.
- Covering the participant's liability insurance or workers' compensation.
- Providing benefits, such as insurance, pension, or paid leave to the participant.
- Reimbursing the participant's work-related expenses.

Self-employed participants may or may not incur identifiable [self-employment expenses](#).

WARNING

The [case file\(g\)](#) must be documented with the reason the income was determined as self-employment income or earned income.

(See [Self-Employment Types](#) for additional policy and procedures)

For examples, see the following:

- Example [Self-Employment Definition 1](#)
- Example [Self-Employment Definition 2](#)
- Example [Self-Employment Definition 3](#)
- Example [Self-Employment Definition 4](#)