

09 Self Employment Verification

REVISION 30
(06/01/14 - 07/31/14)

The participant must provide verification of self employment income and expenses.

To be eligible for the CA NA [self employment expense deduction](#) only one expense must be verified.

EXCEPTION

Self Employment income due to farming uses actual expenses and has special budgeting procedures. (See [Farming](#))

Follow the [verification process](#) when verifying income and expenses. This verification may include, but is not limited to, 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 U.S. Individual 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

NOTE The gross income from line 1 is annualized to determine a monthly amount.

Schedule E, Supplemental Income and Loss

Schedule F, Profit or Loss from Farming

Schedule K-1, Partner's Share of Current Year Income, Deductions, Credits, and Other Items income tax returns

NOTE The most recent IRS 1040 and Schedule forms are acceptable as verification of self employment income and expenses when the participant indicates it accurately reflects the participant's current income.

- Rent or mortgage receipt for business property

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

NOTE For CA and NA, a [participant statement](#) may be used to verify self employment expenses.

Have the participant sign the Authority to Release (FA-059) form to contact any companies or businesses involved.

When [self employment expenses](#) are not verified using the verification process, determine eligibility without those deductions.