

S Small Businesses

REVISION 46
(01/01/18 - 12/31/18)

Income from a small business is countable and is considered self-employment when it meets the [self-employment definition](#).

Small businesses include, but are not limited to, the following:

- Franchise
A business that is owned and operated by one or more persons. The business is under contract with another company.
- Partnership
A business that is owned and operated by more than one person.
- Independent Contractor
A person who provides goods and services to another person or business under terms specified in a written or verbal contract.

EXCEPTION

Income received by an independent contractor that does not meet the self-employment definition is not considered self-employment income. (See [Contract Income](#))

- Limited Liability Corporation (LLC)
A business owned and operated by one or more persons. LLC members or owners are considered self employed business owners.

EXCEPTION

Income received from an LLC, by employees that are not an LLC member or owner, is not considered self-employment income. (See [Wages and Salaries](#))

- Sole Proprietorship (Owner Operator)
A business that is owned and operated by one individual.

When the self-employment definition is not met, consider another type of [earned income](#).

When expenses are incurred, see [Allowable Business Expenses](#).

Key OB in the INCOME TYPE field on SEEI.

WARNING

When money is withdrawn from an LLC business account to pay for personal expenses, the money is countable as earned income. (See [LLC – personal expenses](#))

Wages and profits received from a corporation are not considered self-employment income. (See [S Corporation](#) and [Corporation Profits](#))

Profits from a nonprofit corporation (i.e. 501C) are not distributed to the members of the corporation. When income for services rendered is received from a nonprofit corporation, see [Wages and Salaries](#).