



Self -Employment and Healthy Kids Eligibility

What We Need to Verify Income

Working families, including the self-employed, may be eligible for low-cost or free health coverage for their uninsured children. In order to verify income eligibility for self-employment, the following documents are required:

- **Sole proprietors** must provide a copy of your current federal tax return complete with Schedule C.
- **Sole proprietors** who have not filed a current tax return (after April 15 for last year) must provide a current profit and loss statement showing all income and business expenses as well as a copy of your tax extension request. Please sign and date the profit and loss statement you submit.
- **Newly self-employed** can also verify income by providing a current profit and loss statement for the time period since the business began that is signed and dated.
- If you do not have a profit and loss statement prepared by an accountant, you may submit a self-declaration of profit and loss by using the form on the back of this fact sheet or a similar format. Whatever form you use must be signed and dated.
- Self-employed individuals receiving income from **partnerships** must provide a copy of the current federal tax return complete with Schedule E and your individual Partner K-1 form.

How We Calculate Your Income for Eligibility Purposes

Income for sole proprietors is calculated from current federal tax returns as follows:

- Depreciation (line 13 of Schedule C) and meals & entertainment expenses (line 24d of Schedule C) **cannot** be deducted from income to qualify for Healthy Kids eligibility.
- These tax deductible expenses will be added back to your net income (line 31 of Schedule C) to determine your net income from self-employment.
- Your self-employment net income will be divided by the number of months you were self-employed to determine your average monthly net income.

Income for sole proprietors is calculated from a profit and loss statement as follows:

- Your net income is calculated by subtracting total expenses (excluding depreciation and meals & entertainment) from total income to determine your net income.
- Net income is averaged over the number of months in which you have been self-employed.

Income from a partnership is calculated as follows:

- Guaranteed payments (line 5 of your individual K-1 form) are counted as income.
- Profit from the business (line 31 from Schedule E) is counted as income.
- The combination of guaranteed payments and profit is divided by the number of months self-employed to determine your average net monthly income from self-employment.

For all self-employed:

- Your average net monthly income from self-employment will be added to all other sources of household income to determine Healthy Kids eligibility.

**New Hampshire Healthy Kids
Self-employment Profit and Loss Statement**

Period Covered (current calendar year or less only if new business)

Business Owner's Name: _____

Business Activity: _____

Period Covered: From _____ **and Ending** _____

Sources and Amounts of Income taken in during above period (fees, sales, hourly billings, etc.)

Description of Income Source	Amount
_____	_____
_____	_____

Gross Receipts/Sales: _____

Minus (-) Cost of Goods Sold: _____

Gross Income: _____

Business Expenses (rent, supplies, etc.)

Please list each business expense below:

Fuel: _____

Repairs: _____

Advertising: _____

Cleaning: _____

Travel: _____

Insurance other than Health: _____

Supplies: _____

Electric: _____

Car expense: _____

Telephone: _____

Wages/ Draw Paid to Self: _____

Wages Paid to Other Employees: _____

Rent: _____

Other (Please Specify): _____

Total Business Expenses: _____

(Subtract total expenses from total income)

Net Income: \$ _____

I certify that this is an accurate statement of my business income and expenses.

Signature

Print Name

Date