



## Child Care Services (CCS) Self-Employment Packet

### SECTION I: BUSINESS INFORMATION

TWIST ID:	Name of owner:	
Name of business:	Type of business:	
EIN or SSN for business owner:	Business phone:	
Start date of business:	Number of employees:	
Physical address of business:		Rent <input type="checkbox"/> Own <input type="checkbox"/>
Did you file income taxes for your business last year? Yes <input type="checkbox"/> No <input type="checkbox"/>		
If you did not file income taxes last year, please explain:		
Do you have documentation that verifies the amount of hours worked each week? Yes <input type="checkbox"/> No <input type="checkbox"/> Explain how hours are calculated:		
If applicable, how do you pay other employees? Cash <input type="checkbox"/> Check <input type="checkbox"/> How many employees?		
Do you maintain a business ledger? Yes <input type="checkbox"/> No <input type="checkbox"/> If so, provide a copy.		
Does an auditor or bookkeeper verify your business records? Yes <input type="checkbox"/> No <input type="checkbox"/>		

### SECTION II: SELF-EMPLOYMENT OVERVIEW

**Background:** CCS families are responsible for providing sufficient documentation to CCS for eligibility determination. CCS will use your adjusted business income for eligibility purposes. Your adjusted business income is your net income after business expenses are deducted. In order for an expense to be deductible, the business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in your field of business, trade, or profession. A necessary expense is one that is helpful and appropriate for your business, trade, or profession.

**References:** You may reference Internal Revenue Service (IRS) Publications 535 and 583 for further guidance on proper book keeping practices and allowable deductions for your business. Or you may contact the IRS with your tax questions at 1-800-829-1040.

**Types of Self-Employment:** New Self-Employment is defined as a parent that started an income-producing enterprise in the current calendar year and tax records are not available at the time of application. Sustained Self-Employment is defined as a parent that operated and continues to operate an income-producing enterprise dating back to the previous calendar year.

**Work Hours:** CCS families are required to work an average of 25 hours per week for a single-parent household, or a combined 50 hours per week for a 2-parent household. If CCS staff cannot calculate the amount of hours worked per week based on the information provided, the gross income will be divided by the current minimum wage hourly rate to determine eligibility. Example: If you earn \$100 per week, that amount will be divided by \$7.25 ( $\$100/\$7.25=13.79$  hours).

**Business Records:** You will be required to attach clear and legible business records that support the information reported. Supporting documentation includes but is not limited to: invoices, work orders, customer contracts, tax records, list of customer contacts, cancelled checks that have been processed by your bank, and business receipts that support expenses and income for your business. You may be required to provide additional documentation after your case has been reviewed for eligibility.

**Fraud:** Providing false documents for eligibility purposes is considered fraud and will result in termination and/or denial of services. All suspected fraud will be investigated and is subject to criminal prosecution.

### **SECTION III: SELF-EMPLOYMENT DOCUMENTATION REQUIREMENTS**

#### **New Self-Employment at Intake**

The following is required for parents with new self-employment:

- Business records that provide proof of income, such as:
  - Copies of money orders or canceled checks received, and lists of individuals/customers served, including the dates and locations (if available);

*And one of the following:*

- Business Income Statement (attached) or similar document; or
- Personal wage records with third-party signed verification.

#### **Sustained Self-Employment at Intake**

The following is required for parents with *Sustained Self-Employment*:

- Federal income tax forms or quarterly reports, such as: Form 1040, or
- Schedule C, F, or SE federal income tax returns for the most recent tax year.

*And one of the following:*

- Property titles, deeds, or rental agreement for the place of business;
- Recent business bank records, phone, utility, or insurance bill;
- Recent state sales tax return;
- Business records that provide proof of income, such as:
  - Copies of money orders or canceled checks received, and lists of individuals/customers served, including the dates and locations (if available);

*And one of the following:*

- Business Income Statement (attached) or similar document; or
- Personal wage records with third-party signed verification.

### **Ongoing Verification of Self-Employment**

- Documentation that provides information on the amount of income generated and the associated business expenses, which must include invoices signed by participants' customers and contain:
  - Customer names and contact information;
  - Dates and locations of services provided; and
  - Amounts received; and
- Business expense receipts that substantiate the expenses to be deducted from the gross income, when applicable;

*And one of the following:*

- Business Income Statement (attached) or similar document; or
- Personal wage records with third-party signed verification.

### **SECTION IV: INSTRUCTIONS FOR ATTACHMENT A: BUSINESS INCOME STATEMENT**

- Include month of operation on each Business Income Statement.
- Date: Enter the date of the transaction.
- Business Expenses: Provide an explanation for the amount that was paid out by the business. For example, you may enter "bought lawn mower."
- Amount: The amount of the business expense. Receipts required for deduction.
- Income Source: Provide explanation for the source of income. For example, you may enter "Cut grass 1234 Main Avenue."
- Gross: This is the amount of payment you received for goods or services. Receipts needed.
- Adjusted Business Income: Enter the net amount after business expenses are deducted from gross income. Your eligibility will be based on this amount.
- Print name, sign, date, and include TWIST ID on all Business Income Statements.

