



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) **cannot** be deducted from income to qualify for Healthy Kids eligibility.
- This tax deductible expense 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:

- Any income determined to be taken for personal reasons is counted as income.
- Any income determined to be taken for personal reasons will be 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**

Business Owner's Name: _____ Business Activity: _____

Period covered must be even periods of time. For example:
Your self employment started on March 3, 2009. Today is October 10, 2009. The period covered on your profit and loss should be from March 3, 2009 to October 2, 2009.

Period Covered: Start date _____ to End date _____
(Month/Date/Year) (Month/Date/Year)

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: _____ | Supplies: _____ | Cleaning: _____ |
| Travel: _____ | Rent: _____ | Electric: _____ |
| Advertising: _____ | Repairs: _____ | Telephone: _____ |
| Insurance other than Health: _____ | Wages Paid to Other Employees: _____ | |

Other (Please specify amount and expense): _____

Total Business Expenses: _____

(Subtract total expenses from total income)

Net Income _____

In addition to Net Income, are there any other wages or draws you pay to yourself? Yes No
(Please circle one)

If yes, how much have you received? _____

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

Signature Print Name Date