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## BEST BEGINNINGS CHILD CARE SCHOLARSHIP

### ATTACHMENT F

### SELF-EMPLOYMENT INCOME VERIFICATION

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#### *Determining if your self-employment business meets the scholarship requirements.*

1. Your self-employment business must have legal recognition. This is proven through one of the following:
  - IRS filed tax return (required if your self-employment business was created in the past calendar year.)
  - Business license from city or county (if less than 1 year old and using Self Employment Verification Form)
2. Income from a self-employment business must meet the current Federal Minimum Wage test. Net income is divided by the federal minimum wage to determine if the parent meets the monthly activity requirement.

#### *What documents will I need?*

The following list of documents are used to verify earned income. It is the responsibility of the applicant/participant to provide verification of all income used to determine eligibility.

- Self-employment Income Verification form
- Bookkeeping records
- Receipts for ALL allowable expenses
- Pertinent lease agreements [building, vehicle, chair (cosmetology), etc.]
- Contracts [construction, etc.]
- Bank Statements [personal & business] and cancelled checks
- Tax Returns: A complete tax return showing proof of filing and include copies of IRS forms 1040 and Schedule C must be submitted. If using tax returns, no additional documentation is required.

#### *Allowable and non-allowable expenses.*

You must have business records to verify the information given on this form.

**Allowed** business expenses are subtracted from the gross receipts to determine taxable gross income. Allowable expenses must directly relate to the production of income. Receipts must be attached to be counted.

**Not Allowed** business expenses include those derived from capital investments:

- Depreciation
- Amortization
- Non-sufficient Fund charges
- Credit Card late fees
- Business start-up costs
- Payments on principal portion of loan payments
- Personal transportation
- All expenses for which receipts are not provided.

#### *Reporting self-employment income?*

There are two ways to show your self-employment income:

- Submit a tax return if your self-employment business is over a year old and you have filed a tax return.
- Use Section 2 of the Self Employment Verification Form to enter income and expenses if your self-employment business is less than 1 year old. Supporting documentation will be required.

**1. APPLICANT AND BUSINESS INFORMATION**

APPLICANT LAST NAME		APPLICANT FIRST NAME		MIDDLE INITIAL
BUSINESS NAME		FEIN OR SSN	When was this business started?	
BUSINESS ADDRESS			Did you file a business tax return for last year? <input type="checkbox"/> YES <input type="checkbox"/> NO	
CITY	STATE	ZIP	COUNTY	PHONE #
TYPE OF BUSINESS (explain)				
BUSINESS OWNER NAME(S) (if not owned solely by yourself) 1.		2.		

**2. BUSINESS INCOME**

**You may use this section to verify your self-employment income if:**

- You did not file a business income tax return last year; or*
- You filed a business tax return last year AND expect a significant change in your business earnings this year.*

1. <i>Income</i>	What is this? Documentation Required	Amount (Round to whole number)
a. Gross Income earned	Enter your gross business income <b>before deductions</b>	
b. Period covered	Tell us how long it took you to earn this money	From: _____ To: _____
2. <i>Business Expense</i>	What is this? Documentation Required	Amount
<p><b>You have three expense options: Actual Expenses, 35% of your gross income for expenses, or no expenses. Please indicate your choice below.</b> <i>If you choose 35% or no expenses, you do <b>not</b> need to complete the expenses section.</i></p> <p><input type="checkbox"/> Actual Expenses      <input type="checkbox"/> 35% of gross income for expenses      <input type="checkbox"/> I have no expenses</p>		
a. Vehicle Expense	List the standard mileage deduction if you use your car or truck for business purposes.	
b. Insurance	List the amount you pay for business insurance on your business.	
c. Supplies	Enter the cost of supplies and materials used to operate your business.	
d. Licenses	Enter the cost of any licenses you purchased for your trade or business.	
e. Other	Other business expenses	
f. Net Business Expense	Subtract the total expenses from your gross income.	

*Please initial the boxes and sign and date the signature line.*

	I certify that I have listed all income and expenses above. I also certify that I have receipts or some type of verification on file for all listed income and expenses reported on this form, and I will keep them on file for at least one year from the date reported. You must have business records to verify the information given on this form.
	I declare and affirm under the penalties of perjury that the information has been examined by me, and to the best of my knowledge and belief is true and correct.
	Business taxes and records are only good for a 12-month eligibility period. New documentation is required at annual re-determination.

\_\_\_\_\_  
Business Owner Signature

\_\_\_\_\_  
Date