

## Computing Income for Self-Employed Individuals

Individuals who are self-employed or engaged in farming may experience variations in cash flow and cannot easily report a monthly income. These individuals can use their 2019 U.S. Individual Income Tax Return Form 1040 to report self-employment income for the free and reduced-price meal application. The income to report is income derived from the business venture less operating costs incurred in the generation of that income. Deductions for personal expenses such as interest on home mortgages, medical expenses and other similar non-business items are not allowed in reducing gross business income.

When completing this form, **losses** (negative numbers) reported on any of the lines below are included when determining the **total** self-employed income. If the total income is a negative number, it is to be recorded as zero on the meal application in the category labeled "All Other Income".

Zero income resulting from use of the 1040 Form does not require follow-up.

**Important Reminders:**

Line **1** cannot be used to report current income. Income from wages or salaries must be reported on the application for the most recent month.

Line **6** (Total income) and line **7** (Adjusted gross income) cannot be used for the purpose of applying for free and reduced-price meals.

The line items below are used to determine allowable self-employment income. Refer to the **2019 U.S. Individual Income Tax Return Form 1040 – SCHEDULE 1** - under Additional Income.

Line 12, Business Income (or loss) \_\_\_\_\_

Line 13, Capital Gain (or loss) \_\_\_\_\_

Line 14, Other Gains (or losses) \_\_\_\_\_

Line 17, Rental Real Estate, etc. \_\_\_\_\_

Line 18, Farm Income (or loss) \_\_\_\_\_

**NOTE:** If any members of the household have income from wages or salary, the gross income from last month must be reported on the application form.

This attachment is used only to report income from self-employment and/or farming.

Total of above lines: \_\_\_\_\_ **equals annual self-employed income\***

\* Report this figure on the meal application in the category labeled "All Other Income".

**If the total of the above lines is a negative number, it must be changed to zero before it is transferred to the meal application.**