

BadgerCare Plus & Self Employment

What is “Self-Employment Income?”

Self-employment income is income derived directly from one's own business rather than as an employee with a specified salary or wages from an employer.

General Rule:

Most taxable income is counted for BadgerCare Plus, even if you don't plan to file taxes. If you have self-employment income, your tax return from last year will be used to get your average monthly net income from your business. The same business expenses that are allowed by the IRS are used for BadgerCare Plus. This includes depreciation and depletion.

Calculating Self Employment Income for BadgerCare Plus Purposes:

You can either use your IRS Tax Forms completed for the previous year OR Determine Anticipated Earnings

When to Use Tax Forms	When to Use Anticipated Earnings
The Business was in operation at least one full month in the previous tax year, AND	Past circumstances do not represent present circumstances, OR
The business was in operation 6 or more months at the time of application, AND	The business was not operating at least one full month during the previous tax year, OR
The person does not claim a change in circumstance since the previous year	The business was not operating six or more months at the time of the interview.
<i>If all three conditions are NOT met, use Anticipated Earnings</i>	<i>A change in circumstances is any change that can be expected to affect income over time</i>

On the next two pages, we'll calculate income using tax forms first, then anticipated earnings. See also:

[BadgerCare Plus Handbook Chapter 16.4.3](#)



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Calculating Self Employment Income Using Tax Forms

Use IRS tax forms together with the self-employment income worksheet:

Type of Business	Tax Form/Schedule	BadgerCare Plus Worksheet
Farm	Form 1040; IRS Schedule F (Farm Income)	F-16037 & F-16037A
Small Business (Sole Proprietor)	Form 1040; IRS Schedule C (Non-Farm Business Income, IRS Schedule E (Rental & Royalty Income); IRS Form 4797 Capital or ordinary Gains	F-16037 & F-16037A
Partnership	IRS Form 1065 (Partnership Income); IRS Schedule K-1 (Partner's Share of Income)	F-16036
Corporation	IRS Form 1120 (Corporation Income)	F-16034
Subchapter S Corporation	IRS Form 1120S (Small Business Corporation Income), IRS Schedule K-1 (Form 1120S, Shareholder's share of income)	F-16035

1. Use the IRS tax forms together with the BadgerCare Plus Self Employment worksheets (which identify net income and depreciation by line on the IRS Tax Forms)
2. The last step on most of the worksheets will help you divide the income you get from the worksheet by the number of months the business was in operation in the previous year
3. The result is called "monthly IM Income." Add this to the earned and unearned income for the household (a business "loss" counts as zero, generally)
4. Countable self-employment income is the same as the net self-employment taxable income. Depreciation and depletion are allowed expenses.
5. Charitable donations, transportation to and from work, pensions and profit sharing are *disallowed* expenses (and are added back into the gross income on the budget page)



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Calculating Self Employment Income Using Anticipated Earnings

The Self-Employment Income Report form [F-00107](#) simplifies reporting income and expenses when earnings must be anticipated. It is modeled after IRS Form 1040, Schedule C, and can be used to report income for any type of business with any form of organization.

To compute anticipated earnings, the person must complete a [Self-Employment Income Report form](#) for those months of operation since a change in circumstances occurred (the beginning of a business is a change in circumstances as well!)

You can complete the [Self-Employment Income Report form](#) for each month separately or combine the months on one form. When a new self-employment business is reported or when a change in circumstance occurs, recalculate self-employment income:

Months of Self Employment Information Available	To Calculate Monthly Net Income Average...
2 or more	Use all of the actual income information beginning from the date self-employment began or the date of the significant change
At least 1, but not 2	Use the actual net income received in any partial month of operation, the one full month of operation, and an estimate of net income for the next month
Less than 1	Use the actual net income received in the partial month (since the change in circumstance occurred) and estimated income and expenses for the next two months

Use the average until the person's next review or if a significant change in circumstances is reported between reviews.



Contact Information for Navigator Agencies

County	Navigator Agency	Phone:
Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, or Washburn	Northwest Wisconsin CEP, Inc.	1-888-780-4237
Buffalo, Crawford, Jackson, Juneau, La Crosse, Monroe, Trempealeau, or Vernon	Workforce Connections, Inc.	1-800-742-5627
Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, or St. Croix	Workforce Resource, Inc.	1-800-472-5522
You can also contact ABC for Health for assistance: 1-800-585-4222		

Contact Information for Targeted County Human Service Agencies

County	Human Service Agency Consortium	Phone:
Ashland, Bayfield, Iron, Price, Rusk, Sawyer, or Taylor	Northern Consortium	888-794-5722
Buffalo, Clark, Jackson, La Crosse, Monroe, Pepin, Trempealeau, or Vernon	Western Consortium	888-627-0430
Barron, Burnett, Chippewa, Douglas, Dunn, Eau Claire, Pierce, Polk, St. Croix, or Washburn	Great Rivers Consortium	888-283-0012
Crawford	Southern Consortium	888-794-5780
Juneau	Capital Consortium	888-794-5556
Live in another county? Check online for contact information of your local Human Services Agency: www.dhs.wisconsin.gov/forwardhealth/imagency/index.htm#Counties		