

RENT OPERATIONS – Client Form

A form must be completed for each Schedule E filed with your household’s income tax forms. Please fill out the questions below. Ask your benefit specialist for help if you have any questions. [This form may also be used for Miscellaneous Schedules (Schedule D, 6252, 4835, etc.) if the household bought capital assets or included home expenses with business expenses.

Is the household actively involved at least 20 hours a week with rental property? _____ **Yes** _____ **No**

INCOME TAX FORMS:

1. If the tax form shows wages paid, list amounts paid to a member of the household, if any: \$ _____ paid to _____ [household member(s)].

CAPITAL ASSETS (list description of the item in column 2a below):

2. In column 2b below, list any money spent last year on the purchase of capital assets (real estate, business equipment, machinery, etc.) used for the business operation.
- Only list the amount you paid last year.
 - If the item you list is for both business and personal use, show only the dollar value that is attributed to the business. Example - Mower: total cost is \$1000 – used 60% for the business; 40% for the home – enter \$500 in 2b below).
 - If any of the amounts listed include interest payments that are already shown as interest on your income tax forms, list them under column 2c below. (This must be done to make sure that we don’t show the same amount twice.)
 - If you pay a mortgage and live on the business property, the amount of the deduction for mortgage expenses will be determined in the “Residing on Business Property” section below. If you do not live on the business property, you may want to list your business mortgage payment below.

2a. Business Asset Description	2b. Business Amount Paid in 2004	2c. Portion of Interest Amount listed on the tax forms for the Asset (Enter 0 if none.)
<i>Example: Barn Renovation</i>	<i>\$10,000</i>	<i>Line 12, Sch. E, \$5000</i>

Use separate sheet if more space is needed.

Agency Use only: Total Paid in Section 2b less the interest amount in Section 2c is entered on 304, page 5 under ASSET.

2d. Mortgage Paid Last Year: \$ _____ **How much of the mortgage is interest?** \$ _____

RESIDING ON THE BUSINESS PROPERTY:

3. Do you live on the business property? Yes _____ No _____
 If **No**, sign the form and return to benefit specialist. If **Yes**, complete below, then sign the form and return to DSS..

3a. What is the amount listed on the tax forms (Schedule, E, Form 4835, or _____ for the following:	3b. Does the amount listed include both business and home costs? (Circle if an expense is listed.)	**3c. If 3b is “Yes”, list the dollar portion for your home cost If “No”, list <u>total</u> dollars paid for that expense.
Sch. E, Line 9: Insurance \$	Yes or No	
Form 4835, Line 18: Insurance \$	Yes or No	
Form ____, Line ____: Insurance \$	Yes or No	
Sch. E, Line 12: Mortgage Interest \$	Yes or No	
Form 4835, Line 19a: Mortgage Interest \$	Yes or No	
Form ____, Line ____: Mortgage Interest \$	Yes or No	
Sch. E, Line 18: Rent \$	Yes or No	
Form 4835, Line 22b: Rent \$	Yes or No	
Form ____, Line ____: Rent \$	Yes or No	
Sch. E, Line 16: Property Tax \$	Yes or No	
Form 4835, Line 27: Property Tax \$	Yes or No	
Form ____, Line ____: Property Tax \$	Yes or No	

**See back of this form for more information; your benefit specialist will also help, if requested.

Agency Use Only: If an office in the home expense is claimed, ask if the individual wishes to claim all shelter costs as a shelter deduction in the food stamp budget process.

Signature/Date: _____

Guide to Determine Allowable Expenses for Self-Employment Business and Home Costs:

If your business property is connected to your home property, IRS may allow you to deduct part of your home costs as business expenses. Food Stamp rules, however, only allow business expenses as a deduction from your self-employment income and require all personal home expenses to be used as a shelter deduction in the food stamp budgeting process. To make sure the same amounts are not duplicated, Residing on the Business Property on the reverse side must be completed if you live on your business property.

- Example: You live on the business property and have the same mortgage payment for the business and the home you live in. Under food stamp rules, the mortgage must be separated so a portion of it is used as a self-employment expense and a portion used for your home expense in the food stamp benefit determination. If this separation is not done, food stamp rules will not allow any of the mortgage payment as a deduction when determining the amount of self-employment income used in your food stamp budget determination or as a deduction for your home expense when budgeting the amount of your food stamp benefits.
- HOME COSTS: Mortgage payment, including mortgage interest, property taxes, house and property insurance.

Step 1: This step assists in determining if the costs listed on the tax forms include home costs.

- Insurance:** Is any of this insurance coverage for the house, furniture, or other non-business related personal property? If yes, go to Step 2. If no, enter "No" in 3b and the total amount paid for insurance in 3c.
- Mortgage Interest:** Is the home's cost included in the mortgage loan? (Example: The home was on the business property when the mortgage was taken out.) If yes, go to Step 2. If no, enter "No" in 3b and the total amount paid for the mortgage interest in 3c.
- Rent:** Is the home's rent included in the rent amount? If yes, go to Step 2. If no, enter "No" in 3b and the total amount paid for rent in 3c.
- Property Taxes:** Is this the entire amount you paid for property taxes? If yes, go to Step 2. If no, enter "No" in 3b and the total amount paid for your property taxes in 3c.

If Step 1 answers a-d are "no", stop here. If any answer is "yes", continue with step 2.

Step 2: This step assists in separating the home portion amounts from the business portion.

- Insurance:** If the home premium amount is unknown, review the premium to see if home and business values are identified. If there are premium amounts listed for home and business, enter the home portion in column 3c. If not, and there is a value listed for home, furnishings, and personal property and a value covering the business property, add both values together and divide the home value by the total value to arrive at a home percentage. Take that percentage times the premium to arrive at the home portion and enter that in column 3c. Example: Home is valued at \$50,000 and business is valued at \$100,000 = \$150,000. \$50,000 divided by \$150,000 = 33%. Insurance premium amount x 33% is the amount listed in 3c.
- Mortgage Interest:** If the home value isn't known, review loan papers to see if the value of the home is listed separately from the business land/buildings. If not, check other documents for separate home and business values. If not, possibly the loan officer or realtor could provide a value for the home. Once known, divide home value \$ _____ by the total loan amount \$ _____ = home percentage ____%. Mortgage Interest \$ _____ x home percentage ____% = home share \$ _____ (enter in 3c).
- Rent:** If the home rent amount is unknown, have the landlord provide a breakdown on how much of the rent is for the home and how much for the business land/buildings. Divide home rent \$ _____ by total rent \$ _____ = home percentage ____%. Total rent \$ _____ x home percentage ____% = home rent share \$ _____ (enter in 3c).
- Property Taxes:** If the tax verification does not separate home from business, multiply the total tax amount times the home share percentage (calculated in b above) and enter that amount in 3c.