

Child Care Subsidy Application Checklist

Self-Employed Activity and Income



Self-Employment Threshold

You will need to meet a minimum monthly gross income to use your self-employment as your activity, as long as you meet the definition of self-employment. Failure to meet this threshold will result in ineligibility.

Minimum eligible monthly self-employment income

20 hours per week x 4.3333 weeks x the state minimum wage = Minimum Gross Income (at the time of eligibility)

Example for 2023 = 20 hours x 4.3333 weeks x \$12.00 = \$1039.99

State minimum wage is \$12.00 as of 10/2022.

For updated State wage information: https://labor.hawaii.gov/wsd/minimum-wage/

You will also need to meet the definition as a self-employed individual.

- Cannot be terminated from your job by another person
- Reports income to the IRS and State as self-employed
- Meets social security requirements as a self-employed person and pays employer's and employee's share of social security taxes
- Is not considered an employee of an agency or organization

If both applicant and co-applicant are self-employed, then both need to meet this definition and each need to meet the minimum gross income requirement.

Self-Employment business structures and verifications:

- Sole Proprietorship/Independent Contractors (tax return with tax schedules)
- Partnership (need to provide Partnership agreement, applicable tax return and tax schedules)
- Limited Liability Company (Single member or Partnership need to provide Articles of Organization, applicable tax return and tax schedules)

Self-Employed Income verifications to determine net income for income eligibility:

- DHS 1273C Report of Self-Employment Income
- General Excise Tax License
- General Excise Tax Form 45
- Income verifications*: Bank statements, cash receipts, paid invoices, etc.
- Expense verifications*: Bank statements, cancelled checks, paid invoices, receipts, etc.

Please include explanations on verification documents on what the expenses are for or on bank statements, please indicate what line items are income as some deposits may not be income (rather refunds/reimbursements).

State C DEPA	f Hawaii TMENT OF HUMAN SERVICES		Benef	ît, Employment And Support Services Division	
	REPORT OF SELF-EMPLOYM	ENT E	RNIN	GS	Rep
I.	CASE NAME:			ASE NO.:	
	ANSWER ALL QUESTIONS BELOW FOR (MM/YY):	,§	SIGN AN	D DATE THE FORM AND RETURN	
	TO YOUR CASE WORKER BY: AT:	-			
	WORKER:			(IM Unit Address)	
	PHONE:				
п.	SUBMIT APPROPRIATE VERIFICATION FOR ALL QUE SELF-EMPLOYED PERSON:	ESTIONS	MARKED	NAME OF	
	NATURE OF BUSINESS: PRIM	ICIPAL P	LACE OF	BUSINESS:	Use this f
Ш.	ANSWER THE FOLLOWING OUESTIONS BY PLACING AN "X"	'īN		FOR AGENCY USE ONLY	
	THE 'YES' OR 'NO' BLOCK AFTER THE OUESTION. BASED O			(HOW VERIFIED)	
	RESPONSES A DETERMINATION WILL BE MADE WHETHER THE CONDITIONS OF A SELF-EMPLOYED PERSON.	YOU ME	сгтнк		
		<u>YES</u>	NO		You will
	I. I SELL A SERVICE OR PRODUCT FOR A PROFIT I AM INDEPENDENTLY RESPONSIBLE FOR OBTAINING	_			
	OR PROVIDING A SERVICE OR PRODUCT.				
	 I HAVE INDEPENDENT COSTS AND EXPENSES TO PROVIDE A SERVICE OR PRODUCT. 				G
	4. I INDEPENDENTLY DETERMINE THE MANNER,		-		
	METHOD AND PROCESS OF THIS BUSINESS, WHICH AFFECTS ITS SUCCESS OR FAILURE.				
(*)	5. I PAID A GENERAL EXCISE LICENSE FEE.			DATE:	Mo
(*)	6. I PAY EMPLOYER AND EMPLOYEE'S SHARE OF SOCIAL SECURITY TAYES AS A SELE ENTROLOGIED				Monthly I
	SOCIAL SECURITY TAXES AS A SELF-EMPLOYED PERSON. (ANSWER ONLY IF YOU HAVE EMPLOYEES)			FEDERAL I.D. NO:	tc
(*)	7. I HAVE A VALID CURRENT STATE OF HAWAII	_	_		
	GENERAL EXCISE LICENSE.			G E LIC: W	
	NOTE: THE BUSINESS IS NOT CONSIDERED SELF-EMPLOYMENT IF IT IS A CORPORATION. IF YOU ARE AN OWNER, I.E., STOCK OR				
	SHAREHOLDER OF A CORPORATION, SUBMIT VERIFICATION OF				
	THE TOTAL VALUE OF YOUR STOCKS OR SHARES AND YOUR MONTHLY DIVIDEND AMOUNT.				
					State Of Hawaii
DHS	273C (09/88)			1 OF 2	DEPARTMENT OF HUMAN
	Monthly Expe	ense	s:		(*) IV. GROSS SE
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	for deducti	ons			HAVE EMPLOY
					THAT YOU PA AN EMPLOYEE
	ALLOWABLE EX			3	
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	Cost of goods p	urch	ase	d	(% of g
	Business rent 8	ι uti	litie	S	(*) OTHER (LIST B
	Employee's \	Nag	es		
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	Farmhand/employ	ver's	s wa	iges	
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	Farm repairs/ma	inte	nan	ce	NET EAR!
	Farm taxes (excludes S				
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					(SIGNATURE o
	NOT ALLOV	VED	•		1

Depreciation, entertainment, transportation to and from work, purchase of capital equipment, payment on loans, and personal expenses such as meals.

DHS 1273C port of Self-Employment Earnings

Use this form to help us determine if you qualify as a self-employed person.

You will need to provide documents to verify the following: General Excise (GE) License Number GE Taxes paid (GE Form 45) Monthly Income received in the month Monthly Expenses paid in the month (receipts need to be provided to apply deductions)

		FOR AGENCY USE ONLY
(*)	IV. GROSS SELF-EMPLOYMENT INCOME	(HOW VERIFIED)
	BUSINESS EXPENSES:	
	NOTE: DO NOT LIST PERSONAL EXPENSES AND TAXES (I.E., SELF-EMPLOYMENT,	
	SOCIAL SECURITY, FEDERAL, STATE) THAT YOU PAY. HOWEVER, IF YOU	
	HAVE EMPLOYEES, LIST THE SALARY, TYPES AND AMOUNTS OF TAXES	
	THAT YOU PAY ON THEIR BEHALF IN THIS SECTION. (YOU CANNOT BE	
	AN EMPLOYEE OF YOUR OWN BUSINESS).	
		Expenses Verified By:
(*)	GENERAL EXCISE LICENSE FEE	
*)	GENERAL EXCISE TAX	
**		
*)	OTHER (LIST BUSINESS EXPENSES):	
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	LESS TOTAL EXPENSES	
	NET EARNED INCOME \$	
	(SIGNATURE of Self-Employed Person) (DATE)	

Verifications

Deposits and other debits

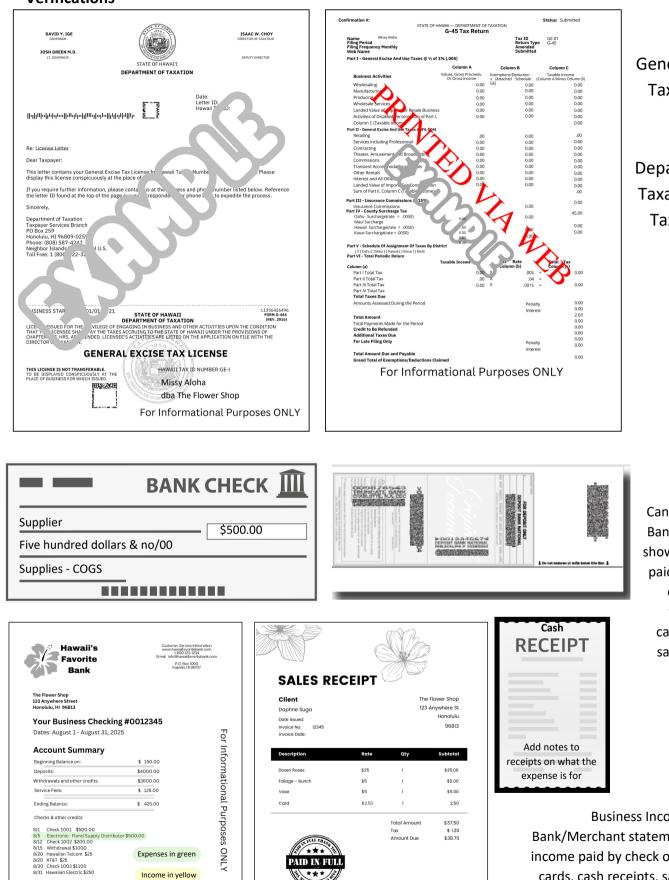
sit: \$2400 Cash deposit: \$2400 8/5 Check \$100 8/15 Credit Card \$100 8/20 Debit Card \$250

8/8 Debit Card \$25

8/19 Check \$300 8/30 Check \$300

eck \$250

Check \$250 Check \$25



General Excise Tax License

State Department of Taxation G-45 Tax Return

Business Expenses Cancelled checks Bank statements showing expenses paid by check or electronic transfers, cash receipts, sales receipts

Business Income Bank/Merchant statements showing income paid by check or credit/debit cards, cash receipts, sales receipts

Provide explanations and highlight the income and expenses on verifications

Thank You

For Informational Purposes ONLY

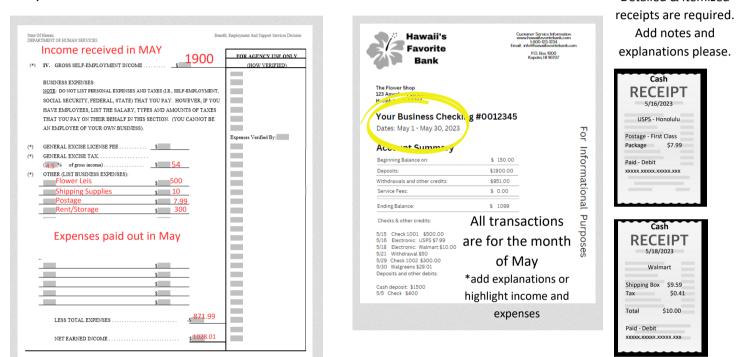
Cash Based Accounting - Income is counted when received and expenses are counted when it's paid or cleared by your bank.

If business income is steady, submit at least 1 month's worth of income and expenses.

If business income is irregular, you may submit up to 6 months of income and expenses that will be averaged for your monthly income used for eligibility.

Sample of Monthly Income and Expenses

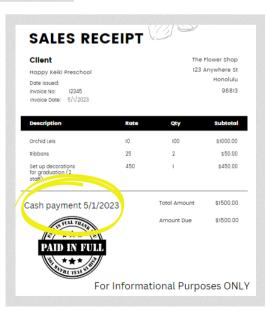
You apply for Child Care Subsidy on June 5, please submit income <u>received</u> and expenses <u>paid</u> in the month of May.





Note - when paying by check, it will only be counted for the month when it has cleared by the bank. It is not based on the check date.

Check #1001 was written on 4/30 but cleared by the bank on 5/15 so it's counted as an expense in May.



Income is counted when it is received.

If you invoice clients but offer payment terms, income is counted when received and is not counted when you bill.

Example - You invoice a client in January and they finally pay for that invoice in May, the income will count for the month it was received, so for May.

Add notes/explanations, highlight income/expenses on all verification documents