

WAC 182-509-0365 MAGI income—Self-employment income. For purposes of determining eligibility for modified adjusted gross income (MAGI)-based Washington apple health (see WAC 182-509-0300):

(1) Self-employment income is income earned by a person from running a business, performing a service, selling items that are made, or reselling items with the intent to make a profit, after deducting allowable IRS self-employment expenses. This income can be earned if the person is carrying on a trade or business as a sole proprietor or an independent contractor; a member of a partnership that carries on a trade or business; or otherwise in business for themselves (including a part-time business). Examples of self-employment business structures include, but are not limited to:

(a) Sole proprietorship - An unincorporated business owned by one person.

(b) Partnership - A relationship between two or more people who conduct a trade or business.

(c) Corporation - An entity that conducts business, realizes net income or loss, pays taxes, and distributes profits to shareholders.

(d) S corporation - Similar to a corporation, but this structure passes corporate income, losses, deductions, and credits through to the shareholders for federal tax purposes.

(e) Limited liability company (LLC) - An entity formed by one or more people or entities through a special written agreement that details the organization of the LLC.

(2) Self-employment income is counted as earned income as described in WAC 182-509-0330, except when it is earned by a child or tax dependent and the income is below the filing threshold, as described in WAC 182-509-0360(1).

(3) A person is considered to be self-employed if they earn income without having an employer/employee relationship with the individual who pays the income. Self-employed people do not work for a specific employer who pays them a consistent salary or wage. Factors to consider are whether:

(a) The person has primary control or has the right to control what they do and how they do their job;

(b) The business aspects of the person's job are controlled by the person and not the payer (this includes things like how the person is paid, whether expenses are reimbursed, or who provides tools/supplies);

(c) The person has a contract stating that they are an independent contractor; or

(d) The person reports their income using one or more IRS schedules or forms that include, but are not limited to:

- (i) Schedule C;
- (ii) Schedule C-EZ;
- (iii) Schedule E;
- (iv) Schedule F;
- (v) Schedule K-1;
- (vi) Schedule SE;
- (vii) Form 940;
- (viii) Form 941;
- (ix) Form 942;
- (x) Form 943;
- (xi) Form 1065; or
- (xii) Form 1120.

(4) A person is considered to have an employer/employee relationship when:

(a) The individual the person provides services for has primary control of how the work is done; or

(b) The person receives an IRS Form W-2 to report the income that is earned.

(5) Self-employment does not have to be a licensed business for a person's business or activity to qualify as self-employment.

(6) A person must keep records of their self-employment income and deductions and provide this information to the agency upon request.

[Statutory Authority: RCW 41.05.021 and 41.05.160. WSR 21-17-085, § 182-509-0365, filed 8/13/21, effective 9/13/21. Statutory Authority: RCW 41.05.021, Patient Protection and Affordable Care Act (P.L. 111-148), 42 C.F.R. §§ 431, 435, 457, and 45 C.F.R. § 155. WSR 14-01-021, § 182-509-0365, filed 12/9/13, effective 1/9/14.]