A Legal Overview of Engaging in Self-Employment while Receiving Public Assistance

in Massachusetts

COMMUNITY ENTERPRISE PROJECT

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Prepared by the Community Enterprise Project of the Harvard Transactional Law Clinics, in conjunction with the Safety Net Project

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Section 1: Introduction

In this guide, *A Legal Overview of Engaging in Self-Employment while Receiving Public Assistance in Massachusetts,* we hope to be able to provide you with a resource that will better enable you to lawfully engage in self-employment activities while continuing to obtain the forms of public assistance that you currently receive. Given the great variety of public assistance programs in existence, as well as the many detailed business regulations and formalities that apply to entrepreneurial activity, this can be a complex area to navigate on your own. To try to help, we have attempted to compile and synthesize as much relevant information as we can into this guide, to help you achieve your self-employment goals without being caught by any of the hazards and pitfalls that might otherwise hamper your efforts.

This guide has four main parts: **(1)** an outline of the various limitations to a number of different public assistance programs; **(2)** the reporting requirements for those programs; **(3)** an overview of business laws and regulations; and **(4)** a list of other resources you may find useful.

A few housekeeping remarks: this guide hopefully will make the information on public assistance programs and business laws more accessible. However, ***this guide is a general description of a variety of public assistance programs and business laws – it is not legal advice and you cannot rely on it to make conclusive determinations.*** Further, the information provided in this guide is only correct as of the ***date of publication***. Please consult the resources listed in SECTION 5: GLOSSARY OF RESOURCES for further assistance on any of the topics discussed.

A note on the formatting of this guide. Underlined terms are defined terms: detailed information as to what they mean can be found in the section where they are first used. **Bolded terms** are not defined: the **bolding** only seeks to make the document more readable and highlight important information.

A list of common acronyms used throughout this guide:

- **SSA –** the Social Security Administration.
- **DTA –**the Massachusetts Department of Transitional Assistance.
- **FPL –**the Federal Poverty Level. At the date of publication, this is $12,060 income per year for a one-person household.
- **VSO –**Veterans' Services Officers.

Section 2: Frequently Asked Questions – Quick Reference Guide

Have you ever asked yourself any of these questions? Then this guide is for YOU!

I am on SSI and SNAP/food stamps. Can I work or start a business without losing my benefits?

Yes. You can work or run a business and still receive SSI and SNAP benefits, subject to some conditions. Please see SECTION 3.B for more information on earning money while on SSI and SECTION 3.C for more information on earning money while receiving SNAP/food stamps.

I am a veteran and receive benefits from the federal and/or state government. Can I work or start a business without losing my benefits?

Yes. You can work or run a business and still receive federal and state veterans benefits. Please see SECTION 3.H for more information on earning money while receiving veterans benefits.

I am living in Section 8 Housing. Can I work or start a business without losing my home?

Yes. You can work or run a business and remain eligible to keep your Section 8 Housing benefits. Please see SECTION 3.F for more information on earning money while living in Section 8 Housing.

Is it possible to run a shop selling food from your home?

Yes. You may be able to run a business out of your home, but you will likely need **licenses** from the Commonwealth of Massachusetts and/or your local City. You may also need to think about zoning requirements. Please see SECTION 5.A for information on licensing and SECTION 5.B for information on zoning.

I am thinking of starting a business, and I am not sure what I should think about before starting it up. Are any resources available to help?

Yes. There are many organizations within the Boston area that provide assistance for small business owners and startups. Please see SECTION 5.E for information on entrepreneurship training and SECTION 6.C for a list of resources that may be able to help you.

Section 3: Assistance Limitations

There are a number of different forms of public assistance you may be receiving, and each has a distinct set of limitations placed upon it. In this guide, we cover (a) SSDI, (b) SSI, (c) SNAP, (d) EAEDC, (e) TAFDC, (f) Section 8 Housing, (g) MassHealth, and (h) veterans benefits. The following section provides an overview of the limitations of various public assistance programs, as well as links to resources that can provide more information specific to your circumstances.

A. Social Security Disability Insurance (SSDI):

SSDI will be dealt with first. SSDI has **no asset limit**. You get SSDI because of your disability, after having served in the workforce and paid into the Social Security trust fund. It is not based on your low asset or income levels but on the fact of your **disability**. A **disability** is defined as "the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment(s) which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."[1]

As a result, SSDI is something of an "on-off" program. You are either entitled to SSDI payments due to your disability, or you are not. As such it is only subject to what is, in effect, an **income limit**. If you can engage in profitable activities which result in you earning in excess of the Substantial Gainful Activity (SGA) level (as defined in the following section), then you are ineligible for continued SSDI payments. In the following section, we give you more information about the SSDI income limit and how it is calculated.

(1) Income Limit

As a general rule, you are no longer eligible for SSDI if your earnings exceed $1170 per month if you are disabled but not blind, and $1950 per month if you are blind. This earnings limit is referred to as the Substantial Gainful Activity (SGA) level.[2] For employees, this earnings limit is compared against your **wages** and **tips** to decide whether you are earning over the limit.[3] For the self-employed, the Social Security Administration (SSA) uses a more complex set of calculations, which rely on your **net income** when compared to a number of different tests. We detail these calculations in the following section.

(a) Calculating Your Net Earnings from Self Employment (NESE)[4]

If you are self-employed, the SSA will compare your net earnings from self-employment (NESE) against the tests outlined in SECTION 3.A.(1)(b) to determine whether you are engaging in activity that is over the SGA threshold.

To calculate your NESE, the SSA takes your **gross income** and deducts **business expenses** to arrive at your **net profit**.[5] Your net profit is then subject to a further deduction of 7.65% to reflect Social Security FICA taxes, calculated by multiplying your net profit by 0.9235. The figure you are left with is your NESE. Your NESE is then compared to the three tests detailed in the following section.

(b) The Three Tests

To decide whether your income is exceeding the SGA level, the SSA uses three sub-tests.[6] As a general rule, the SSA focuses on your activities and their value to your business – **they will not consider your income alone**. So, they will evaluate your work activity based on the value of your services to the business, regardless of whether you get an immediate income from that business. If the SSA finds that the activities you are engaging in exceed the SGA level under any one of the three sub-tests, then you lose your SSDI benefits.

Test One:	Over the SGA level if you • render **services significant** to the operation of the business **and** • you receive a **substantial income**
Test Two:	Over the SGA level if your work activity is **comparable** to unimpaired individuals in your community in **similar businesses**
Test Three:	Over the SGA level if your work activity is clearly worth the SGA monthly income level: • when considered in terms of value to the business, **or** • when compared to the salary an owner would pay to an employee to do the work you are doing

(i) Test One

The primary sub-test, which we will call Test One, is the first test used by the SSA to determine SGA. If under Test One you **are** found to be engaging in SGA, then the SSA will not bother to consider the other sub-tests, and you will lose your SSDI payments.

Under Test One you have engaged in activities exceeding the SGA level if you render **services significant** to the operation of the business **and** you receive a substantial income. What are significant services? It depends, but, most relevantly, **if you operate a business entirely by yourself, then you will be providing services significant to your business**.

If, on the other hand, your business involves the services of more than one person, the SSA will decide you are rendering significant services if you contribute **more than half the total time required** for the management of the business, or **you render management services for more than 45 hours a month**, regardless of the total management time required by the business.[7] What does this mean? If you work in your enterprise alone, and you make what would be considered a substantial income, you will be **ineligible** for continued SSDI payments.

What is a substantial income? It is, as a general rule, an income that exceeds the $1170 or $1950 SGA level limit detailed above (please see SECTION 3.A.(1), page 8).[8] The SSA compares your NESE against these limits to determine whether you are earning a substantial income and engaging in activity in excess of the SGA level. So, if in March 2017 your **NESE** was $1400 after making these calculations, then, subject to the following rules on permitted deductions, you are over the SGA level and receiving a substantial income.

However, there are some deductions that the SSA allows you to make from your NESE to help you get under the limit. The SSA allows you to deduct the following:

- the reasonable value of any significant unpaid help given by others**;**
- impairment-related work expenses (IRWEs – see directly below for more detail on IRWEs); and
- unincurred business expenses (UBEs). UBEs are things that would have been normal **business expenses** but were paid for by someone else on your behalf.

EXAMPLE:
Scott earned $1500 in **gross income** in March from being a self-employed dog walker and handyman. However, he incurred $200 in business expenses. His NESE is ($1500 - $200)*0.9235 = $1200.55. $1200.55 is greater than $1170, and so on its face Scott is earning a substantial income. However, during March he received $100 worth of **unpaid help** from his family, spent $100 on IRWEs and $100 worth of **business expenses** were paid for by his mother. As noted, the SSA allows deductions for all of these items. As a result, for the purpose of deciding if Scott is earning a substantial income, you must subtract them from Scott's NESE. $1200.55 – ($100 - $100 - $100) = $900.55. $900.55 is not greater than $1170, so Scott is not earning a substantial income and is not deemed to be engaging in SGA under Test One.

Before moving on, let us give you some more detail on IRWEs. The SSA will subtract the reasonable costs to you of obtaining certain items and services which, because of your impairments, **you need** and which **you use to enable you to work**. They are deducted even though you need or use the items to carry out daily living functions as well.

There are several conditions on what counts as an IRWE:

- the expense must be **required** by you due to the severity of your impairments;
- you have to **pay for the** IRWE **yourself**. If another pays for the expense, then it does not count as an IRWE;
- If you could have been reimbursed by another program, such as Medicaid, then it also does not count;
- You also have to pay for the IRWE in a month in which you are working; and
- The payment cannot be in-kind (for example, in exchange for services performed).

IRWEs can include payments made for attendant care services that are connected to your working life, medical devices and services, as well as for prosthetic devices, if they are required for what you do. Payments made for equipment that is required in order for you to do your work, and alterations to your home to the extent they are required to enable you to work, are also potentially IRWEs. To decide if something is likely an IRWE, you should ask three questions:

- Does the expense relate to an impairment?
- Does the expense allow the beneficiary to work?
- Does the beneficiary pay for the expense?

If the answer to all three of those questions is "yes," then it is likely that the expense will be considered an IRWE.[9]

ProTip:

Something does not count as an IRWE unless **you pay for it**, but, as specifically provided for in the regulations, the **reasonable value of any significant unpaid help given by others** and UBEs **do not** count against you in calculating your NESE for SSDI. As such, it makes sense to structure any help that others are willing to give you so that they pay for, for example, ordinary business expenses (which will then become UBEs – please see above page 10), instead of IRWEs. This will help to make sure you are not found to be exceeding the SGA level.

For more information on IRWEs and other deductible expenses, please see:

- SSA Guide on definition of IRWEs: https://secure.ssa.gov/poms.nsf/lnx/0410520010
- SSA Guide on determining when an IRWE is deductible: https://secure.ssa.gov/poms.nsf/lnx/0410520030
- SSI and SSDI Employment Supports: https://www.ssa.gov/redbook/eng/ssdi-and-ssi-employments-supports.htm
- SSA Detailed Information on Work Incentives: https://www.ssa.gov/disabilityresearch/wi/detailedinfo.htm

(ii) Test Two

If you are not found to be engaging in SGA under Test One, then the SSA applies Test Two. Under Test Two, you will be considered to be engaged in SGA if your work activity (based on your working hours, skills, energy output, efficiency, duties and responsibilities) is **comparable** to unimpaired individuals in your community in similar businesses.

(iii) Test Three

If, under those first two tests, the SSA still doesn't find that you are engaging in SGA, then Test Three is applied. Under Test Three, you have engaged in SGA if your work activity is clearly worth the SGA monthly income level when considered in terms of value to the business, or as compared to the salary an owner would pay to an employee to do the work you are doing.

ProTip:

An important implication of all this is that if you form a corporate entity, pay yourself a relatively low wage, and retain the earnings of the business at the corporate level to build up your business (see the below SECTION 5.C for more information on this), then the SSA will probably still think you are engaging in SGA and remove your SSDI payments.

(c) Work Incentive Programs

The above income limits are not the end of the story, however. To assist people on SSDI to get back to work, there are several work incentive programs which should be of aid to you in keeping your benefits while engaging in self-employment activities.

First, self-employment activities can count toward the SSA's Trial Work Period (TWP). The TWP allows you to test your ability to work. The TWP lasts for at least **9 months.** The TWP applies only to months when your earnings are at least **$840** for that month, **or** you engage in **80 hours of activity providing services** in that month. During your trial work period, you will receive your full disability benefit regardless of how much you earn, as long as your **work activity has been reported** and you **continue to have a disabling impairment**. The 9 months do not need to be consecutive – your TWP will last until you accumulate **9 months** earning more than **$840** within a **60-month period**. As a result, even if your earnings sometimes exceed the SGA level, the SSA gives you a grace period to let you get your business better established. For more information on the TWP, please see:

- SSA TWP Guide: https://www.ssa.gov/oact/cola/twp.html

ProTip:

The TWP also protects you, for a certain amount of time, from overpayment penalties. To demonstrate with an example, Elliot, who runs a local coffee shop, learned that he had earned income putting him over the SGA level every month of 2016, when he went to a self-employment income review with the SSA at the end of the year. As he was earning over the SGA level, on first look he should not have been receiving SSDI and was overpaid. However, the 9-month TWP acts as **retroactive protection**, so that for 9 of the 12 months he earned money over the SGA threshold, he is not liable to repay the SSDI payments. Those 9 months are counted toward his TWP instead. He also will be protected from repaying money for the other 3 months, due to the fact that the 10th month would be counted as a **cessation month**. You are entitled to keep benefits paid during a **cessation month,** which is the month your eligibility for continued SSDI payments ceases. The 2 months following the **cessation month** are also considered a **grace period** where the benefit recipient will not be held liable to repay the SSDI payments. Thus, Elliot will not be subject to overpayment penalties. He would also receive EPE protection going forward (see directly below), though his TWP would be over.

An Extended Period of Eligibility (EPE) also exists to incentivize work activity. The EPE begins the month after the TWP ends (regardless of income made in that month), and, for at least 36 months, you will continue to receive your SSDI payments for **every month in which your earnings do not exceed the SGA level**. You will not receive SSDI entitlements for the months when your earnings do exceed that level, however.

ProTip:

Working may affect your entitlement to Medicare, which is linked to your SSDI benefits. As a general rule, you can receive Medicare coverage for at least 93 months after your TWP. For more information on exactly how your Medicare entitlement may be impacted, please see:

- SSA SSDI Employments Supports Guide: https://www.ssa.gov/redbook/eng/ssdi-only-employment-supports.htm
- SSA Additional Help with Healthcare for People with Disabilities: https://www.ssa.gov/redbook/eng/healthcarehelp.htm#2=&a0=1

Further, if your income later drops and you need a reinstatement of your SSDI payments, you may be entitled to Expedited Reinstatement of them. An application for Expedited Reinstatement must be filed within 60 months of the date of the termination of your entitlement. For more information on Expedited Reinstatement, please see:

- SSA Guide to Expedited Reinstatement: https://www.ssa.gov/disabilityresearch/wi/exr.htm

B. Supplemental Security Income (SSI):

SSI is subject to two independent limits. These are (1) an asset limit and (2) an income limit. Let's go through them in turn.

(1) Asset Limit

First, there is an asset limit. You are **ineligible** for SSI if your countable assets exceed **$2000** in value for an individual OR **$3000** for a two-person household. Your countable assets are counted as of the first of each month. While this guide is not designed to give comprehensive information on all of the exceptions, we have listed some of the most important exceptions for people wishing to engage in self-employment.

To begin with, we will detail the general rules on countable assets. Second, we will go over specific exceptions that we thought deserved more attention: (a) property essential to self-support, (b) plans to achieve self-support and (c) Individual Development Accounts, and (d) Achieving a Better Life Experience Accounts.

For SSI, your countable assets include, but are not limited to:

- **cash and other liquid property that could be converted to cash within 20 days;**
- **real estate;**
- **personal property;**
- **vehicles;** and
- **stocks.**[10]

Items of property within these categories are all generally considered countable assets regardless of how hard to dispose of they are. However, items that are difficult to dispose of may temporarily be excluded, subject to some rather detailed conditions. For more details on the exclusion of these hard to dispose of assets, please see:

- Social Security Administration's hard-to-sell asset guide: https://www.ssa.gov/ssi/spotlights/spot-sell-resources.htm

ProTip:

Under the federal SSI regulations, any type of stocks and shares count towards your countable assets. So, if you create a corporation, and you transfer, for example, the tools you use to operate the business to that corporation, it seems that the value of the shares you own in that corporation (which now owns the tools) would be considered countable assets and count against you for the SSI asset limit. However, the tools, when they were owned by you, may not have counted against you (see below SECTION 3.A.(1)(a) on PESS, page 16). As such, it is possible that incorporating your business may harm your position in relation to the SSI asset limit. Please consult a lawyer or public assistance specialist for personalized, expert advice on this issue.

Certain things are *excluded* from your countable assets for SSI. The list of exclusions includes (but is not limited to):

- **your home and the land it is on** – while real estate generally does count toward the asset limit, your primary residence and the land on which it sits **do not** count;
- **household goods** (goods found near the house and regularly used);
- **personal effects** (for example, wedding rings); and
- **one vehicle per household** (regardless of value) is not counted as long as it is used for the purpose of transportation by you or a member of your household.

The list of exceptions goes on, and includes other things such as **earned income tax credits** and **educational grants** (for a period of 9 months from the receipt of the grant) – please consult more detailed information, such as the following link, for a more complete list of excluded property:

- Social Security Administration's (SSA) Uncountable Assets Guide: https://www.ssa.gov/ssi/text-resources-ussi.htm

(a) Property Essential to Self-Support

We are going to focus on an exception that is particularly relevant to the self-employed. Property Essential to Self-Support (PESS) is excluded from your countable assets. PESS is defined as property "so essential to the means of self-support of a person to warrant its exclusion."

The Social Security Administration (SSA) gives some (non-exhaustive) examples of PESS:

- **property you use in a trade or business;**
- **personal property used for work**, such as tools and uniforms; and
- **government permits** allowing you to do something (such as commercial fishing).

Items of property fitting in one of these categories **do not** count toward your countable assets.

Certain non-income producing property may also be considered PESS and so not counted against you for the SSI asset limit, or may at least be partially excluded – examples include land and equipment used to grow food that your family eats. Please see the following link for some more information on PESS:

- SSA's PESS Guide: https://www.ssa.gov/ssi/spotlights/spot-property-self-support.htm

(b) Property put aside for a plan to achieve self-support

Property put aside for a plan to achieve self-support (PASS) is also excluded**.** PASS facts:

- A PASS plan is a written plan intended to assist someone obtain a job, save for educational purposes, or engage in self-employment.
- The goal of a PASS plan is to eventually become completely self-sufficient and no longer require public assistance.
- In a PASS plan, you identify the business, the steps you will be taking to achieve your work goal, the money you will use to do this, and a time frame to achieve the goals.
- Once approved, property and income can be set aside so as to be used for the goal of achieving the PASS plan's objectives. **This property does not count against you for the asset limit.**
- PASS plans are generally approved for 18 months. This period can generally be extended.

For more information on PASS plans, please see:

- SSA's PASS Guide: https://www.ssa.gov/disabilityresearch/wi/pass.htm

(c) Individual Development Accounts

Money saved in an Individual Development Account (IDA) also is not counted toward the asset limit. An IDA is money set aside for education or to start a business. This is subject to a whole host of conditions – for more information on IDAs, please see:

- SSA's IDA Guide: https://www.ssa.gov/ssi/spotlights/spot-individual-development.htm
- Corporation for Enterprise Development's IDA Program Locator: https://cfed.org/programs/idas/directory_search/#submitter

(d) Achieving a Better Life Experience Account

An Achieving a Better Life Experience (ABLE) Account is a tax-advantaged account that an eligible, disabled individual can use to save money for disability-related expenditures. Most relevantly for the purposes of this guide, a person is eligible to create an ABLE account if he or she suffers from a condition causing blindness or a disability that began before he or she reached the age of 26.

Up to $100,000 worth of funds saved in an ABLE account **do not** count against you for the SSI asset limit, and can be used for a wide range of expenditures, including but not limited to:

- **education**;
- **housing**;
- **transportation**;
- **assistive technology**; and
- **basic living expenses**.

For more information on ABLE accounts, please see:

- SSA's ABLE Account Guide: https://secure.ssa.gov/poms.nsf/lnx/0501130740
- ABLE National Resource Center: http://www.ablenrc.org/

(2) Income Limit[11]

Your countable income reduces the amount of SSI you are entitled to on a sliding scale as detailed below. Only countable income is counted against you. Income is counted when **paid**. Your countable income includes (though is not limited to):

- **unearned income** – such as interest, and veterans benefits;
- **earned income** – for the employed, this means, for example, wages and tips. For the self-employed, this means your net earnings from self-employment (NESE) (please see below, page 19); and
- certain types of **in-kind income** (The calculations for this can be somewhat complicated. Please see the SSA's Guide on how living arrangements impact your SSI payments: https://www.ssa.gov/ssi/text-living-ussi.htm.).

Several things never count toward income, however, such as **income tax refunds** and **food stamps (i.e. SNAP benefits)**. The proceeds of a loan also do not count in the month the loan money is received, though if any money is left over in the next month, then that will count toward the asset limit.

Your income, once calculated, is then subtracted from your benefit rate. Unearned income is subtracted dollar for dollar, after applying a $20 disregard. In other words, if you made $100 in interest on a savings account, then $20 would be subtracted from the $100. $100-$20 = $80. The $80 would then be subtracted from your SSI grant to calculate your monthly payment.

Earned income, on the other hand, is handled slightly differently. As mentioned, for the self-employed, your earned income will be your net earnings from self-employment (NESE). To calculate your NESE, the SSA takes your **gross income** and deducts **business expenses** to arrive at your **net profit**.[12] Your net profit is then subject to a further deduction of 7.65% to reflect Social Security FICA taxes, calculated by multiplying your net profit by 0.9235. The figure you are left with is your NESE.

In relation to SSI, first, $65 is subtracted from your earned income. Then, your earned income is divided by 2. The number which results is then subtracted from your benefit rate. So, if, for example, your baseline benefit rate was $735 (the federal maximum grant), and your earned income was $200, then your benefit rate for the month is $735 – (($200 - $65)/2) = $667.50. Please note that, given these calculations, you may remain eligible for SSI payments even if you earn in excess of the SGA level (please see above SECTION 3.A.(1), page 8). In 2017, in order for your SSI payments to be reduced to $0, you must earn $1555 in a month (which is greater than the $1170 SGA level figure for non-blind individuals).

Like SSDI, SSI has some work incentive systems built into it. For example, you can deduct the cost of IRWEs from your NESE to help you stay within the SSI income limit. However, please note that, due to the way that the SSA calculates your SSI benefits, only **half the cost** of an IRWE is deducted under SSI.

ProTip:

A payment cannot be both a business expense and an IRWE. Please note that it is likely preferable to deduct an item as a business expense, rather than as an IRWE, as only half (50%) of the cost of IRWEs are deducted from your income, whereas the entire cost (100%) of business expenses are deducted.

ProTip:

Your entitlement to Medicaid (which, in Massachusetts, is called MassHealth) may continue, even if you earn too much to receive cash SSI payments. This is due to what is known as section 1619(b) eligibility. Under this section, you will likely remain eligible for MassHealth benefits if you remain disabled, meet all other SSI eligibility requirements, and need the Medicaid eligibility to continue to work, among other requirements. If, on the other hand, you receive even as little as $1 in SSI payments, you will remain eligible for Medicaid. For more information on section 1619(b), please see:

- SSI Section 1619 Policy: https://secure.ssa.gov/poms.nsf/lnx/0502302010
- SSI Section 1619(b) state eligibility chart: https://www.ssa.gov/disabilityresearch/wi/1619b.htm

For more information on SSI income limits and the calculation of your payments for any given month, please see:

- SSA Guide to SSI Benefits: https://www.ssa.gov/pubs/EN-05-11015.pdf

ProTip:

If your SSI entitlements are terminated because of your work, but you later need to have your benefits reinstated, for example, because of a drop in income, you may be entitled to

Expedited Reinstatement of your SSI payments. The Expedited Reinstatement application must be filed within 60 months of the date of the termination of your SSI entitlement. For SSI, that date is 12 months after the first month of financial ineligibility. For the first 12 months of financial ineligibility, your benefits are simply in suspension, they are not terminated. For more information on Expedited Reinstatement, please see:

- SSA Guide to Expedited Reinstatement: https://www.ssa.gov/disabilityresearch/wi/exr.htm

C. Supplemental Nutrition Assistance Benefit Program (SNAP):

SNAP benefits are administered by the Massachusetts Department of Transitional Assistance (DTA). SNAP has two limits: (1) an asset limit and (2) an income limit. However, most households in Massachusetts are eligible without regard to the asset limit, and so the income limit is the most important. We will deal with both in turn.

(1) Asset Limit

There is **no asset test for most SNAP households** in Massachusetts. However, there are still a few situations where asset limits are relevant:

- **Expedited Benefits:** if you are not already on SNAP benefits and need them quickly, you can qualify only if you have less than $150 in countable income and less than $100 in liquid assets (cash, etc.). If you do not meet this test, you will remain eligible, it will just take longer to access the benefits.
- **Disqualification:** if you have been disqualified, for example, due to previous fraud on the DTA, there is a $2000 asset limit.
- **Elderly or disabled households with gross incomes above 200% federal poverty level**: if you are (i) 60 years of age or older OR (ii) are disabled, **and** your gross income exceeds this level (**$23,760** for a one-person household in 2017), the DTA will look at your assets. If you are in one of these situations, you only qualify if your countable assets amount to no more than **$3,250**. Assets include **bank accounts**, **stocks**, **bonds** and **real estate**. It does **not** include, however, your **home** (and the land it sits on), any **vehicles** (regardless of value) and various other things, such as **tax-deferred retirement accounts**. However, if you meet this asset test, the **gross income test** detailed below in SECTION 3.C.(2)(a) **does not** apply to you. The net income test in SECTION 3.C.(2)(b) still does apply, however.

Please also note that while for most households there is no asset limit, income earned from assets, **such as interest on savings accounts**, does count against the household as income for the income limit. If the interest is paid quarterly or annually, DTA will average it out over three or twelve months (as applicable).

For more information on the asset limits of SNAP, please see:

- Mass Legal Help Asset Limit Guide: http://www.masslegalhelp.org/income-benefits/food-stamps/advocacy-guide/part3/q42-assets
- Massachusetts SNAP Regulations: http://www.mass.gov/courts/docs/lawlib/106-110cmr/106cmr363.pdf

(2) Income Limit

As noted above, most households in Massachusetts only have to keep within an income limit. However, the income limit has two prongs: the (a) gross income test and (b) the net income test.

(a) Gross Income Test

Under the gross income test, you will remain eligible for SNAP if your *gross income* does not exceed 200% of the Federal Poverty Level (FPL). If your *gross* income exceeds 200% FPL, then you are **ineligible** for SNAP in its entirety. If your gross income is less than 200%, however, your SNAP benefits may still be reduced in line with the net income test detailed below in the following section.

In calculating your **gross income**, certain types of income do not count for the purposes of SNAP, for example:

- **in-kind income**, such as free housing or food;
- **Chapter 115 veterans payments** made to your landlord or utility company;
- **educational grants;**
- **Section 8 housing** benefits; and
- **loans** from private institutions.

ProTip:

The DTA should not issue overpayment notices that take into account unreported income that is in fact not countable. However, they have been known to – seek the advice of a lawyer or public assistance specialist for expert help if they do.

Most **earned income** counts toward this limit. For the employed, this means **wages** and **salaries**. Self-employment income is calculated by subtracting business expenses from your gross income (though before subtracting FICA or income tax). Identify all your expenses to help ensure you keep your SNAP benefits.

Business expenses include, among other things:

- **rent for business space** (including a portion of your home if you are an at-home business);
- **equipment and supplies costs**;
- **stock or inventory costs**;
- **the price of raw materials**; and
- **expenses incurred setting up your business** before you applied for SNAP, if applicable.[13]

Once the expenses are deducted, then it is treated otherwise like gross employment income for the purposes of deciding whether you have reached the 200% FPL level and are ineligible for SNAP benefits.

ProTip:

Self-employment income is usually averaged across a 12-month period – tell your SNAP worker if you wish it to cover a shorter period of time due to anticipated changes in your income level across the year.

If, as may be the case for people who are self-employed, you have an income source that is difficult to verify and which cannot be verified by business records, the DTA may allow you to verify the income by "the best information available," for example, a self-declaration of your income.[14]

(b) Net Income Test

Even if you are eligible for SNAP under the gross income test, your SNAP benefits may be reduced in line with the following calculations. Once your **gross income** is calculated the DTA will subtract:

- 20% of your gross income;
- a bonus deduction based on household size (please see Mass Legal Help's Deduction Resource: http://www.masslegalhelp.org/income-benefits/food-stamps/advocacy-guide/part3/q52-deductions);
- certain other items, such as child care deductions or deductions for the care of a disabled adult; and
- any applicable homeless shelter deduction (please see Mass Legal Help's Deduction Resource: http://www.masslegalhelp.org/income-benefits/food-stamps/advocacy-guide/part3/q52-deductions).

Once these items have been subtracted from your **gross income**, then you are left with your **net income**. You then multiply this net income figure by 0.3, rounding the result up to the nearest dollar. Finally, you take the baseline benefit level for a household of your size, and subtract the figure that came from multiplying your net income by 0.3. The result is the amount of your SNAP benefits per month.

EXAMPLE:

Xavier lives by himself, and polishes cowboy boots for hire. As he lives alone and his income does not exceed 200% FPL, so he is entitled to a baseline SNAP benefit amount of $194 per month. However, through his polishing work, he makes $500 in gross income per month, after deducting business expenses (here, for example, the cost of polish, cloths, and leather conditioner). To calculate his SNAP benefits, you take the $500 gross income and subtract 20% ($100). This leaves you with $400. You then deduct $155, the standard deduction for a one-person household. You are left with $245. You multiply this by 0.3. 245 x 0.3 = $73.50. You round this up to the nearest dollar to get $74. You then subtract $74 from his baseline SNAP benefit of $194 to get $120 – Xavier's SNAP benefit allowance per month.

For more information on calculating SNAP benefits, please see:

- Project Bread's SNAP Calculator: www.gettingfoodstamps.org
- Alternative SNAP Calculator: http://www.masslegalservices.org/SNAPCalculator
- SNAP Advocacy Guide: http://www.masslegalservices.org/system/files/library/2017%20SNAP%20Advocacy%20Guide%20%202-2-17%20FINAL.pdf

D. Emergency Aid to the Elderly, Disabled, or Children (EAEDC):

EAEDC is subject to two limits – (1) an asset limit and (2) an income limit. We will deal with each in turn.

(1) Asset Limit

EAEDC has a very low cap. You are ineligible for EAEDC if your **personal** countable assets **exceed $250**, or, in relation to a couple, if the **couple's** countable assets **exceed $500**. Countable assets include (but are not limited to):

- **cash;**
- **bank accounts;**
- **stocks;**[15]
- **the equity value over $1,500 of one vehicle** (So, if your car is worth $1400, then it does not count at all to the asset limit at all. If it is worth $1600, then $100 of the car's value counts to the asset limit. The equity value of an item is its value **minus** the value of any outstanding loans secured over the property. So, if your car is worth $5000 but there is a car loan secured over the car for $4000, then the equity value to you is only $1000, and so the value of the car does not count against you.); and
- **the equity value in any real estate that is not your home**.

ProTip:

The government values your car based on official valuation books. But, if the book valuation does not reflect the real value of your car, for example, because it has suffered some damage, you can rebut the government's valuation by giving a written estimate from a licensed car dealer or from a different valuation source.

Things that do not "count" include:

- **your home;**
- **household** and **personal effects**, for example, a wedding ring;
- **assets you do not have "ready access" to**, for example, because they are the subject of a legal dispute;
- **higher education grants;**
- **the assets of an SSI recipient** in the household, such as a spouse receiving SSI; and
- **food stamps (i.e. SNAP benefits).**

ProTip:

What about if your car is worth more because it has been modified due to your (or a member of your household's) disability? The **Americans with Disabilities Act** requires the DTA to give you the same access to programs as unimpaired individuals, and if your disability makes it hard to meet the DTA rules on car value, then you can apply to your EAEDC worker to make a "reasonable adjustment" in your case.

Further, a "loan verified by a **written document**, signed by the borrower and lender, that expresses the **borrower's intent to repay** and the **conditions of repayment**, the terms of which specify the purpose of the loan and **preclude its use to meet current living costs**," does not count toward asset limit.[16] As a result, it would appear a loan solely for **business purposes** and otherwise meeting those requirements would not count toward the asset limit.

Importantly, property "**that is essential to employment or self-employment**" is not included in your countable assets.[17] This includes **work-related equipment** – for example, the tools of a tradesperson or the land and machinery of a farmer. Income derived from such property is countable in relation to the income limit of EAEDC, however (see the following section).

ProTip:

The way the regulations are written, if you get a loan solely for your business, and get a lien to secure it over otherwise countable property, then, to the extent that it eliminates your equity in the property, neither should count toward your asset limit. This is because the loan is not for "current living expenses," and the equity value of the asset will be greatly reduced by the lien, meaning that that piece of property will also not count towards the asset limit.[18]

(2) Income Limit

EAEDC is subject to an income limit. The more money you make, the less in EAEDC benefits you will be eligible to receive. Your EAEDC payments are calculated by taking the maximum grant you are eligible for and reducing that grant money by one dollar for each countable dollar of income you make. So, if your maximum grant is $303.70, and you make $200 of countable income, then you will only receive $103.70 in EAEDC benefits.

ProTip:

The maximum grant rules are quite complex so we do not deal with them in detail. Please see the guide located in the following link for more information on the maximum grant details for EAEDC:

- Mass Legal Help EAEDC Financial Eligibility Guide: http://www.masslegalhelp.org/income-benefits/eaedc-advocacy-guide/part3-financial-eligibility.pdf

Let's start with what is **never counted** toward the income limit. The following sources of income are never included as countable income for EAEDC:

- **SSI benefits** received by a member of the household;
- **food stamps (i.e. SNAP benefits);**
- **higher education grants**;
- **loans that cannot be used to pay living expenses;**
- **social assistance that does not duplicate EAEDC**; and
- the first **$600** of any lump sum income, such as a damage award.

For a complete list of forms of income that are never counted toward the income limit, please see:

- EAEDC Regulations: http://www.mass.gov/courts/docs/lawlib/106-110cmr/106cmr321.pdf

Otherwise, most **earned** and **unearned income** is counted against your allowance for EAEDC. If you are employed, then your earned income includes your **wages** and **tips**. We will deal with self-employment income in a moment. **Unearned income** which is counted against you for the purposes of EAEDC includes (but is not limited to):

- **dividends;**[19]
- **interest;**
- **pensions;**
- **RSDI**; and
- **veterans benefits.**[20]

In-kind income in the form of **rent or mortgage payments**, **fuel**, **utilities**, **clothing** and **food** also count against your allowance. As a result, if you are, for example, given "free" rent for services you perform, the value of your free rent is income that counts against you. However, the following sources of income **do not** count against you as in-kind income:

- **MassHealth**;
- **housing subsidies** and other similar benefits;
- **in-kind benefits** which cover **only part** of an expense. These discounted benefits **do not** count against you at all, not even for the amount of the discount. As such, a rent reduced by, for example, $399 to $1 per month would not count against you, whereas a rent reduced fully to $0 from $400 would count against you for the full $400; and
- **in-kind benefits** that are not of a kind listed above. The only types of benefits listed are, as noted, **rent or mortgage payments**, **fuel**, **utilities**, **clothing** and **food**. So, if another person pays for your phone line, for example, this benefit does not count against you.

When you are self-employed, your countable income is your **net income**. Your **net income** is your total **gross income** obtained from self-employment **minus** your total **business expenses**. Business expenses **do not** include **personal expenses**, such as lunches and transportation costs. You only have to report **net income** – do not report gross income to avoid having your benefits incorrectly removed.

For more information on EAEDC, please see:

- Mass Legal Help EAEDC Guide: http://www.masslegalhelp.org/eaedc

E. Transitional Aid to Families with Dependent Children (TAFDC):

TAFDC is subject to two limits – (1) an asset limit and (2) an income limit.

(1) Asset Limit

With TAFDC, you are **ineligible** if your countable assets are above **$2,500**. There are various limits on what is included within your countable assets, and the limits for TAFDC largely mirror those of EAEDC.

The items of property excluded from your countable assets includes (but is not limited to):

- **your home;**
- **household** and **personal effects** (for example, a wedding ring);
- **assets you do not have "ready access" to** (for example, because they are the subject of a legal dispute);
- **higher education grants;**
- **the assets of an SSI recipient** in the household, such as a spouse receiving SSI;
- **food stamps (i.e. SNAP benefits);**
- **earned income tax credits** the month you receive them and the following month; and
- the **value** of **public-assistance cash benefits** for the remainder of the cyclical month of issuance.[21] (So, if you get another form of public assistance in January as well as TAFDC, then the money from the other public assistance does not count against your asset limit in January. If you save the money, then it will count against you in February for the asset limit.)

However, the TAFDC limits have some differences to EAEDC's limit, particularly in relation to the vehicle exception. The first **$15,000** of the fair market value of **any one vehicle** used primarily for transportation of you or a family member is not counted toward the asset limit.[22]

The full equity value of any other vehicle, or any vehicle used **primarily for recreational purposes alone**, is counted toward the asset limit. As noted above with EAEDC, one can challenge the DTA's valuation of the vehicle. Leased vehicles are not counted toward the asset limit.[23]

ProTip:

The DTA have the authority to grant exemptions to the vehicle rules, for example, if a more expensive vehicle or a second car is necessary in some way to accommodate a disability, and are obliged to give you equal access to the benefit programs despite your disability, pursuant to the **Americans with Disabilities Act**.

Property essential to self-employment is also not counted toward the asset limit. The TAFDC exception for **property essential to self-employment** appears to have the same meaning as the equivalent provision with EAEDC (please see above, SECTION 3.D.(1)), and so means that **work-related equipment** – for example, the tools of a tradesperson or the land and machinery of a farmer – **do not** count toward the asset limit for TAFDC. Income derived from such property does count toward the income limit, however.

Money put away into **Economic Independence Accounts (EIA)** will not count against you. EIAs are savings accounts created to help recipients accumulate money to pay for certain expenses. They were created by a 2014 law[24] but, as of the date of writing, that law has not yet been implemented.[25]

(2) Income Limit

TAFDC is subject to an income limit. If you earn more than the income limit, then you are no longer eligible to receive TAFDC. The income limit for TAFDC is calculated by reference to a number of complex factors and varies depending on your situation. For more information as to which limit applies to you and how to calculate it, please see:

- TAFDC Financial Eligibility Guide: http://www.masslegalhelp.org/income-benefits/tafdc-advocacy-guide/financial-eligibility.pdf
- Guide to the TAFDC Gross Income Test: http://www.masslegalhelp.org/income-benefits/tafdc/advocacy-guide/part4/q80-what-is-the-gross-income-eligibility-test.

We will, however, detail the things that count toward the income limit for TAFDC. Many things **do not** count towards your monthly income, including, but not limited to:

- **the income of any SSI recipient in the family**;
- **higher education grants**;
- **up to $7,500 in relocation payments received by a tenant to leave a foreclosed property**;
- **housing subsidies** received under any Massachusetts or federal housing program;
- **assistance from other social services that do not replicate TAFDC**; and
- **business loans**, the same as with EAEDC.

Certain unearned income counts against the income limit for TAFDC, such as, among other things:

- **dividends**[26]
- **interest**
- **pensions**
- **RSDI**, and
- **veterans benefits**

Further, as a general rule, earned income does count against the TAFDC income limit. For the employee, your **wages** and **tips** count against the limit. The DTA counts income withheld from your paycheck, such as taxes, union dues, health insurance and retirement accounts.

ProTip:

DTA also may count money actually withheld from social security payments or from other public assistance programs to pay back an overpayment.[27] This may be an illegal policy.[28] Consult a lawyer or public assistance specialist if this occurs.

For the self-employed, you first deduct business expenses from your gross income, exactly the same as with EAEDC (see above SECTION 3.D.(2) page 28). It is very important to do so when you report income changes, to avoid the DTA cutting your TAFDC benefits more than they should.

In-kind income in the form of **rent or mortgage payments**, **fuel**, **utilities**, **clothing** and **food** also count against the income limit. As a result, if you are, for example, given "free" rent for services you perform, the value of your free rent is income that counts against you. As another example, homeless families' grants are cut by $48.50 per month if they stay in shelters, due to the free housing and utilities they receive.[29] However, the following sources of income **do not** count as in-kind income:

- **MassHealth;**
- **housing subsidies** and other similar benefits;
- **in-kind benefits** which cover **only part** of the expense. (These discounted benefits DO NOT count against you at all, not even for the amount of the discount. As such, a rent reduced, for example, to $1 per month from $400 would not count against you, whereas a rent reduced fully to $0 per month from $400 would count against you for the full $400.); and
- **in-kind benefits** that are not of a kind listed (so if, for example, another person pays for your phone line, this benefit does not count against you).

For more information on the income limits on TAFDC, please see:

- Mass Legal Help TAFDC Financial Eligibility Guide: http://www.masslegalhelp.org/income-benefits/tafdc-advocacy-guide/financial-eligibility.pdf

F. Section 8 Housing

There is no asset test for the housing programs under Section 8. However, there is an income limit, which changes depending on whether you receive **Project Based Rental Assistance** or the **Housing Choice Voucher Program**.

As a general rule, **all** sources of income, whether **monetary or not**, are counted against you for the income limit. These sources of income include but are not limited to:

- **wages** and **tips**;
- **self-employment income** (**business expenses** are deducted, but no deductions are made for expenditures from **business expansion**); and
- **disability payments** and other forms of public assistance.

There is one particularly relevant exception to what counts against you: **food stamps (i.e. SNAP benefits)** are not included in calculating your income for Section 8.

Income from assets (such as interest earned on bank accounts) is included, though the calculation changes depending on the value of your household's assets. If your household assets are worth **$5000 or less**, then **all** income from the assets is counted against you. If the value of your assets is greater than $5000, then the **greater** of either of the following is counted against you:

- **all income derived from the assets** or
- **a percentage of the total value of the assets.** Currently, this percentage is 2%.

Monthly income is averaged across the entire year to create a gross **annual income figure**, which may be subject to some deductions, including, for example, the cost of expenditures related to your disability. This annual income figure is compared to the median income figures detailed below.

ProTip:
The procedures for calculating your income for the purposes of Section 8 are very complex. It is highly advised that you contact your housing authority for more information as to how they calculate your income. However, for more information on the calculations, please see: • Mass Legal Help Eligibility Guide: http://www.masslegalhelp.org/housing/finding-public-and-subsidized-housing/eligibility.pdf

To be eligible for Section 8 ***Project Based Rental Assistance***, your income **must not exceed 80%** of the **median income** of households with the **same number of members** in the area where you live.

To be eligible for the ***Housing Choice Voucher Program***, your income **must not exceed 50%** of the **median income** of households with the **same number of members** in the area where you live.

For example, if the median income for a family of 3 in your area is $50,000 per year, then, to be eligible for the Project Based Rental Assistance, a family of 3 could not earn more than $40,000 per year. For the Housing Choice Voucher Program, a family of 3 would have to make $25,000 or less per year.

For more information on Section 8 Housing in Massachusetts, please see:

- Mass Legal Help Public Housing Financial Eligibility Outline: http://www.masslegalhelp.org/housing/financial-eligibility#question_2

ProTip:
If a member of your household who suffers from a disability starts working, then the housing authority may be required to disregard their income for the purpose of calculating your Section 8 Housing eligibility. For more information on this earned income disregard, please see: • Department of Housing and Urban Development Earned Income Disregard Resource: https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/phr/about/ao_faq_eid

G. MassHealth:

MassHealth is the Massachusetts Medicaid program. There are, in effect, three plans that exist under the heading of MassHealth: (1) MassHealth Standard, (2) MassHealth CommonHealth and (3) MassHealth Long Term Care (LTC). The eligibility requirements for two of these plans, MassHealth Standard and MassHealth CommonHealth, differ depending on whether you are under 65 years of age or not. Let's deal with them in turn.

(1) MassHealth Standard

MassHealth Standard is a plan that offers 100% medical coverage to its recipients. If you are under 65 years of age, there is no asset test for the plan. However, to be eligible, you must:

- **qualify as disabled** –the test is the same as for SSI and SSDI, and is automatically satisfied if you are considered disabled by the SSA under one of those programs. However, you do not have to be on either of those programs to qualify.
- **not earn more than the set income level**. This is currently **133% of the FPL**, or $1337 per month.

Your countable income includes your earned and unearned income, minus business expenses. For the employed, earned income includes **wages** and **tips**. For the self-employed, earned income is simply defined as the income you report on your federal tax returns. As noted, business expenses are subtracted – this includes expenses for things like **business-related travel** and **business use of a personal home**.

Unearned income is income that does not directly result from an individual's own labor. It is broadly defined, and includes:

- **pension benefits and Social Security payments;**
- **rental income;**
- **dividends;** and
- **interest.**

Certain things, however, are never counted toward the income limit. These include:

- **TAFDC**, **EAEDC**, and **SSI payments;**
- **federal veterans benefits;** and
- **in-kind income.**

If you are 65 years of age or older, then the rules are stricter. To qualify:

- **your household income must not exceed 100% FPL** (as of publication, this means $1005 per month income); **and**

- **your household countable assets must not exceed $2000 in value**.

Your household's countable assets include:

- **cash** (as well as bank accounts);
- **stocks and other securities;**
- **real estate**, subject to the exceptions outlined below;
- **vehicles**, subject to the exceptions outlined below; and
- **retroactive SSI/RSDI payments** if you have kept them saved for longer than 6 months.

Assets that are not countable include:

- **your home** (principal place of residence);
- **the assets of an SSI recipient;**
- **property essential to self-support (PESS)** (calculated the same as for SSI. For more details, please see above Section 3.A.(1)(a), page 16);
- **property put aside for a PASS plan** (calculated the same as for SSI. For more details, please see above Section 3.A.(1)(b), page 17);
- any **loan** or **grant** that **cannot be used for current maintenance;**
- **veterans benefits**, as long as they are separately identifiable (money assets are separately identifiable if you can point to an account and say that the money in it came from, for example, the veterans benefits rather than for another source); and
- **retroactive SSI/RSDI payments** for 6 months from the date of payment AND only as long as they are separately identifiable.

ProTip:
Veterans benefits and SSI/RSDI back payments are only non-countable if they are separately identifiable. It is strongly advised that you keep them in a separate bank account from your other funds.

(2) MassHealth CommonHealth

CommonHealth also gives 100% medical coverage to recipients. To be eligible for CommonHealth, you must:

- **qualify as disabled** – the test is the same as for SSI and SSDI, and is automatically satisfied if you are considered disabled by the SSA under one of those programs. However, you do not have to be on either of those programs to qualify.

Unlike MassHealth Standard, you may have an income in excess of 133% FPL and still qualify for CommonHealth, but you will have to pay a **premium**, which is calculated by reference to your income levels. This premium may increase as you make more money, but there is no absolute limit on your income. Further, depending on your level of employment when you signed up for MassHealth CommonHealth, you may have had to pay a one-time deductible.

(3) MassHealth Long-Term-Care (LTC)

MassHealth LTC also provides 100% medical coverage for recipients of the program, but is only intended for those who need long-term care in a nursing facility or a similar institution. To be eligible:

- **your household countable assets must not exceed $2000 in value**.

Any income you have will be applied towards the care you receive. If your assets exceed the $2000 limit, then you will be required to use them to pay for the care before MassHealth will take over the payments.

For more details on MassHealth programs, please see:

- MassHealth Member Booklet: http://www.mass.gov/eohhs/docs/masshealth/membappforms/aca-1-english-mb.pdf
- Mass Legal Services Eligibility Guide: http://www.masslegalservices.org/system/files/library/MassHealth-Guide-2012-Parts-8-and-9.pdf
- Spaulding-Harvard SCI Model System Eligibility Guide: http://www.sh-sci.org/index.php?option=com_content&view=article&id=57:massachusetts-medicaid-masshealth&catid=4:resources&Itemid=5
- Institute for Community Inclusion Eligibility Guide: http://www.communityinclusion.org/article.php?article_id=163

H. Veterans Benefits:

Veterans benefits in Massachusetts can be divided between (1) **federal** and (2) **state** benefits. They have different limitations.

(1) Federal Veterans Benefits

There are three federal veterans benefits programs administered by the U.S. Department for Veterans Affairs (VA): (a) **Veterans Disability Compensation**, (b) **Veterans Affairs Healthcare**, and (c) **VA Pensions.**

(a) Veterans Disability Compensation

Eligibility for **Veterans Disability Compensation** is based on **service-connected disabilities**. You receive cash payments depending on how disabled you are as a result of service-connected injuries.

The implication of the fact that your benefits are tied solely to your service-connected disability is that for **most** people, there is **no asset or income limit** for this program. Your benefits are based entirely on the extent of the injury you received from your military service. The VA rates your disability on a scale between 0% to 100%, and the level of benefits you receive depends solely on how high on that scale your disability falls. For more information on Disability Compensation rates, please see:

- VA Benefits Compensation Table: http://www.benefits.va.gov/compensation/resources_comp01.asp

There are several exceptions to the rule that your benefits are tied exclusively to your service-connected disability, but the most notable and relevant exception, for the purposes of this guide, is the exception for Total Disability based on Individual Unemployability (TDIU). There is a provision within the VA Disability Compensation program for the boosting of your VA compensation to the 100% level if you are **unable to be employed** as a result of your **service-connected injuries**. This is known as Total Disability based on Individual Unemployability

(TDIU). TDIU applies if, while you are not 100% disabled according to the VA ratings schedules, you are nevertheless unable to engage in substantially gainful occupation (SGO).[30]

The term SGO is undefined in VA regulations. However, VA guidance suggests that SGO means employment similar to that by which **unimpaired individuals earn their livelihood** and which provides **comparable earnings** to those of **unimpaired individuals** in the area where the veteran resides.[31]

Marginal employment does not count as SGO. Marginal employment is employment resulting in **earnings not exceeding the FPL** OR employment exceeding that level but in a **sheltered environment**. If you are self-employed, it is possible that the VA would be more likely to consider your environment sheltered, as you control your working conditions.

You do not have to request TDIU consideration for it to be considered by the VA,[32] though it may be advisable to raise the issue to make the TDIU evaluation process faster. The VA will look at all of the facts of the case if you do earn over the FPL to see if you could be, or are, engaging in SGO, and will look at factors such as the number of hours worked and the services rendered.

(b) VA Healthcare

VA Healthcare is a service provided by the federal government that is potentially available to eligible veterans. Your access to VA Healthcare is dependent on the **priority grouping** in which you are placed. Your **priority grouping** determines the VA healthcare services you are eligible to receive. If you receive **Veterans Disability Compensation**, even if you have been rated as suffering from a 0% compensable service-connected disability, then you will have access to VA Healthcare regardless of income level. However, and again, depending on your priority grouping, it may solely cover healthcare related to your service-connected disability.

Otherwise, your income will likely come into play in determining your priority grouping, along with other issues, such as the extent of your disability. If you do not have a **service-connected disability**, then the priority group you qualify for, and the amount of money you may have to pay in co-pays, depends on your income and the county in which you reside.

For more information on the intricacy of the calculations that go into VA Healthcare eligibility, please see:

- VA Healthcare National Income Limits: http://nationalincomelimits.vaftl.us/
- VA Healthcare Priority Groupings Guide: https://www.va.gov/HEALTHBENEFITS/resources/priority_groups.asp
- VA Healthcare Copay Information: https://www.va.gov/HEALTHBENEFITS/cost/copays.asp

(c) VA Pensions

The VA has a pension system that provides a tax-free monetary benefits payable to low-income wartime veterans. The VA Pension system has a number of eligibility requirements that are concerned both with your service record, your disability, and your income and net worth. For comprehensive resources on the eligibility requirements and income and asset limits of the VA Pensions program, please see:

- VA Pension Overview: http://www.benefits.va.gov/pension/vetpen.asp
- VA Pension Income and Asset Limits: http://www.benefits.va.gov/PENSION/pencalc.asp
- Military.com VA Pension Rates Guide: http://www.military.com/benefits/veteran-benefits/veterans-pensions.html

(2) Massachusetts Veterans Benefits[33]

Chapter 115 of the Massachusetts General Laws provides for a state-wide veterans benefits program. You may be eligible under this program if:

- you **reside in Massachusetts;**
- you have **veteran status** according to Massachusetts law;
- your **household assets do not** exceed the **asset limit;** and
- your **household income** does not exceed the **income limit.**

(a) Asset Limit

The current **asset limits**, as of 2017, for **Chapter 115** benefits are dependent on your household size:

Household Size	Asset Limit
Individual	$5,000
Couple	$9,800

Assets include money in **bank accounts**, **stocks** and **other property**. Further guidance is given in the regulations, which state that your "VSO shall take into account the **liquidity of the assets**, that is, the ease with which they may be converted to cash to decide whether they constitute assets that may potentially disqualify you."[34] Generally, the **less liquid** the asset, the **less it will be considered as available** to meet the applicant's immediate financial needs and, therefore, **the less it will be considered a disqualifying factor**.[35]

So, to give an example, your home would likely not be considered an asset, whereas stocks, which are more easily liquidated, would be considered an asset which counts against the asset limit.

ProTip:
The Chapter 115 regulations generally leave the determination of what counts to the discretion of your VSO, but they do list corporate stock as an item which does count toward the asset limit.[36] However, it may be possible that stock held in a corporation owned solely by yourself, operated by you, and which may be difficult to liquidate, would not count against you. If you own such stock, you should clear the issue as to whether it counts toward the asset limit with your VSO.

(b) Income Limit

The current **income limits**, as of 2017, for **Chapter 115** are also dependent on your household size:

Household Size	Monthly Income Limit
Individual	$1,962
Couple	$2,655
3-Person Household	$3,348
4-Person Household	$4,042
5-Person Household	$4,735

Income is not precisely defined, but includes:

- **wages, tips and salary** (However, please note that there is a $200 earned income disregard, which means that the first $200 of your earnings will not count against you for the income limit.)**;**
- **Veterans Disability Compensation for service-connected disabilities;**
- **pension;**
- **SSI and SSDI;**
- **other government benefits;**
- **dividends;** and
- **rental income.**

We will note three other relevant points about Chapter 115 benefits. **First**, your **VSO** may require a recipient of Chapter 115 payments to participate in an employment plan if they are not working and the they are not disabled.[37] **Second**, your **VSO** can require recipients whose self-employment activities have failed to generate sufficient income to support themselves, and whose self-employment efforts appear likely to continue to fail to generate sufficient income, to complete an employment plan.[38] **Third**, a provision in the regulations states that "under no circumstances will veterans' benefits subsidize a business."[39] It is not entirely clear what this means, but it does at least suggest that if you form a corporate entity, pay yourself a relatively low wage, and retain the earnings of the business at the corporate level to build up your business, you will not be eligible for Chapter 115 payments, as they will probably be considered "subsidizing the business." Please check with your **VSO** for more information on these issues.

For more information on Chapter 115 Benefits, please see:

- MA Veterans' Laws and Benefits Guide: https://www.sec.state.ma.us/cis/cispdf/Veterans_Laws_and_Benefits.pdf
- Mass Legal Services Chapter 115 Eligibility Presentation: http://www.masslegalservices.org/system/files/library/MA%20Vet%20Svcs%20Ch%20%20115%20Benefits%20(slides).pdf
- Harvard Legal Services Center Chapter 115 Benefits Guide: http://www.legalservicescenter.org/wp-content/uploads/2012/10/Ch-115-Self-Help-Guide.pdf

Section 4. Reporting Requirements

We have detailed the various limitations on public assistance programs. However, the limitations detailed in SECTION 3 contain only part of the story. The extent and speed at which you have to report changes in your situation is another important aspect of managing your benefits while engaging in self-employment. This section is split into two parts: (A) general tips, and (B) detailed guidance of the reporting requirements of the public assistance programs covered in SECTION 3.

A. General Advice

First: keep good records! Keep records of all the public assistance payments you receive, making sure you keep different benefit payments separate in your records. Make sure, as well, that you keep records of all your earnings, bank statements, and business expenses.

Keeping records is very important – it will be enormously helpful in making sure that you do not receive too little or too much in public assistance payments, AND it will mean that if the government ever does investigate a potential problem, you will be able to verify your financial situation.

Second: you **must report changes** in your financial situation. It is very important to follow the reporting rules the government sets forth for each public assistance program. Not only will following the regulations help you avoid potentially costly and distressing problems in the future, but also it will help ensure that you are paid the full benefits to which you are entitled each month.

Third: you should make sure that whenever you report changes, you receive a **receipt** or other **written record** of the fact that you reported the change. This will help avoid potential issues regarding when the report was made or what was reported further down the line.

Fourth: if you receive more than one form of public assistance, you must **separately report** any changes to your income to the appropriate office. So, if you receive SSI and SSDI, you must report changes in income to both your SSI worker and your SSDI worker.

B. Reporting Regulations

Each public assistance program has its own procedures for reporting income changes, but as a general rule, you must **report** any changes in your situation that may affect your eligibility. This includes a lot of things – so, when in doubt, **report**!

A report must include your name and Social Security Number, the event you are reporting, and the date when it occurred. What you must report, as a general rule, includes, among other things:

- **changes of address;**
- **changes of living arrangements** – this means any change in the makeup of your household;
- **changes in income** – this is any increase or decrease of your income or the income of members of your family who are not eligible for SSI and who live with you;
- **changes in resources** – this is any increase or decrease of your resources or the resources of members of your family who are not eligible for SSI and who live with you;
- **changes in eligibility for other benefits;**
- **deaths of other eligible members of your family;**
- **changes in marital status;** and
- **improvements in your medical condition.**[40]

ProTip:
As noted, make sure there is a **record** of what you report and when you report it. Put the report in writing, perhaps with the template letter we created (see SECTION 7), and either send it certified mail or take it to the SSA or DTA and make sure you get a receipt.

TAFDC, EAEDC and MassHealth have the most stringent reporting requirements for the public assistance programs we are covering – when in doubt about a particular program's reporting requirements, report in line with the rules applicable to these assistance programs. EAEDC, TAFDC and MassHealth all require you to report the changes outlined below, at the latest, **within ten days** after the change occurs. For information on the reporting requirements for other assistance programs, please consult the following table.

SSI and SSDI	You must report changes **within 10 days after the end of the month** when the change occurred. For example, if you get SSI on May 10th, and you start working on May 22nd, you must report this fact no later than June 10th.
SNAP – households on TAFDC or EAEDC	You are required to **report**, **within ten days**, the fact that: • **your earnings went up or down by more than $100 per month** • **your unearned income went up or down by more than $50 per month** • **You started or stopped a job or business** • **you moved** • **your rent, mortgage or utilities changed when you moved** • **your living arrangements changed**
SNAP – households on TAFDC or EAEDC	In Massachusetts, households that **do not** receive TAFDC or EAEDC are now only required to engage in interim reporting. Interim reporting means that you have to report changes less frequently – only halfway through the period for which the household is certified. For example, for a household with a disabled person that is certified for SNAP for 24 months, you must report only before the beginning of the 12th month.
Section 8 Housing	The reporting requirements vary by housing authority, and should be contained in your lease. Reports are required at least once per year.
VA Healthcare	The VA no longer requires you to report your income. Instead, the VA uses information provided to it from the Internal Revenue Service and SSA to verify eligibility for the program.

Chapter 115	You must report any changes relevant to the asset limit or income limit within **one month** of the occurrence.

For more information about reporting requirements, please see:

- Disability Law Center: http://www.dlc-ma.org/
- SSA Guide to Reporting Income Changes: https://www.ssa.gov/ssi/spotlights/spot-reporting-earnings.htm
- SSDI Overpayments Guide: https://massprobono.org/library/attachment.288784
- Mass Legal Help Public Housing Reporting Requirements Guide: http://www.masslegalhelp.org/housing/rent-public-housing/income-changes

Section 5. Doing Business

Beyond the public assistance programs and their various requirements and limitations, there are a number of laws that you must follow in order to legally operate a business. In this section, we will briefly deal with (A) permitting and licensing your business, (B) zoning for your business, (C) entity formation, (E) tax issues, and (E) entrepreneurship training.

A. Permitting and Licensing your Business:

There are many licensing and permitting requirements for businesses in the Commonwealth of Massachusetts and in the City of Boston. To provide you with just a few examples:

- For trash disposal, pest control, and other similar activities, you likely will need a **Site Cleanliness License** from the City. For more information on **Site Cleanliness License**, please see: https://www.boston.gov/departments/inspectional-services/how-apply-site-cleanliness-license.
- Restaurants will need a **Food Service Health Permit**, a **Common Victualler License**, and potentially other licenses, such as a **Sidewalk Café Permit** for using outdoor tables. For more information on these licenses, please see: http://tinyurl.com/citypermitting

- Providing in-home child care requires **licensing from the Executive Office of Education.** For more information on education licenses and how to obtain them, please see: www.mass.gov/edu.
- **Entertainment licenses** are required to host special events or even to play music in your business. For more information on these licenses, please see: http://tinyurl.com/citypermitting.
- If you are paid to prophesy about future events, you may need a **Palm Reader's License**. For more information about Palm Reader's Licenses, please see: City of Cambridge "Steps to Starting a Business Guide: http://www.cambridgema.gov/~/media/Files/CDD/EconDev/PermittingGuides/ed_sbs_2016.pdf?la=en

This is just a sample of the types of licenses that you may need to operate your business. Before starting your enterprise or working as an independent contractor, please consult the resources we have provided links to below, and contact your local government authority to determine whether you need any licenses to operate your business.

For more information on licensing and permitting, please see:

- City of Boston Licensing Website: www.cityofboston.gov/business/permitguides
- City of Boston's Small Business Licensing and Permitting Guide: http://tinyurl.com/citypermitting
- The Small Business Administration's Permit Guide for Massachusetts: http://www.mass.gov/dor/businesses/help-and-resources/licensing-and-regulation.html
- City of Boston Licensing Forms: https://www.cityofboston.gov/licensing/forms/
- City of Cambridge "Steps to Starting a Business Guide: http://www.cambridgema.gov/~/media/Files/CDD/EconDev/PermittingGuides/ed_sbs_2016.pdf?la=en

B. Zoning for your Business:

Zoning laws are put in place to preserve the character of a community. They are potentially relevant to you as you begin to work for yourself, as they often impede the use of certain premises, such as your home, for business purposes.

Areas are generally zoned as **either** residential or commercial. While this guide cannot give concrete advice to your situation, please refer to the following sources for more information about the permitted uses of a particular location:

- The City of Boston Zoning Code: https://www.municode.com/library/ma/boston
- The Boston Redevelopment Authority Website and Address Search Tool: http://tinyurl.com/BRAzones .

Further, a **Zoning Clinic** is held on Tuesdays from 9am to 12pm at the **Inspectional Services Department (ISD)**, *Plans and Zoning Counter, Counter 2, 1010 Massachusetts Avenue, 5th Floor, Boston, MA, 02118*. The purpose of the Zoning Clinic is to answer your questions and provide you with support with your zoning issues.

Also, if you intend to complete any construction or otherwise alter any premises to make it better suited for your business, you may need permits to do so. Check with **ISD** before commencing such work.

For more information about zoning issues, please see the links cited above, as well as:

- Boston Small Business Development Website: https://www.boston.gov/departments/small-business-development

C. Entity Formation for You:

When you engage in business, you may choose to operate under a number of different legal structures. You can simply start work, and operate under your own name, or you can create a legal entity through which you operate your business. In this section, we aim to provide you with some basic information to aid your decision-making process in relation to how to legally structure your business. Your choice of legal entity is very important, and can have big implications for your business and personally, for example, in relation to your taxes and any personal liability for business debts and actions. You should consult a lawyer to give you tailored advice for your situation.

One thing we will note at the outset: if you do business under a name other than your own name or the registered name of your legal entity, you must file a doing business as (DBA) certificate with the city in which you work. This is most relevant to sole proprietors, but applies to any business that operates under a different name than its legal name. For more information on DBAs in Boston, please see: https://www.boston.gov/departments/city-clerk/how-apply-business-certificate.

BUSINESS STRUCTURE	DETAILS
Sole Proprietorship	This is the simplest form. A sole proprietorship comes into existence when a person engages in business activities. A sole proprietorship is not a legal entity. • It **costs nothing to set up** (except the cost of obtaining a DBA certificate) and **has no corporate formalities attached to it.** • **Business income** and **assets** are not distinguished from your own personal assets. • You have **unlimited personal liability** for the debts and actions of the business.
General Partnership	A general partnership exists when two or more people agree to do business together for profit. A general partnership is not a legal entity. • It **costs nothing to set up** and **has no corporate formalities attached to it,** though some people opt to adopt a **partnership agreement** to set out the rights and duties of the partners. • **Business income** and **assets** are not distinguished from the partners' personal assets. • The partners have **unlimited personal liability** for the debts and actions of the partnership.
Limited Liability Company (LLC)	An LLC comes into existence when the correct documents are filed with the state. • An LLC costs $500 to form in Massachusetts, and requires that an Annual Report is made to the Commonwealth of Massachusetts each year thereafter, with an accompanying filing fee of $500 each year. • LLCs are not subject to as many corporate formalities as corporations. • LLCs are very flexible, and their ownership and control rights can be divided up in a variety of ways.

	• LLCs are usually disregarded for tax purposes, so that profits and losses of the LLC are recorded as the owner's personal profits and losses, but can choose to be taxed like a C-corporation instead. • The owner of an LLC, as long as she keeps **separate bank accounts** for personal and business funds, and keeps up with the **state filing requirements and other corporate formalities** for LLCs receives **limited liability** for the debts and actions of the LLC.
Corporation	A corporation comes into existence when the correct forms are filed with the state. • A corporation costs $275 to form in Massachusetts, and requires that an Annual Report is made to the Commonwealth of Massachusetts each year thereafter, with an accompanying filing fee of $125 each year. A corporation is also subject to a state corporate excise tax of at least $456 each year. • A corporation is owned by shareholders, who control the broad strategy of the corporation and appoint a board of directors who engage in the day-to-day management of the corporation. The board then elects officers, typically a President, Treasurer, and Clerk. • Subject to more corporate formalities and requirements than LLCs, including, for example, the requirement that they hold annual shareholder meetings and board of director meetings. • Corporations can choose to be taxed at both the entity and owner level (C-corporation) or just be taxed at the owner level (S-corporation), subject to certain restrictions for S-corporations. • Please note that anyone who works for a corporation, including the owner of the corporation, **must be treated as an employee** of the corporation for tax purposes, such as **paying minimum wage**, subject to certain exceptions. • The owner of a corporation, as long as she keeps **separate bank accounts** for personal and business funds, and keeps up with the **state filing requirements and other corporate formalities**, receives **limited liability** for the debts and actions of the corporation.

Depending on your particular situation and your goals for the business, certain entity choices may be more or less suitable. For example, a corporation may be a relatively burdensome option if you only seek to do part-time work on the side, given the formalities involved in its operation. Please remember that this resource provides only a limited, basic overview of this complex area of law. Please consult with a lawyer if you wish to explore these options further.

ProTip:

It is possible that C-corporations are potentially advantageous if you are receiving a form of public assistance that is only subject to an income test. This is because you may be able to retain profits made by the business in the C-corporation that will not be counted as your personal income. You may then use this retained income to build your business without fear of your benefits being removed prematurely. On the other hand, if you elect to be solely taxed at your personal level, you can offset, for example, early losses suffered by your business against any other taxable income you have, reducing your overall tax liability. Please consult with a lawyer for more information.

D. Tax Information:

(1) Income Tax Basics

For sole proprietors, **business income** and **personal income** are **treated the same** under tax law. If you are earning income by engaging in self-employment activities, you should report that income on a tax return. There are two levels of taxes that apply to everyone: **state income tax** and **federal income tax**. You should report all your income on both your state and federal returns.

Massachusetts residents who make $8,000 or more a year (**excluding income from public assistance programs**) must file a **Form 1 Massachusetts Resident Income Tax Return** each year.[41] Sole proprietors living in Massachusetts must also file **Schedule C**, which is an extra form that reflects your business income and expenses.[42] Massachusetts does not tax many forms of public assistance, including, but not limited to, federal Social Security retirement benefits and federal VA benefits.[43]

Individuals with sufficient income must file a **Form 1040 Personal Income Tax Return** for their federal taxes each year. For **2016**, an individual under the age of 65 who earned **$10,350** or more in annual gross income **must file a federal tax return** (if you are 65 or older, there is generally a higher threshold. Please see the resources listed at the end of this section).[44] Sole proprietors should include with the Form 1040 a federal **Schedule C** to reflect business income and expenses and a **Schedule SE** (for "Self-Employment") to report the self-employment income tax. **Form SE** applies to any income earned from self-employment above **$400** per year, and is used to assess **Social Security** and **Medicare** taxes. The self-employment tax is generally about 15% of income earned from the first dollar of earnings if the individual's income from self-employment exceeds **$400** in the tax year. The federal income tax system has a **minimum income level** below which an individual will not **owe** any taxes. For **2016**, that amount is **$10,350**. If you made less than **$10,000** in the last year and will not **owe** income taxes to the federal government, you are still required to **file** a tax return if you made enough to owe the self-employment tax.

For more information on tax filing, please see:

- IRS Filing Information: https://www.irs.gov/publications/p17/ch01.html#en_US_2016_publink1000170407

(2) Why File Taxes?

Subject to the exceptions outlined in the previous section, individuals, including sole proprietors, must file a tax return because it is required by law. If the state or federal government finds that you have failed to file a tax return, you could owe those unpaid taxes plus penalties for not paying on time and interest that has accumulated over time.

There are **benefits to filing taxes**. First, you can **deduct money that you spend to operate your business from your taxes.**

Second, you may also be able to claim **other exemptions and deductions that will reduce any taxes you would otherwise owe**. For example, any individual over the **age of 65** who files taxes in Massachusetts is entitled to a **$700 exemption** that reduces the amount of income subject to taxes.[45]

Third, the **government uses the tax system to distribute certain benefits**. The Earned Income Tax Credit (EITC) is the second-largest federal benefit system after Social Security, and it is administered through the income tax system. The EITC is a refundable credit, which means that it can offset any tax liability you have in a year. If the credit is greater than the amount of taxes you owe, you can get the difference back as a refund. For information about how EITCs interact with public assistance programs in Massachusetts, please see:

- Mass Legal Help Guide to EITCs and Benefits: http://www.masslegalhelp.org/income-benefits/tax-refunds-benefits.

Fourth, **eligibility for social security retirement benefits and SSDI is another important reason to file taxes when you earn income**. Social Security retirement benefits provide payments to all Americans **over the age of 62** who have worked at least **40** quarters (equal to ten years) in their lifetimes. You earn credit for quarters **by reporting income** and **paying Social Security tax** on that income. Currently, you earn one quarter per $1400 of income, up to a maximum of four quarters in a year. If you previously had a job that withheld taxes from your paychecks, you have likely already accumulated some Social Security credit, so continuing to work towards your 40 quarters could be extremely valuable to qualify you for retirement benefits. **Social Security credit is also important to qualify for SSDI**, which requires a **minimum of 32 quarters** (equal to 8 years) of work and taxes paid.

If you're unsure if you have Social Security credits, or how many you have, you can visit the Social Security Administration to check your status. To do this, please see:

- The SSA Website: https://www.ssa.gov/.
- SSA Office Locator: https://secure.ssa.gov/ICON/main.jsp.

Useful SSA Locations:
Cambridge: 10 Fawcett Street, First Floor, Cambridge (near the Alewife T Station)
Hours: M, T, Th, F 9:00am-4:00pm; Weds 9:00am-12:00pm
Downtown Boston: 10 Causeway Street, Room 135, Boston
Hours: M, T, Th, F 9:00am-4:00pm; Weds 9:00am-12:00pm

(3) Common Questions about Income Taxes

(a) What if I haven't paid taxes recently/in the last few years/ever?

You are able to go back and file taxes for up to **three years**, so there's always the chance to make up for some of what you missed.

There is no limit to how far back the **Internal Revenue Service** ("IRS," which administers federal taxes) and the **Massachusetts Department of Revenue** ("DOR," which administers MA state taxes) can go to assess tax liability against you. If your only occupation in past years has been self-employment, the IRS and the DOR are not receiving third-party information about your earnings. Without that kind of information about what you might have earned in past years, it would be very difficult for the government to assess back taxes, and it may choose not to use its resources to try to take enforcement action against you. There is no way for us to guarantee that anyone will or won't be investigated, audited, or subject to enforcement by the IRS or the DOR -we can only explain some of the factors at play and the possible consequences of various actions or inactions.

(b) What if paying taxes would leave me without enough money to pay rent, eat, and otherwise live on?

The IRS has a system to protect against problems like this. If a taxpayer notifies the IRS that she cannot afford to pay the taxes she owes, the **IRS will conduct a hardship analysis that takes necessary expenses, like housing, into account**. If the IRS agrees with the taxpayer that paying taxes would be a hardship, then the **IRS may adjust the payer's status to "not taxable,"** and would either refrain from collecting any funds against the tax liability or return funds that were already collected. The important thing to know about hardship accommodations is that they require communication with the IRS - you cannot access them automatically.

(c) Will paying taxes affect my public assistance payments?

Filing a tax return might impact your public assistance status, but you should not avoid paying taxes just because you receive public assistance. You can earn income, pay taxes and still receive public assistance payments, as outlined in SECTION 3. But because most forms of public assistance consider income as a factor, the money that you earn will likely affect the amount of benefits for which you are eligible. You should report your income accurately for tax purposes just as you should for public assistance purposes.

(4) What counts as "income" for taxes?

Income is defined very broadly for tax purposes, and will include any money you earned from your self-employment activities. The best course of action is simply to keep good records of all of your income and business expenses, and bring that information with you when you work on filing a tax return.

(5) How to file taxes

The deadline to file your annual tax return is **April 15** of the following year. For years when April 15 falls on a weekend, the deadline may be adjusted by one or two days to fall on a weekday. So, for example, the deadline to file a 2016 tax return is **April 18, 2017**, because April 15 falls on a Saturday. Taxes can be filed online or by submitting a paper application.

There are free tax-help centers in Greater Boston where a volunteer will help you prepare your tax return. These clinics are a great way to get help and comply with your tax obligations.

Further, Volunteer Income Tax Assistance (VITA) sites are funded by the IRS and often coordinated with state or local government bodies. VITA helps individuals that make $54,000 or less, persons with disabilities, and limited English-speaking taxpayers who need assistance in preparing their own tax returns. There are 60 VITA sites in the Boston area. The following website allows you to search for VITA sites in your area and find their hours and contact information: http://masscashback.ehs.state.ma.us.

If you find yourself having more contact with the IRS after filing taxes – if they initiate an audit or are trying to collect an assessment that you can't pay, for instance – you may want to contact a tax clinic. Tax clinics can provide free assistance in communicating and negotiating with the IRS, and they may be able to represent you if you need to go to tax court. See SECTION 6: GLOSSARY OF RESOURCES for a suggested list of tax clinics you can contact if a problem arises.

(6) Legal Entities and Taxes

As noted above in SECTION 5.C, there a number of different corporate structures, and which one you choose will determine how your business impacts your taxes. Please consult with a lawyer for more specialist, tailored advice on the impact of the corporate form on your taxes and benefits. For a list of potential resources that may be able to assist you in this area, please see SECTION 6.B.

E. Entrepreneurship Training:

Running a business and working for yourself can be complicated. Entrepreneurship training can be an effective way to learn how to start and operate a successful business. There are a lot of entrepreneurship training programs that help future business owners and the self-employed develop management skills, put together business plans, and employ strategies for business growth.

For more information on entrepreneurship training, please see:

- **Center for Women and Enterprise**: An organization that provides assistance to entrepreneurs to help them achieve business growth and financial independence: http://www.cweonline.org/
- **SCORE**: An organization that helps small business owners achieve success through education and mentorship: https://boston.score.org/
- **Small Business Development Center:** An organization which provides aspiring and current small business owners a variety of free business consulting and low-cost training services: http://americassbdc.org/

Section 6. Glossary of Resources

A. Benefits/Disability Resources:

Assistive Technology Resources: MassMatch and getATstuff.com both provide resources for accessing, borrowing and buying assistive technology that could be useful both in your personal life and for your business.
Website of MassMatch: http://www.massmatch.org/inventory/printlist.php
Website of getATstuff.com: http://www.getatstuff.com/

BenePlan: An organization specializing in providing personalized benefit counseling and advice for those seeking or engaged in employment or enterprise.
Website: http://www.beneplan.org/

Boston Center for Independent Living: An organization led by people with disabilities that provides advocacy, information, referrals, peer support, skills training and transitional services in order to enhance the independence of people with disabilities.
Website: http://bostoncil.org/

Disability Law Center: A non-profit organization that provides people with disabilities with information, referrals, technical assistance and representation regarding their legal rights.
Website: http://www.dlc-ma.org/

Easter Seals of Massachusetts: An organization that provides resources and support to people with disabilities, including providing assistive technology, employment and training services and other related services.
Website: http://www.easterseals.com/ma/

Harvard Law School Safety Net Project: A legal clinic staffed by skilled attorneys and Harvard Law School students that provides advocacy for people denied social security benefits.
Website: http://www.legalservicescenter.org/get-legal-help/safety-net-project/
Telephone: 617-522-3003

Harvard Law School Veterans Legal Clinic: A legal clinic staffed by skilled attorneys and Harvard Law School students that provides advocacy for veterans denied federal or state veterans benefits and various other legal services for veterans.
Website: http://www.legalservicescenter.org/get-legal-help/students-and-clinics/veterans-legal-clinic/
Telephone: 617-522-3003

Jewish Vocational Service: An organization that provides support and vocational educational services that aim help people get into the workforce.

Website: http://jvs-boston.org/

LandAjob: An approved Employment Network of the SSA's Ticket to Work Program, LandAjob helps individuals with disabilities engage in supported employment, providing work expense reimbursement and guidance on Social Security work incentives.
Website: www.landajob.org

Mass Legal Help: Hosts and keeps up-to-date a great deal of information on a wide range of public assistance programs in Massachusetts.
Website: http://www.masslegalhelp.org/

Project Impact: An organization specializing in providing personalized benefits counseling and advice for those seeking or engaged in employment or enterprise.
Website: http://www.mass.gov/eohhs/consumer/disability-services/vocational-rehab/ses/impact/

Ticket to Work Hotline: Free and voluntary guidance on getting back into work and increasing your self-sufficiency while on public assistance.
Website: https://choosework.net/
Telephone: 866-968-7842

B. Business Law Resources:

Harvard Transactional Law Clinics:
A legal clinic staffed by skilled attorneys and Harvard Law School students that provides low-cost legal advice and representation for a broad range of business-related issues.
Website: http://clinics.law.harvard.edu/tlc/
Telephone: 617-998-0101

C. General Business and Entrepreneurship Resources

Center for Women and Enterprise: An organization that provides various forms of assistance to entrepreneurs.
Website: http://www.cweonline.org/

SCORE: An organization that helps small business owners achieve success through education and mentorship.
Website: https://www.score.org/

Small Business Administration: A government agency existing to serve and provide resources to small businesses across the nation.
Website: https://www.sba.gov/

Small Business Development Center (SBDC): An organization that provides aspiring and current small business owners with a variety of free business consulting and low-cost training services.
U.S. Website: http://americassbdc.org/
Massachusetts SBDC Website: http://www.sbdc.umb.edu/

D. Tax Resources

Action for Boston Community Development: A VITA clinic that offers tax preparation and filing assistance to low income households.
Website: http://bostonabcd.org/tax-assistance-2015.aspx

Boston Tax Help Coalition: An organization that prepares and files taxes for eligible families and individuals for free.
Website: http://www.bostontaxhelp.org/

Bentley University Low Income Taxpayer Clinic: The clinic can help taxpayers communicate and negotiate with the IRS in the case of an audit or other enforcement action. The clinic does not help with the ordinary preparation of returns.
Website: http://www.bentley.edu/centers/bentley-low-income-taxpayer-clinic
Telephone: (781) 891-2153, (781) 891-2083 (clinic)
Email: GA_BLITC@bentley.edu

Harvard Legal Services Center Federal Tax Clinic: The clinic represents low-income individuals in disputes involving the IRS, including administrative appeals, collection matters, and examinations.
Website: http://www.legalservicescenter.org/get-legal-help/federal-tax-unit/
Telephone: (866) 738-8081 (toll free) or (617) 522-3003 and ask for the Federal Tax Clinic.
Walk-in inquiries at *122 Boylston Street, Jamaica Plain 02130* welcome on weekdays between 9:00am and 5:00pm.

VITA Sites: VITA sites are funded by the IRS and often coordinated with state or local government bodies. VITA sites help individuals that make $54,000 or less, persons with disabilities, and limited English-speaking taxpayers who need assistance in preparing their own tax returns. There are 60 VITA sites in the Boston area. The following website allows you to search for VITA sites in your area and find their hours and contact information.
Website: http://masscashback.ehs.state.ma.us.

Section 7. Reporting Letter and Expenses Itemization Table

A. SSI/SSDI Self-Employment Earnings Report Letter

Date: ______________________

Social Security Administration Office

____

____

Attn: Title XVI/SSI Unit // Attn: Title II/SSDI Unit [delete as appropriate].

Re: Name:____

SSN:____

Address:____

____

Phone: ______________________ Email: ______________________________________

Dear Sir/Madam,

I am writing to report that I received $________ in gross receipts in self-employment income in the month of ________________, 20___. Please find attached a copy of these receipts, as well as a breakdown of my business expenses and impairment-related work expenses incurred in that month. Please let me know if you need any further information.

Regards,

[NAME]

B. Business Expense and IRWE Reporting Table

Business Expenses Table

Date Paid	Description of Expense	Amount

Impairment Related Work Expenses Table

Date Paid	Description of Expense	Amount

ENDNOTES

[1] *See* https://www.ssa.gov/disability/professionals/bluebook/general-info.htm.
[2] *See* https://secure.ssa.gov/poms.nsf/lnx/0410501015; https://secure.ssa.gov/poms.nsf/lnx/0502302010.
[3] 20 C.F.R. § 404.1574.
[4] For more detail on SECTION 3.A.(b), please see 20 C.F.R. § 404.1575.
[5] *See* 20 C.F.R. §404.1575(c)(1). The term "normal business expenses" is left undefined by the regulations.
[6] *See* 20 C.F.R. § 404.1575(b)(2) for more details on the sub-tests for deciding whether you are engaging in SGA if you have not been receiving SSI for 24 months or more. The test is different if you have been receiving benefits for more than 24 months, but for the sake of clarity and space we do not detail the test. *See* 20 C.F.R. § 404.1575.
[7] 20 C.F.R. § 404.1575(b)(1).
[8] *See* 20 C.F.R. § 404.1575 for more detailed information on what counts as a "substantial income."
[9] The authors wish to express their sincerest gratitude to Mary Glanden for thinking of the three questions to determine whether an expense is an IRWE.
[10] *See,* https://www.ssa.gov/ssi/text-resources-ussi.htm; 2 C.F.R. §416.1201. Unlike some of the Massachusetts provisions for EAEDC and TAFDC, it would appear likely under the SSI regulations that any stocks qualify as assets. There is no "no market" or "no market value" proviso as in Massachusetts.
[11] *See* 20 C.F.R. §§ 416.1110-1182.
[12] *See* 20 C.F.R. §404.1575(c)(1). The term "normal business expenses" is left undefined by the regulations.
[13] 106 C.M.R. §365.030(B).
[14] *See* 106 C.M.R. §363.120(G).
[15] At first glance, it seems arguable that shares in a corporation formed by the benefit recipient, which are held closely and would not be especially easy to sell off should the benefit recipient wish to do so, are securities that have "no market" for 106 C.M.R. 321.120(D)(1). This would mean they are not countable assets for the purposes of EAEDC, and would not push the recipient over the asset limit. Further, by 106 C.M.R. 321.120(D)(2)(a), a claim that the shares lack a market value is verifiable by the corporation which issued them, which would make this relatively easy to prove. However, this argument seems unconvincing when considered in depth. 106 C.M.R. 321.120(D)(2) talks, instead of there being "no market' like (D)(1), of there being "no market value," and assuming the corporation is not insolvent, there probably is some value to the shares. Further, if it were the case that the shares lacked any value, then it would seem that the original transfer of assets, for example, tools, to the corporation in exchange for shares would potentially breach the 106 C.M.R. 321.135 rules on transfers of assets for no value.
[16] 106 C.M.R.321.140(H).
[17] 106 C.M.R.321.140(Q).
[18] *See* 106 C.M.R.321.140(H), 106 C.M.R. 321.120(G), (H).
[19] As a result of the manner in which the EAEDC regulations are written, if you incorporate and are both paid as an employee and receive dividends from the corporation, those two sources of income will be categorized differently: the wages from employment will be earned income, and the dividends unearned income, despite the fact you may be the only person creating any value for the business. *See* 106 C.M.R. 321.210(B)(1). This could be potentially significant given the deductions allowed for earned but not unearned income.
[20] If you are eligible for Chapter 115 Veterans Benefits in Massachusetts, you are ineligible for EAEDC: 106 C.M.R. 702.720.
[21] 106 C.M.R. 321.140.
[22] DTA Operations Memo 2014-46 (July 10, 2014).
[23] DTA Transitions, Nov. 2009, p. 5.
[24] *An Act to Foster Economic Independence* (Chapter 158 of the Acts of 2014).
[25] 106 C.M.R. 207.111; 106 C.M.R. 204.140(Z). *See, also,* https://malegislature.gov/Bills/190/SD2073.pdf.
[26] As a result of the manner in which the EAEDC regulations are written, if you incorporate and are both paid as an employee and receive dividends from the corporation, those two sources of income will be categorized differently: the wages from employment will be earned income, the dividends unearned income, despite the fact he may be

the only person creating any value for the business. *See* 106 C.M.R. 321.210(B)(1). This could be potentially significant given the deductions allowed for earned but not unearned income.

[27] DTA Transitions, May 2013, p.8.

[28] TAFDC Advocacy Guide, p. 91.

[29] TAFDC Advocacy Guide, p. 94.

[30] 38 C.F.R. §4.16(a).

[31] MANUAL M21-1, VI.ii.2.F.1.c, available at http://www.knowva.ebenefits.va.gov.

[32] Roberson v. Principi, 251 F.3d 1378 (Fed. Cir. 2005).

[33] This section owes much to the VETERANS LEGAL CLINIC (LEGAL SERVICES CENTER OF HARVARD LAW SCHOOL), CHAPTER 115 BENEFITS FROM THE MASSACHUSETTS DEPARTMENT OF VETERANS' SERVICES: A SELF-HELP GUIDE FOR VETERANS AND THEIR DEPENDENTS (August 2015) (available at: http://www.legalservicescenter.org/wp-content/uploads/2012/10/Ch-115-Self-Help-Guide.pdf).

[34] 108 C.M.R. 6.02(4).

[35] *Id.*

[36] 108 C.M.R. 6.02

[37] 108 C.M.R. 7.01

[38] 108 C.M.R. 7.02

[39] 108 C.M.R. 7.02(3).

[40] SOCIAL SECURITY HANDBOOK, §2126.

[41] http://www.mass.gov/dor/individuals/filing-and-payment-information/personal-income-tax-faqs/personal-income-tax-faqs.html.

[42] http://www.mass.gov/dor/businesses/current-tax-info/guide-to-employer-tax-obligations/business-income-taxes/sole-proprietorships.html.

[43] http://www.mass.gov/dor/individuals/filing-and-payment-information/personal-income-tax-faqs/personal-income-tax-faqs.html#21.

[44] https://www.irs.gov/publications/p17/ch01.html#en_US_2016_publink1000170388.

[45] http://www.mass.gov/dor/docs/dor/taxtips/seniors-retirees.pdf.