

Policy Clarifications - LIHEAP - All PLA15989605

Submitted: 11/07/11

Agency: CAOs

Citations:

Subject: Operating a licensed business out of your home

How are we to process self employed applicants whose licensed business is located in their home and utilities (full or partial percentage) are being deducted as a business expense?

Response By: Division of Federal Programs/LIHEAP

Date:11/07/11

The household should be submitting the Schedule C "Profit or Loss From Business (Sole Proprietorship)" with their LIHEAP application.

If the applicant completes line 30 of the Schedule C, they are claiming home utilities as a deduction for their business. According to the instructions for line 30, Form 8829 "Expenses for Business Use of Your Home" should also be completed. The applicant should be sending that form along with their schedule C.

On Form 8829 in block 7 if the percentage is 51% or higher, the applicant is claiming that over 50% of their house is being used for their business. Since the majority of the heating is used for business, which they are claiming as a business expense and deduction for tax purposes, they cannot receive the LIHEAP benefit in addition to that deduction to cover the same heating costs, and the LIHEAP benefit cannot be prorated for any portion they pay for home heating. The applicant is **not** eligible for LIHEAP.