

Policy Clarification

Cash Assistance – All – PCA-21167-150

Medical Assistance – All – PMA-21167-350

Food Stamps – All – PFS-21167-550

Submitted: October 18, 2022

Agency: CAOs

Subject: Treatment of Partnership Income

Question: How should partnership income be treated for Medical Assistance (MA), Temporary Assistance for Needy Families (TANF), and Supplemental Nutrition Assistance (SNAP) eligibility determinations? How should this income be entered into the Electronic Client Information System (eCIS)?

Response By: Policy Clarification Unit

Date: 12/19/2022

If an individual indicates a partnership on the Schedule E of the Internal Revenue Service (IRS) form 1040, the County Assistance Office (CAO) will consider partnership income to be self-employment.

For MA and TANF:

The CAO will enter the net profit found on line 32 of the Schedule E as self-employment income in eCIS. No additional self-employment deductions should be entered on the Income screen as expenses are considered in the determination of the net profit. The CAO will enter a tax deduction for the deductible part of self-employment tax found on the Schedule 1 of the IRS form 1040.

If the household reports income inconsistent with information on the Schedule E, the CAO will review the IRS form 1065 and Schedule K-1 that shows a breakdown for each partnership member.

For SNAP:

The CAO must NOT enter the net profit found on line 32 of the Schedule E as self-employment income in eCIS, as it incorporates deductible business expenses not permitted by SNAP regulations.

The CAO should request and review the IRS form 1065 and Schedule K-1 that shows a breakdown for each partnership member and compare the expenses listed with the non-allowable costs as discussed in SNAP HB 552.51 and determine which business expenses can be deducted to calculate the net profit for SNAP purposes.

The CAO will use exemption codes on the Income screen to count the correct income for each program.

Case specific questions regarding partnership income can be submitted to the Policy Clarification mailbox.