

Unincurred Business Expenses

Unincurred Business Expenses can be used if you are receiving SSDI benefits; have used your Trial Work Period; **are self-employed** and have net earnings that are more than the Substantial Gainful Activity (SGA) level of \$1,260 (or \$2,110 if blind). Net earnings from self-employment are your gross earnings minus your business expenses.

Using unincurred business expenses can sometimes allow your Social Security Disability Insurance (SSDI) payments to continue even though you're earning more than Substantial Gainful Activity.

Unincurred business expenses are services or items you need in order to run your business, but you don't pay for these expenses yourself. Some examples of unincurred business expenses are:

- Computer equipment, tools or other items provided by Rehabilitation Services or any other source
- A friend donates time to do the company billing
- Your spouse does the bookkeeping for your business and doesn't take any pay.

NOTE: The item/service must be an expense that the IRS would allow as a legitimate business expense.

Because you did not pay for these expenses you cannot claim them when you file your taxes. However, Social Security may be able to consider them as unincurred business expenses when they calculate your countable income.

Why Use Unincurred Business Expenses?

Here is an example of how using unincurred business expenses can keep someone eligible for an SSDI payment even when they earn more than the Substantial Gainful Activity Level.

Jim has his taxes prepared for his business. After expenses, his net earnings are \$1,350 a month. Since Jim's net earnings are more than the \$1,260 Substantial Gainful Activity level, he should not receive his monthly SSDI payment.

However, Jim's brother helps in the business by making the deliveries each month. He does **NOT** get paid for this. Jim would have to pay a courier \$100 a month to make these deliveries. The value of the deliveries is approved as an unincurred business expense by Social Security. Jim's net earnings of \$1,350 minus his \$100 in unincurred business expense = \$1,250 in countable earnings.

Because Jim's countable earnings are now below the \$1,260 Substantial Gainful Activity level, his monthly SSDI payments can continue.

What Do You Need to Keep Track of Your Unincurred Business Expenses?

If you receive items or services for your business for no charge you will need to provide Social Security with the following information:

- The item provided
- When you received the item

Unincurred Business Expenses continued

- The name, address and phone number of the person or agency that bought the item for you
- If a family member provided the item, their relationship to you
- The value of the item
- Why the item was given to you

If you received services Social Security will ask you

- What service(s) was provided
- Whether the service(s) was a one-time event or whether it will be ongoing
- The name, address, and telephone number of the person or agency that provided the service
- If a family member is providing the service, their relationship to you
- The amount of time each month the person spends providing the service(s).
- A reasonable estimate of what those services are worth.
- Why the service was provided

The attached tracking forms will help you keep track of any items and/or services you have as unincurred business expenses. Print these tracking forms.

How Do I Get My Unincurred Business Expenses approved?

1. Call your SSDI Claims Specialist

_____ at: _____

- Report your self-employment earnings and Unincurred Business Expenses.

- Explain the Unincurred Business Expenses you have, and ask when you should submit this information.
2. Gather all the information the SSDI Claims Specialist asks you to send in. This may include letters from the agencies or family members that helped you with your business.
 3. Send all the information to the SSDI Claims Specialist with a note asking her/him to call to let you know if your expenses are approved.
 4. **Do not assume you get to use unincurred business expenses until your Claims Representative says it has been approved.** Call the Connection if you have problems or questions.
 5. Keep all information about your self-employment earnings and your unincurred business expenses in a safe place so they are easy to find.
 6. Be sure to send copies of your earnings information and records of your Unincurred Business Expenses to Social Security when they ask for them.
 7. The Connection suggests that you have all of the information about your business expenses and unincurred business expenses available when you report your annual earnings to Social Security.

For more information regarding how

This information was prepared for you by the Work Incentives Connection. The Connection cannot guarantee that you can use the work incentive, Unincurred Business Expenses. You must get this work incentive approved by your local Social Security office by following the steps outlined above.

Unincurred Business Expenses continued

**work will affect your government
benefits call the Work Incentives**

**Connection at 651-632-5113 or 1-800-
976-6728 or MN Relay -711.**

NOTES TO KEEP

Date you called your Claims Specialist:

What you told your Claims Specialist and what they told you:

Did the Claims Specialist approve your Unincurred Business Expenses?

YES or NO

What do you need to send them?

When should you send the information in?

Date you sent the information to SSDI:

Supplemental Security Income (SSI) Work Incentive Plan
Unincurred Business Expenses continued

Sample Receipt for Items Received at no cost:

ITEMS RECEIVED FROM OTHERS				
Date Received	Item	Provided by	Their relationship to me	Value of item
_____	_____	_____	_____	_____
_____	_____	_____	_____	\$ _____
_____	_____	_____	_____	\$ _____

These items were provided to me by others because: _____

Signature of person providing services _____

Address: _____ Phone: _____

Sample Receipt for Service Provided by Others:

SERVICE PROVIDED BY OTHERS			
Service provided: _____			
Provided by: _____ (Name of person/agency providing assistance and their relationship to me)			
Hourly value of the donated service:	x	Number of service hours per month:	= Monthly value of services donated:
_____		_____	_____
These services are donated to me because: _____ _____			
Start date: _____ to end date: _____ (or "ongoing" if continuing)			
<i>Signature of person providing services</i> _____			
Address: _____ Phone: _____			

Reporting Unincurred Business Expenses – service provided by others:

Personal information:

Name: _____ Social Security Number: _____

Address: _____ Phone: _____

I am self-employed as a: _____

SERVICE PROVIDED BY OTHERS

Service provided: _____

Provided by: _____

(Name of person providing assistance and their relationship to me)

Hourly value of the donated service	Number of hours the service is provided per month	Monthly value of services donated
_____	_____	_____
_____	_____	_____
\$ _____	X _____	= \$ _____

These services are donated to me because: _____

Signature _____ Date _____