**CHILD SUPPORT GUIDELINES**
**SCHEDULE B - SELF-EMPLOYMENT INCOME**
**(N.D. Admin. Code § 75-02-04.1-05)**

This schedule is for use in determining net income from self-employment. Self-employment means employment that results in an obligor earning income from any business organization or entity which the obligor is able to directly or indirectly control to a significant extent. It also includes any activity that generates income from rental property, royalties, business gains, partnerships, trusts, corporations, and any other organization or entity regardless of form and regardless of whether such activity would be considered self-employment activity under the Internal Revenue Code.

Name of business/description of self-employment activity to which this schedule relates:

_____

_____

**TOTAL INCOME**

| | | | | | |
|---|---|---|---|---|---|
| Tax year from IRS 1040 form | ____ | ____ | ____ | ____ | ____ |
| 1. Total income -05(1) (This amount is taken from either a tax return or from a profit and loss statement. If it is taken from a tax return, use the "total income" line on the IRS form 1040; i.e., line 22 of 2014 tax return.) | _____ | _____ | _____ | _____ | _____ |
| **DEDUCTIONS** | | | | | |
| 2. Amount of total income that is not the obligor's income -05(1)(a)(1) | _____ | _____ | _____ | _____ | _____ |
| 3. Amount of total income that does not come from this self-employment -05(1)(a)(1) | _____ | _____ | _____ | _____ | _____ |
| 4. Amount of income from partnership or S corporation over which obligor does not have significant control that has not been distributed -05(1)(a)(2) | _____ | _____ | _____ | _____ | _____ |
| 5. Total deductions (total of lines 2 through 4) | _____ | _____ | _____ | _____ | _____ |

**ADDITIONS**

6. Business expenses attributable to the obligor or a member of the obligor's household for benefits, pensions, profit-sharing plans -05(1)(b)(1) _____ _____ _____ _____ _____
7. Payments to household member to extent payment exceeds fair market value of services -05(1)(b)(2) _____ _____ _____ _____ _____
8. Income from C corporation over which obligor has significant control -05(1)(b)(3):
   - 8a. C corporation taxable income _____ _____ _____ _____ _____
   - 8b. C corporation federal income tax _____ _____ _____ _____ _____
   - 8c. Line 8a less line 8b _____ _____ _____ _____ _____
   - 8d. Obligor's ownership interest x .70 _____ _____ _____ _____ _____
   - 8e. Line 8c x line 8d _____ _____ _____ _____ _____
9. Total additions (total of lines 6, 7, and 8e) _____ _____ _____ _____ _____

**ANNUAL NET INCOME FROM SELF-EMPLOYMENT**

10. Annual net income from self-employment ((line 1 - line 5) + line 9) _____ _____ _____ _____ _____

**Note:** When dealing with self-employment income, the guidelines contemplate a calculation of up to a 5-year average of self-employment income to account for the significant changes that may occur in the business.

Are multiple years being calculated: _____ yes _____ no

If yes, complete the following calculation:

1. Total net income from self-employment for all years being averaged i.e. total of line 10 amounts for all years being averaged.... _____
2. Number of years being averaged..... _____
3. Average annual net income from self-employment (line 1/line 2) _____

Enter the amount from line 3 onto the worksheet, line 3.

**Note:** If there are multiple self-employment activities, income from each activity must be calculated and averaged separately. Thus, a separate Schedule B must be completed for each activity.

**Treatment of self-employment losses**
If the result of averaging the self-employment income is a loss, if the self-employment activity is not a hobby, and if there is other income not related to the self-employment activity that produced the loss, the self-employment loss may be used to reduce the other income in certain circumstances. If applicable, complete either Section 1 **or** Section 2 to determine if self-employment losses may be used to reduce other income.

If less than three years were averaged, complete Section 1 only. If three, four, or five years were averaged, complete Section 2 only.

**Section 1:** This section is for use if less than three years were averaged. -05(6)

1. Monthly gross income..... _____
2. One-twelfth of average annual self-employment loss..... _____
3. Line 1 less line 2..... _____

Self-employment loss may be used to reduce other income only if amount on line 3 equals or exceeds the greatest of:

a. 167 times federal minimum wage..... _____
($7.25 per hour . . . . $1,211)

b. .6 times statewide average earnings for persons with similar work history and occupational qualifications..... _____

c. .8 times obligor's greatest average gross monthly earnings, calculated without using self-employment losses, in any 12 consecutive months included in the current calendar year and the two previous calendar years ..... _____

**Section 2:** This section is for use if three, four, or five years were averaged. -05(7)

1. When three or more years were averaged, were losses calculated for more than 40% of those years?
   _____ yes _____ no

If the answer to line 1 is yes, STOP. The self-employment loss may not be used to reduce other income. If the answer to line 1 is no, continue with analysis.

2. Monthly gross income..... _____
3. One-twelfth of average annual self-employment loss..... _____
4. Line 2 less line 3..... _____

Self-employment loss may be used to reduce other income only if amount on line 4 equals or exceeds the greatest of:

a. 167 times federal minimum wage..... _____
($7.25 per hour . . . . $1,211)

b. .6 times statewide average earnings for persons with similar work history and occupational qualifications..... _____

c. .9 times obligor's greatest average gross monthly earnings, calculated without using self-employment losses, in any 12 consecutive months included in the current calendar year and the two previous calendar years ..... _____