

## Self-employment tax credits

### WHO CAN USE THIS

This benefit will apply to certain self-employed individuals. Please note that it will remain in effect between April 1, 2020 and March 14, 2021

### WHAT THIS BENEFIT DOES

If you are a self-employed photographer who is away from your job because of one of the following reasons, you are eligible to receive a tax credit on your income taxes.

1. You are subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. You have been advised by a health care provider to self-quarantine related to COVID-19;
3. You are experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. You are caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
5. You are caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
6. You are experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury. A substantially-similar condition has not yet been identified nor specified. But, this provision allows for expansion in the future if genetic mutation occurs.

While this does not put immediate money back in your pocket, you will see the benefit when you file your income taxes

### ADDITIONAL INFORMATION

The duration of the sick leave covered by this varies based on the situation:

- For reasons one through three, and six listed above, you are eligible to receive 100% reimbursement for paid leave.
- For reason four and five listed above, you are entitled to pay at 2/3 of your daily self-employment income.\* |

\*average daily self-employment income is calculated by your net earnings divided by 260. For example, if my net earnings in 2018 were \$50,000, my average daily self-employment income is \$50,000/260 or \$192.31 per day.

## CALCULATING YOUR CREDIT

- For leave reasons one through three and six above, you are eligible for a tax credit, up to \$511 per day and \$5,110 total (over a 2-week period).
- For leave reason four and five, you are eligible for a tax credit, up to \$200 per day and \$2,000 total (over a 2-week period).
- After the first 2-week period, you are eligible for an additional tax credit, 2/3 of your daily self-employment income up to \$200 per day and \$8,000 total (over a 8-week period) if you are unable to operate your business.

## CALCULATING YOUR CREDIT

These credits will be claimed on your income tax return and will reduce estimated tax payments. To properly claim the credit you must maintain acquire documentation which include

- The date or times you were unable to work
- The name of the client/company for who you perform services
- The reason you were unable to work (COVID-19 related)

If you were given a quarantine order or were advised to self-quarantine you should include the name of the government entity and/or the health professional who recommended the quarantine. If you were taking care of another person who was required to quarantine, include their name and relationship to you.

If you were unable to work due to a school closing or lack of childcare then you should include the name and age of your child/children to be cared for and the name of the school/childcare facility that closed.

## Important things to note

- You may only take into account days you are unable to work for qualified reasons provided above.
- You must maintain certain documentation to be prescribed by the Department of Treasury to establish eligibility for the credit. Documentation will be provided at a later date.
- Intermittent leave is permissible
- You are subject to the laws in your state
- Any days you claim from January 1, 2021 through March 31, 2021 should be claimed on next year's tax return.