**Section 112.145 Earned Income From Self-Employment**

a) Income realized from self-employment shall be considered earned income.

b) Accurate and complete records shall be kept on all monies received and spent through self-employment. If the individual fails or refuses to maintain complete business records, the family shall be ineligible.

c) Business expenses shall be verified. The individual shall have full responsibility for proof of any business expense. No deduction shall be allowed for depreciation, obsolescence and/or similar losses in the operation of the business. Income reinvested in the business, except for the purchase of real estate, is a recognized business expense. This includes the purchase of capital equipment, payments on principal of loans and other expenses need to produce goods or services.

d) To determine eligibility, the self-employment income shall be the gross less the value of the replacement of stock, business expenses and the amount equal to the difference between the family's TANF payment level and 50% of the Federal Poverty Level. If eligible, the three-fourths earned income exemption, if applicable, shall be computed and deducted from the self-employment income less the value of the replacement of stock and business expenses.

(Source: Amended at 34 Ill. Reg. 10085, effective July 1, 2010)