**Section 240.835 Earned Income**

Earned income is remuneration acquired through the receipt of salaries or wages for services performed as an employee or profits from an activity in which the participant is self-employed. Income received as payment for jury duty or serving as an election judge is considered earned income. This includes any payments for mileage, meals, etc.

a) Exempt Earned Income

The first $20.00 of gross monthly earned income plus one-half of the next $60.00 shall be exempt. Additionally, the following recognized expenses of employment shall be exempt:

1) Withholding taxes (federal and state)

2) Social Security tax

3) Transportation costs. If the participant's own car is the means of transportation, the mileage reimbursement rate paid by the State of Illinois per mile shall be allowed as transportation expense.

4) Lunch supplementation

A) If carried from home, 15 cents per working day to a maximum of $3.00 per month.

B) If purchased at work, 45 cents per working day to a maximum of $9.00 per month.

5) Special tools and uniforms required by employment

6) The following expenses ONLY if mandatory as a condition of employment:

A) Union dues

B) Group life insurance premiums

C) Group health insurance premiums

D) Retirement plan withholding

b) Earned Income from Work/Study/Training Programs

1) Income from the Job Training Partnership Act (JTPA) shall be considered earned income.

2) Income from college work-study is considered exempt income.

c) Earned Income from Self-Employment

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

2) Accurate and complete records shall be kept on all monies received and spent through self-employment. If the participant fails or refuses to maintain complete (i.e., adequate to complete federal income tax return) business records, the participant shall be ineligible.

3) Business expenses shall be documented. The participant shall have full responsibility for proof of any business expense. No deduction shall be allowed for depreciation/obsolescence/similar losses (e.g., theft, breakage) in the operation of the business.

4) Gross income from the business shall be turned back into the business only to replace stock actually sold.

5) The net income shall be the gross remaining after the replacement of stock and business expenses and the appropriate employment expenses, as specified in subsection (a), have been deducted. The earned income exemption, if applicable, shall be computed on the net income.

d) Income from Rental Property

1) Income a participant receives from rental property he/she owns shall be considered earned income if the participant is actively engaged in the management of the property. The activity is to be determined by the participant's declaration or by viewing a management agreement.

2) When determining net income, the reasonable and necessary rental expenses the participant incurs in the production of income may be deducted from the gross income. Reasonable and necessary rental expenses include repairs, taxes, insurance, mortgage payments and utilities if the landlord pays them.

3) If a participant is responsible for cleaning a room and providing clean linens, the income he/she receives shall be considered earned income from a roomer rather than earned income from rental property.

4) After deduction of rental expenses (which determines net rental income), the appropriate earned income exemption/employment expenses, as specified in subsection (a), shall be deducted from net rental income to determine net income.

5) The appropriate earned income exemption shall be deducted from gross rental income (after deducting expenses) to determine net income.

e) Earned Income In-Kind

1) Earned income in-kind is remuneration received in a form other than cash for services performed. That remuneration shall include, but is not limited to: housing, food (except meals provided while working), satisfaction of a debt, or a service provided by the employer for the employee.

2) Earned income in-kind shall be exempt.

f) Income from Earned Income Credit

Earned Income Credit payments received as a part of an income tax refund are considered earned income when received as:

1) an advance payment; or

2) part or all of an income tax refund.

(Source: Amended at 42 Ill. Reg. 20653, effective January 1, 2019)