



HCD CDBG-CV INCOME CERTIFICATION GUIDE

Description: The purpose of this guide is to provide HCD Community Development Block Grant-Coronavirus (CDBG-CV) grantees, program administrators, developers, and front-line staff with guidance on how to complete the income certification forms that documents eligibility for receipt of CDBG-CV microenterprise assistance.

How to use this Guide: This guide serves as an annotated version of HCD's income certification forms required to document a business owner's income when applying for microenterprise assistance.

Documents Featured in this Guide:

- Income Certification – CDBG-CV Microenterprise Program
- Business Certification of Zero Income
- Adjusted Gross Income (AGI) Worksheet – CDBG-CV Microenterprise Program

Note: The annotated forms attached to this document are not to be filled out and submitted. The forms and examples provided are for informational and explanatory purposes only. If you have any further questions or need further assistance/clarification, please contact your Grant Administrator or HCD Representative.



Guide to Completing Income Certifications

Introduction

This guide is intended to support microenterprise business owners applying for assistance under CDBG-CV, with support from grantees, subrecipient, or vendor staff administering the CDBG-CV program. CDBG-CV grantees must maintain proper income certifications and source documentation for individuals, families, or businesses assisted under the CDBG-CV program. Insufficient documentation to establish eligibility may result in HUD requiring the repayment of CDBG-CV funds or other corrective action.

When to use each form:

Microenterprise Adjusted Gross Income (AGI) Worksheet

This form should be used for each family member who files a single tax return. This return can include family members that do not file taxes on their own (dependents). If all family members file under the same tax return (e.g., married, filed jointly or single with dependents), then only one form needs to be completed.

Microenterprise Owner Family Income Certification

This form should only be used for microenterprise owners who have multiple tax filers that are a part of the same immediate family (family living under one roof together).

Business Certification of Zero Income

This form should be used to indicate if an adult family member (18 years or older) of the business owner's family does not earn any income (receives zero income).

FAQs:

Q: If my family files under one tax return, does each earning member of the family still have to fill out the AGI worksheet? Or do we just need to fill out one for the family filing under one tax return?

A: If multiple family members file under one tax return you do not need to have them fill out an AGI form individually; however, you do need to indicate this on the Income Certification for Microenterprise Owner(s) form.

Q: What if a family member (e.g., your adult son) lives in the house but files separately, are they included?



Tool C-1: Microenterprise Owner Income Certification Guide

A: Yes, please indicate this on the Family Income Certification form and have the family member fill out their own AGI worksheet.



Tool C-1: Microenterprise Owner Income Certification Guide

Microenterprise Form Instructions:

This next section provides useful insights and definitions for the various worksheets and certification forms required for microenterprise

Microenterprise Adjusted Gross Income (AGI) Worksheet

- Make sure to calculate deductions from gross income to obtain family's adjusted gross income
 - Use the fields from your most recent 1040 (if available). This worksheet is designed to mirror the most recent 1040 IRS layout.
- Deductions include
 - Health savings account (HSA) payments
 - Moving Expenses
 - Deductible part of self-employment tax
 - Self-employed health insurance deduction
 - Self-employed SEP and SIMPLE plans
 - Penalty on early withdrawal from savings
 - Paid alimony
 - Student loan interest

Microenterprise Owner Family Income Certification

- **Family Income:** Income of family members who are related by blood, marriage, or adoption.
- Use your most recent IRS Tax Return (1040 Long Form)
 - Refer to IRS guide for instructions on asset inclusions/deductions:
 - [2020 Instruction 1040 \(irs.gov\)](https://www.irs.gov/irs2020/instruction-1040)
 - If your most recent Tax Return is not available, you may:
 - Provide a current and valid extension approval from the IRS and use the previous year's IRS Tax Return, OR
 - Provide alternative income documentation (paystubs, W-2s, documentation supporting deductions, etc.) demonstrating current adjusted gross income
- Ensure you include all family members to get to the family's annual adjusted gross income
- Ensure you provide valid third-party documentation supporting the values included in the Income Certification for Microenterprise Owner(s) form



Tool C-1: Microenterprise Owner Income Certification Guide

Business Certification of Zero Income

- The “Certification of Zero Income” should be completed by adult members (age 18 or older) of the business owner’s family, if the adult member does not earn any income from the sources listed on the form.
- The individual completing the form needs to describe what sources of non-income funding are used to contribute to basic living needs and other necessities. Examples include:
 - Student Loans
 - Parents or household family members covering bills
 - Credit Card/other forms of Debt

Steps in the Certification Process

Step 1: Grantee receives Application from Microenterprise Owner



Step 2: Microenterprise Owner Completes Income Certification(s)

Note: Confirm income is the same as the most current tax return - if NO collect additional information



Step 3: Grantee Collects Supporting Documentation from Microenterprise Owner



Step 4: Family Adjusted Income is Calculated



Step 5: Family Income is compared to HUD CDBG-CV Income Limits and determination is made whether the business owner is LMI



Step 6: Documents are uploaded into applicant file

CDBG-CV Additional Resources

HUD has an on-line income calculator that can be used to help determine a household’s income for establishing eligibility for assistance. Grantees may reference the One-CPD Income Calculator at <https://www.hudexchange.info/incomecalculator/>.