Montana Department Of Public Health & Human Services	SH CACFP 2000-10 Rev 2
	Section: Sponsoring Organizations of Day Care Homes
Child and Adult Care Food Program	Subject: Verifying Income from IRS 1040
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VERIFYING INCOME FROM IRS 1040

Follow these preliminary guidelines for using the IRS 1040 form to verify income for Tier I providers qualifying for Tier I status based on the provider's own income.

A combination of items #7 through #21, as specified below, must be used to verify income from IRS 1040.

One line on the 1040 form does not suffice when representing "income" for USDA eligibility purposes because the IRS definition of income is different from the USDA definition of income. Therefore, none of the following may be used: item #22 (total income); item #31 (adjusted gross income); item #37 (taxable income).

Income for USDA eligibility purposes equals the sum of the following lines:

7. Wages, salaries, tips, etc.;
8a. Taxable interest;
8b. Tax exempt interest;
9. Dividend income;
10. Taxable refunds, credits or offsets of state and local income taxes;
11. Alimony received;
12. Business income; if less than zero must be counted as zero for USDA purposes;
13. Capital gains; if less than zero must be counted as zero for USDA purposes;
14. Other gains; if less than zero must be counted as zero for USDA purposes;
15a. Total IRA distributions (do not use 15b: taxable amount);
16a. Total pensions and annuities (do not use 16b: taxable amount);
17. Rental real estate, etc.;
18. Farm income; if less than zero must be counted as zero for USDA purposes;
19. Unemployment compensation;
20a. Social security benefits (do not use 20b: taxable amount); and
21. Other income.

Use zero when any negative amounts are found in lines 12, 13, 14, and 18 and use zero for items to discount in lines 15a, 16a, and 20a to adjust the total found on line #22.

An income figure must be entered in column F of the Income Eligibility Form and the tax return, including the signature page must be attached. The return is not considered valid if the signature page is missing. If the provider files taxes electronically, a copy of that return must be attached – a signature is not required. If the return is prepared by someone other than the provider, the preparer's signature and the provider's signature must appear on the return.