

Debtor is a “1099 employee”, he usually works for the same company or person but the employer does not withhold taxes and issues the debtor a 1099 instead of a W-2.

If the debtor has no out of pocket expenses associated with generating this income:

Schedule I – Name the employer in Part 1, state that the debtor receives a 1099. Report the gross income on Line 2.

Schedule J – Report estimated average monthly tax **liability** on Line 16. Use the debtor’s tax returns as a resource if possible.

SOFA Question 4 – Report gross income as if debtor was employed.

Form 122C-1 – Report gross income on Line 2 as if debtor was employed.

If the debtor does incur out of pocket expenses associated with generating this income:

Schedule I – Name the employer in Part 1, state that the debtor receives a 1099. Report the net income on Line 8a and attach a statement showing gross receipts, ordinary and necessary business expenses, and the total monthly net income.

Schedule J – Report estimated average monthly tax **liability** on Line 16. Use the debtor’s tax returns as a resource if possible.

SOFA Question 4 – Report gross income as if debtor was employed.

Form 122C-1 – Report gross receipts (income), ordinary and necessary business expenses and net business income on Line 5.

AT LEAST SEVEN DAYS BEFORE THE ORIGINAL 341 MEETING DATE:

If the debtor is paid by check: Provide copies of checks and/or a year to date print out summarizing payments from the 1099 employer to the debtor.

If the debtor is paid in cash: Submit an affidavit from the 1099 employer and the debtor stating the amount paid to the debtor. Submit debtor’s records regarding payments received even if the debtor didn’t keep records until the initial consultation with the bankruptcy attorney.

If the debtor incurs out of pocket business expenses: Submit the best available proof of income with a YTD statement of income and expenses to payadvices@lisle13.com. Provide documents in support of both the income and expenses, annotated as necessary to make it clear how the stated income and expenses were calculated.

Be sure to submit the debtor’s complete tax return including Schedule C.