

Combined Disposable Income Worksheet

Income year:	
Are you required to file a federal income tax return?	Yes No
<u>Disposable income</u>	<u>Amount</u>
1. Federal adjusted gross income from Federal Form 1040	
2. Capital gains not reported on your federal income tax return	
3. Losses reported on your federal income tax return	
4. Depreciation reported on your federal income tax return	
5. Wage income: nontaxable and/or not reported on your federal income tax return	
6. Dividend or interest income: nontaxable and/or not reported on your federal income tax return	
7. Pension and annuity income: nontaxable and/or not reported on your federal income tax return	
8. Military pay and benefits: nontaxable and/or not reported on your federal income tax return	
9. Veterans pay and benefits: nontaxable and/or not reported on your federal income tax return	
10. Social security or railroad retirement benefits: nontaxable and/or not reported on your federal income tax return	
11. Business, rental, or farming income not reported on your federal income tax return	
12. Other income not included in amounts on Lines 1-11, provide the source, type and amount	
13. Add lines 1-12 This is your total disposable income:	
<u>Deductions</u>	
14. Nursing home, assisted living or adult family home	
15. Home health care	
16. Prescription drugs	
17. Medicare parts A,B,C, D insurance premiums	
18. Medicare supplemental/Medigap insurance premiums	
19. Durable medical and mobility enhancing equipment and prosthetic devices	
20. Medically prescribed oxygen	
21. Long-term care insurance	
22. Cost-sharing amounts	
23. Nebulizers	
24. Medicines of mineral, animal and botanical origin prescribed, administered, dispensed, by a naturopath licensed under Washington law	
25. Ostomic items	
26. Insulin for human use	
27. Kidney dialysis devices	
28. Disposable devices used to deliver drugs for human use	
29. Adjustments to income	
30. Add lines 14-29 This is your total deductions:	
31. Subtract line 30 from line 13 This is your total combined disposable income:	

Income Example #17

Documentation provided: Tax return & income documents

AGI is found on line 11 - \$16,394.00

Line 8 – Additional income from Schedule 1, line 10 = 29,299

Let's look at the Schedule 1 to see what the specific income sources are

*Line 3: Schedule C = 22,451

*Line 4: Form 4797 = <1,251>

*Line 7: Unemployment = 8,099

We will need to take a closer look at Schedule C & Form 4797.

Schedule C – Net profit on line 31 is 22,451 (which matches Schedule 1, line 3 above)

*Line 13: Depreciation = 1,615

Since the net profit for Schedule C is positive, we need to add back all the depreciation.

Let's do that now. \$1,615.00

Form 4797 – Sale of business property.

We can see that line 18b is <1,251> (which matches Schedule 1, line 4 above).

However, there is depreciation on column (e) in the amount of \$2,114.

Do we add this back?

Short answer: No

Depreciation must be added back **to the extent it is deducted** from income.

In this scenario, the gross sales price is \$0.

To calculate the gain or (loss), we would subtract (f) from the sum of (d) and (e).

This looks like:

$$(0 + 2,114) - 3,365 = <1,251>$$

What would this look like if they did not include depreciation?

$$0 - 3,365 = <3,365>$$

It would result in a greater loss that reduces the AGI more. So, the inclusion of this depreciation in the calculation actually lowers their loss, in this scenario.

Depreciation with business income, rental income, farm income, business use of home, employee business expense lowers the applicant's income. Those types of depreciation are not allowed and must be added back.

The depreciation that creates "less of a loss" is not depreciation we add back.

So, the only thing we add back from Form 4797 is the loss <1,251>	\$1,251.00
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Total disposable income	\$19,260.00