Social Security Administration § 418.3325

one or both of you apply or are eligible for the subsidy.

(b) We will determine your eligibility based on your income alone if you are not married or if you are married but you are separated from your spouse (i.e., you or your spouse move out of the household and you are no longer living with your spouse) at the time you apply for a subsidy or when we re-determine your eligibility for a subsidy as described in §418.3125.

(c) If your subsidy is based on your income and your spouse’s income and we redetermine your subsidy as described in §418.3120(b)(1), we will stop counting the income of your spouse in the month following the month that we receive a report that your marriage ended due to death, divorce, or annulment; or a report that you and your spouse stopped living together.

(d) If your subsidy is based on your income and your spouse’s income, we will continue counting the income of both you and your spouse if one of you is temporarily away from home as described in §404.347 of this chapter.

§ 418.3315 What is earned income?

Earned income is defined in §416.1110 of this chapter and may be in cash or in kind. We may count more of your earned income than you actually receive. We count gross income, which is more than you actually receive, if amounts are withheld from earned income because of a garnishment, or to pay a debt or other legal obligation such as taxes, or to make any other similar payments.

§ 418.3320 How do we count your earned income?

(a) Wages. We count your wages at the earliest of the following points: when you receive them, when they are credited to you, or when they are set aside for your use.

(b) Net earnings from self-employment. We count net earnings from self-employment on a taxable year basis. If you have net losses from self-employment, we deduct them from your other earned income. We do not deduct the net losses from your unearned income.

(c) Payments for services performed in a sheltered workshop or work activities center. We count payments you receive for services performed in a sheltered workshop or work activities center when you receive them or when they are set aside for your use.

(d) In-kind earned income. We count the current market value of in-kind earned income. For purposes of this part, we use the definition of current market value in §416.1101 of this chapter. If you receive an item that is not fully paid for and you are responsible for the unpaid balance, only the paid-up value is income to you (see example in §416.1123(c) of this chapter).

(e) Certain honoraria and royalties. We count honoraria for services rendered and royalty payments that you receive in connection with any publication of your work. We will consider these payments as available to you when they are credited to your account, or when they are set aside for your use, whichever is earliest.

(f) Period for which earned income is counted. For purposes of determining subsidy eligibility and, if eligible, whether you should receive a full or partial subsidy, we consider all of the countable earned income you receive (or expect to receive) during the year for which we are determining your eligibility for this subsidy. However, in the first year that you or your spouse apply for the subsidy, we consider all of the countable earned income you and your living-with spouse receive (or expect to receive) starting in the month for which we determine your eligibility based on your application for a subsidy through the end of the year for which we are determining your eligibility. If we count your income for only a portion of the year, the income limit for subsidy eligibility will be adjusted accordingly. For example, if we count your income for 6 consecutive months of the year (July through December), the income limit for subsidy eligibility will be half of the income limit applicable for the full year.

§ 418.3325 What earned income do we not count?

(a) While we must know the source and amount of all of your earned income, we do not count all of it to determine your subsidy eligibility and whether you should receive a full or
partial subsidy. We apply these income exclusions in the order listed in paragraph (b) of this section to your income. We never reduce your earned income below zero or apply any unused earned income exclusion to unearned income.

(b) For the year or partial year that we are determining your eligibility for the subsidy, we do not count as earned income:

(1) Any refund of Federal income taxes you or your living-with spouse receive under section 32 of the Internal Revenue Code (relating to the earned income tax credit) and payment you receive from an employer under section 3507 of the Internal Revenue Code (relating to advance payments of earned income tax credit);

(2) Earned income which is received infrequently or irregularly as explained in §416.1112(c)(2) of this chapter;

(3) Any portion of the $20 per month exclusion described in §416.1124(c)(12) of this chapter which has not been excluded from your combined unearned income (or the combined unearned income of you and your living-with spouse);

(4) $65 per month of your earned income (or the combined earned income of you and your living-with spouse);

(5) Earned income you use to pay impairment-related work expenses described in §416.976 of this chapter, if you are receiving a social security disability insurance benefit, your disabling condition(s) does not include blindness and you are under age 65. We consider that you attain age 65 on the day before your 65th birthday. In lieu of determining the actual amount of these expenses, we will assume that the value of these work expenses is equal to a standard percentage of your total earned income per month. The amount we exclude will be equal to the average percentage of gross earnings excluded for SSI recipients who have such expenses. Initially, the exclusion for impairment-related work expenses will be 16.3 percent of the gross earnings. We may adjust the percentages if the average percentage of gross earnings excluded for SSI recipients changes. If we make such a change we will publish a notice in the Federal Register. If excluding impairment-related work expenses greater than the standard percentage of your earned income would affect your eligibility or subsidy amount, you may establish that your actual expenses are greater than the standard percentage of your total earned income. You may do so by contacting us and providing evidence of your actual expenses. The exclusion of impairment-related work expenses also applies to the earnings of your living-with spouse if he or she is receiving a social security disability insurance benefit, the disabling condition(s) does not include blindness and he or she is under age 65;

(6) One-half of your remaining earned income (or combined earned income of you and your living-with spouse); and

(7) Earned income as described in §416.1112(c)(8) of this chapter that you use to meet any expenses reasonably attributable to the earning of the income if you receive a social security disability insurance benefit based on blindness and you are under age 65. We consider that you attain age 65 on the day before your 65th birthday. In lieu of determining the actual amount of these expenses, we will assume that the value of these expenses is equal to a standard percentage of your total earned income per month. The amount we exclude will be equal to the average percentage of gross earnings excluded for SSI recipients who have such expenses. Initially, the exclusion for blindness work expenses will be 25 percent of the gross earnings. We may adjust the percentages if the average percentage of gross earnings excluded for SSI recipients changes. If we make such a change we will publish a notice in the Federal Register. If excluding work expenses greater than the standard percentage of your earned income would affect your eligibility or subsidy amount, you may establish that your actual expenses are greater than the standard percentage of your earned income. You may do so by contacting us and providing evidence of your actual expenses. The exclusion of work expenses also applies to the earnings of
your living-with spouse if he or she re-

§ 418.3330 What is unearned income?

Unearned income is all income that
is not earned income. We describe some
of the types of unearned income we
count in § 418.3335.

§ 418.3335 What types of unearned in-
come do we count?

(a) Some of the types of unearned in-
come we count are described in
§ 416.1121(a) through (g) of this chapter.
(b) For claims filed before January 1,
2010, and redeterminations that are ef-
fective before January 1, 2010, we also
count in-kind support and maintenance
as unearned income. In-kind support
and maintenance is any food and shel-
ter given to you or that you receive be-
cause someone else pays for it.

[70 FR 77675, Dec. 30, 2005, as amended at 75
FR 81845, Dec. 29, 2010]

§ 418.3340 How do we count your un-
earned income?

(a) When income is received. We count
unearned income as available to you at
the earliest of the following points: when
you receive it, when it is credited
to your account, or when it is set aside
for your use.

(b) When income is counted. For pur-
poses of determining eligibility and
whether you should receive a full or
partial subsidy, we consider all of the
countable unearned income you
and your living-with spouse receive (or ex-
pect to receive) during the year for
which we are determining your eligi-

§ 418.3340 How we count your un-
earned income?

(c) Amount considered as income. We
count more or less of your income
than you actually receive.

(1) We include more than you actu-

ally receive where another benefit pay-
ment (such as a social security benefit)
has been reduced to recover an over-
payment. In such a situation, you are
repaying a legal obligation through the
withholding of portions of your benefit
amount, and the amount of this with-
holding is part of your unearned in-
come.

(2) We also include more than you ac-


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