



Unincurred Business Expenses

What are Work Incentives?

Social Security [Work Incentives](#) can help eligible people with disabilities transition to the workplace. Whether you're looking for a job for the first time or returning to work after an injury or illness, Work Incentives can help you through the transition to work and towards financial independence.

What Is an Unincurred Business Expense?

Unincurred Business Expenses is the name of a Work Incentive that's available to people who **receive Social Security Disability Insurance (SSDI) and are opening or already own their own business**. An unincurred business expense is any non-monetary contribution that someone else makes to your self-employment effort that you don't have to pay for. Social Security deducts the cost of this contribution from your earnings when they determine if you're engaging in Substantial Gainful Activity (SGA), even though you didn't have to pay for it.

How Does Social Security Count Unincurred Business Expenses In My Earnings From Self-Employment?

Once you start to work, Social Security will determine if you are engaging in [substantial gainful activity](#) (SGA), or earning enough income to affect your eligibility for disability benefits. If you receive SSDI, Social Security will deduct the cost of the unincurred business expense from your Net Earnings from Self-Employment (NESE) when they determine if you have worked at SGA levels. The formula for determining your NESE is gross income from your business minus business expenses, multiplied by .9235. Thus, only a portion of your net earnings is counted in determining your self-employment income.



What Is an Example of an Unincurred Business Expense?

You may be interested in opening a restaurant and talk to your [State Vocational Rehabilitation \(VR\) agency](#) about your idea. Your State VR agency may provide you with a computer to use for your business so you can develop menus, track the business's finances, and complete food and supply orders. The computer is provided at no cost to you, but would be considered a business expense had you paid for it.

An unincurred business expense may also refer to work that a family member or friend does for you without pay. You may have a friend who helps you do accounting each month, or a family member might help you hire and train staff. While you're not paying for their help, their hours of work are considered an unincurred business expense because you'd otherwise have to pay for that labor.

Still unsure about what qualifies as an unincurred business expense? For an item to qualify, it must be an item or service that the IRS would allow as a legitimate business expense if you paid for it; and someone other than you must have paid for it.

Do I Have to Report My Earnings If I'm Self-Employed?

Yes! Whether you receive SSDI or Supplemental Security Income (SSI), it is very important to report your earnings and hours of work every month when you are self-employed. It's your responsibility to report your work and wages, and you can do this by setting up a my Social Security account. If you need help, you can ask your Ticket to Work Program service provider if they can help you navigate reporting your wages and answer your questions about the process.



Where Can I Find Help?

Social Security's Ticket to Work (Ticket) Program may offer you help as you think about starting a business. You can work with a State VR agency or an Employment Network that has a Benefits Counselor on staff to learn more about unincurred business expenses and other Social Security Work Incentives.

What Is the Ticket to Work Program?

Social Security's Ticket to Work (Ticket) Program supports career development for people ages 18 through 64 who receive Social Security disability benefits (SSDI/SSI) and want to work. The Ticket Program is free and voluntary.

It helps people with disabilities move toward financial independence and connects them with the services and support they need to succeed in the workforce. Self-employment is an option for people who would like to participate in the Ticket Program.

► LEARN MORE

For more information about the Ticket Program, call the Ticket to Work Help Line at **1-866-968-7842** or **1-866-833-2967 (TTY)**, Monday through Friday, 8 a.m. – 8 p.m. ET.

To view this content online and access the resources linked in the fact sheet, please visit <https://choosework.ssa.gov/library/fact-sheets>.



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