

# ASK THE PROFESSIONALS

*BUSINESS ANSWERS TO PRESSING B2B MATTERS*

## FAMILY LAW

### Self-Employed Income and Child Support

Too often, a party who is self-employed claims that their tax return income is their income for child support purposes, but they are likely wrong. A self-employed party's income for tax purposes is a conclusion that your accountant makes based on IRS regulations for tax reporting purposes. A self-employed party's income for child support purposes is a separate analysis that requires a legal, not tax or accounting, conclusion. A self-employed party or their attorney makes this conclusion based on the Colorado statutes and case law.

To determine a self-employed party's income for child support purposes, the Court looks at a self-employed party's gross income. Gross income is defined as gross receipts minus ordinary and necessary expenses. Whether an expense is an ordinary and necessary business expense requires a thorough analysis of the facts and business. The statute is clear that income for child support should not include the accelerated component of depreciation expenses or investment tax credits.

Often, parties disagree as to the proper income for child support purposes. If you are self-employed, you should begin the process of your financial disclosures early and thoughtfully.



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### got advice?

Ask the Professionals is a monthly feature highlighting timely, pertinent issues in key business matters in a variety of industry areas. For more information contact

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