

## Difficulty of Care Earnings and Tax Time

Effective 4/1/2020, the Individual ProviderOne (IPOne) payment system has been updated to exclude qualified income for Individual Providers who live with their client and have submitted a signed Difficulty of Care (DOC) attestation to IPOne. Because this change was not in place at the beginning of the tax year, providers will need to use a combination of Earnings Statements and W2 information to determine which wages earned are excluded from the IP's income for income tax purposes, and which wages are not excluded.

We have provided the following scenarios to assist you in determining what action(s) you should take to calculate your excludable income. These scenarios apply to Individual Providers **ONLY**.

**Please Note: Neither DSHS staff nor PPL staff can provide tax advice. Please consult your tax professional or the IRS with your tax filing questions.**

### Scenario 1:

#### Criteria:

- Started living with client after April 1, 2020
- Has a DOC Attestation on file with IPOne with an effective date of 4/1/2020 or later

#### Action required (Scenario 1):

None. IPOne will exclude qualified earnings appropriately on the 2020 tax document, **for as long as the attestation remains in place.**

**In the following example, the provider has indicated they live with their client as of 6/9/2020.**

Difficulty of Care-Income Tax Exclusion (Optional)

Provider performs services to the client in the home the provider shares with the client.

Provider does not have a separate home where he/she resides.

The home which the provider shares with the client is the home where the provider regularly performs the routines of daily life, including shared meals and holidays with family.

*Please Note: DOC eligibility applies if **all** of the above boxes are checked.*

DOC Effective Date

DOC Termination Date

**Scenario 2:**

*Criteria:*

- Lived with client entire year of 2020 or longer
- Has not submitted DOC Attestation
- **You are still eligible to claim the income exclusion**

*Action Required (Scenario 2):*

Use the 2020 year-end Earnings Statement (Payday 12/16/2020, for pay period of 11/16 – 11/30/2020) to determine year-to-date excludable income

– PCS, PCS OT, Relief care YTD amounts can be excluded from income on your tax filing

<b>Earnings Statement</b>			
<i>Public Partnerships, LLC</i> 1 CABOT RD STE 102 MEDFORD, MA 02155 Phone: 1-844-240-1526		Page 1 of 2 Advice Date: 12/16/2020 Advice Number: [REDACTED] Amount [REDACTED] PTO Balance [REDACTED] CCH Balance [REDACTED]	
Description		Amount	YTD Amount
Administrative Time	ADMIN	[REDACTED]	[REDACTED]
Personal Care	PCS	\$1151.36	\$25759.60
IP Reimbursement	IP REIMB	[REDACTED]	[REDACTED]
Mileage, Personal Care	MILEAGE PCS	[REDACTED]	[REDACTED]
Federal Income Tax		[REDACTED]	[REDACTED]
WA Family Leave		[REDACTED]	[REDACTED]
WA Medical Leave		[REDACTED]	[REDACTED]
Health And Welfare, Var		[REDACTED]	[REDACTED]
SEIU 775 NW-Dues		[REDACTED]	[REDACTED]
Voluntary Dues		[REDACTED]	[REDACTED]
Net Pay		[REDACTED]	[REDACTED]

**\*\* Note – if you had PCS OT or Relief Care wages for same client, those YTD totals would also be excludable.**

YTD Total on PCS Line is excludable income for Difficulty of Care, if IP lived w/client all of 2020

If you wish to have the qualified income excluded by IPOne, and you still live with your client, you will need to complete and submit the [WA IPOne Difficulty of Care Form](#). This is the DOC Attestation. Instructions for completing this form can be found [here](#).

### Scenario 3:

#### Criteria:

- Lived with the client entire year of 2020 or longer
- Submitted the DOC Attestation to IPOne, with an effective date on or prior to 4/1/2020

Difficulty of Care-Income Tax Exclusion (Optional)

Provider performs services to the client in the home the provider shares with the client.

Provider does not have a separate home where he/she resides.

The home which the provider shares with the client is the home where the provider regularly performs the routines of daily life, including shared meals and holidays with family.

*Please Note: DOC eligibility applies if all of the above boxes are checked.*

DOC Effective Date

DOC Termination Date

#### Action required (Scenario 3):

- Will need to calculate any qualified wages earned from December 1, 2019 – March 31, 2020.

#### To do this:

Use the April 16, 2020 (3/16 – 3/31/2020 pay period) Earnings Statement to calculate excludable income received thus far for the calendar year 2020

– PCS, PCS OT, Relief care YTD amounts can be excluded from income on your tax filing

Description		Amount	YTD Amount
Administrative Time	ADMIN		
Personal Care	PCS	\$612.00	\$1725.50
IP Reimbursement	IP REIMB		
WA Family Leave	WAFLE TAX		
WA Medical Leave	WAML TAX		
SEIU 775 NW-Dues			
Voluntary Dues			
Net Pay			

**\*\* Note – As in scenario 2, if you had PCS OT or Relief Care wages for same client, those YTD totals would also be excludable.**

For the remainder of the year (4/1/2020 – forward), qualified earnings will be excluded from Federal Withholding Tax, for as long as the attestation remains in place.

## Scenario 4:

### Criteria:

- Lived with client entire year of 2020 or longer
- Submitted the DOC Attestation to IPOne, with an effective date after 4/1/2020 (ie 6/20/2020)

Difficulty of Care-Income Tax Exclusion (Optional)

Provider performs services to the client in the home the provider shares with the client.

Provider does not have a separate home where he/she resides.

The home which the provider shares with the client is the home where the provider regularly performs the routines of daily life, including shared meals and holidays with family.

Please Note: DOC eligibility applies if all of the above boxes are checked.

DOC Effective Date:

DOC Termination Date:

### Action required (Scenario 4):

The Difficulty of Care income exclusion will apply to earnings for the full pay period of 6/16 – 6/30/2020. The Earnings Statement YTD for the 7/16/2020 payday will display the income earned prior to submitting the DOC Attestation. Use these YTD figures to determine additional year-to-date excludable income.

**Earnings Statement**

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Public Partnerships, LLC  
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MEDFORD, MA 02155  
Phone: 1-844-240-1526

Advice Date:   
Advice Number:   
Amount:   
PTO Balance:   
CCH Balance:

Description	Amount	YTD Amount
Administrative Time ADMIN		
Personal Care PCS	\$1151.36	\$16341.17
IP Reimbursement IP REIMB		
Mileage, Personal Care MILEAGE PCS		
Federal Income Tax FIT		
WA Family Leave WAFI TAX		
WA Medical Leave WAMI TAX		
Health And Welfare, Var		
SEIU 775 NW-Dues		
Voluntary Dues		
Net Pay		

YTD Total on PCS Line shows income earned so far in 2020.

**\*\* Note – As in scenario 2, if you had PCS OT or Relief Care wages for same client, those YTD totals would also be excludable.**

For the remainder of the year (7/1/2020 – 11/30/2020), qualified earnings will be excluded from Federal Withholding Tax, **for as long as the attestation remains in place.**

### Additional Resources:

[IRS FAQ's](#) – Question 11 identifies what line on the 1040 to claim and make the adjustment for DOC

More information about DOC can be found [here](#).

DOC eligible income is not separated on Earnings Statements at the end of the year, nor on any Earnings Statement generated prior to the end of the year. It will only be excluded on the tax documents.