

2024 ANNUAL CONFERENCE

Minnesota Family Support & Recovery Council
in partnership with Minnesota County Attorneys Association

How to Read Tax Returns & Different Ways to Find Information on Income

Robert Wolf, Megan Kratzke & Hon. Karen Terese Kugler

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Where to Start?

- Does the person work for someone else or themselves?
- Do they work for cash?
- If they are self-employed, how is their business set up?
- What if we think they earn income but we can't find the source?

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Child Support Enforcement: 16 years
Welfare Fraud Investigator: 5 years
Child Support Investigator: 7 years

Ramsey County Investigative Unit:
-Ramsey County employs two internal investigators.
-We are not Licensed Peace Officers but do go out into the field.
-I realize other counties don't have internal investigators but none of what I will be presenting require an investigator.

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What do I do as a child support investigator:

Personal Service **Interviewing & Genetic Testing**



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(Logos for Missouri Council on Child Support Enforcement and Missouri Child Support Enforcement Association are visible in the top right corner.)

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What do I do as a child support investigator:

Surveillance



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What do I do as a child support investigator:

Surveillance




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(Logos for Missouri Council on Child Support Enforcement and Missouri Child Support Enforcement Association are visible in the top right corner.)

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What do I do as a child support investigator:

Office work



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My portion of this presentation will be in three primary sections:

- 1) Where to look to find if someone is self-employed.
- 2) Finding information once you've located a company.
- 3) How to determine potential income & the use of Subpoenas.

Magistrate Karen Kugler & Assistant Ramsey County Attorney Megan Kratzke will discuss the wonderful world of Tax Returns.

Questions

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Type of cases that may require self-employment income:

- Order Setting
- Establishment
- Review/Modification
- Contempt/OSC (to determine an individual's ability to pay child support)

Usually, the other party will inform us if a client is self-employed, works for cash, or has some other income source.
You may be doing locate work on a case and run across information that indicates someone may be self-employed.

We are always looking for appropriate orders.

Self-employed = The individual owns a company (registered or not), earns cash, subcontractor, 1099 employee, or may even earn money where the source is unknown.

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Googlemaps.com (street view):



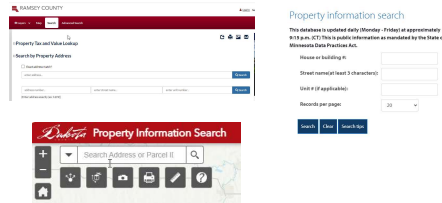
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Sources of self-employment information:

County Property records search:

- If the individual lives in a house, do they own it?
- Does the individual have a mortgage on the property?
- If not, who may they be renting from?




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Sources of self-employment information:

Minnesota **DOC Portal (S3)** or **Vinelink:**

- Is the individual on probation? If so, ask the PO to provide information on possible sources of income.



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Sources of self-employment information:

Check **MGA**:

- Are there any cases that would indicate self-employment?
 - Civil cases against the individual or initiated by the individual?
 - Has the individual been pulled over recently and if so, what was the vehicle and License Plate #?

Notifications

View your MGA and all of your cases with one look. Supplemental and other case types included. View all other cases & notifications with one click. The standard report. Review the report, writing, and notes on the individual and you may take a file.

Search

View a list of all cases for a specific individual. You can filter by case type, status, and date. You can also search for a specific case by name, license plate, or other information. You can also search for a specific case by date range.

Business Information

View the business information for a specific individual. You can view the business name, address, and other information. You can also view the business information for a specific case by name, license plate, or other information. You can also view the business information for a specific case by date range.

Smart Search

Search for cases by name, license plate, or other information.

Search History

View your search history and delete individual searches.

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Sources of self-employment information:

Your County's paid locate Database (TLO, CLEAR, Accrunt, Enformation):

- Addresses, Driver's Licenses, Vehicles, Criminal History, Registered businesses, Business Associates
- Professional licenses (electrician, barber's license, realtor license, etc.)

BUSINESS AFFILIATION | LB S 4 SEASONS LLC

Name	LB S 4 SEASONS LLC	Title	MEMBER
Business Affiliation	LB S 4 SEASONS LLC		
Year Established	2018		
Business Address	SAINT PAUL, MN 55104-4015	Report Date	07/04/2022
County	RAMSEY		
Phone	(612) 221-XXXX		

Possible Employers (2 Found) [\[Back to Table of Contents\]](#)

Business Name: LB S 4 SEASONS LLC (12/19/2021 to 12/31/2024) | [View Business Record](#)

Phone: (612) 221-XXXX | CITY: LB S 4 SEASONS LLC

Address: SAINT PAUL, MN 55104 (RAMSEY COUNTY)

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Sources of self-employment information:

Minnesota Department of Public Safety, Driver and Vehicle Services (DPS):

- What type of vehicles does the subject own?
- Does the individual have vehicles registered under a business name.
- Does the individual have a recent loan on it?

Minnesota Driver and Vehicle e-Services for Business

ROBERT WOLF

MINNESOTA DRIVER AND VEHICLE SERVICES

Summary | Action Center | Settings | More...

Data Purchaser

Account ID: 00000007	Data Purchaser	\$0.00
MINNESOTA DRIVER AND VEHICLE SERVICES		

Other Services

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Finding information once you have located a company:

Google Search:

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How to determine potential income:

- Salary Survey.

m EMPLOYMENT AND ECONOMIC DEVELOPMENT

Occupational Employment Statistics

DETAILED OCCUPATION DATA

37-3011 Landscaping and Groundskeeping Workers

Occupational Description:
Landscape or maintain grounds of property using hand or power tools or equipment. Workers typically perform a variety of tasks, which may include any combination of the following: sod laying, mowing, trimming, planting, watering, fertilizing, digging, raking, sprinkler installation, and installation of mortarless segmental concrete masonry wall units. Excludes "Farmworkers and Laborers, Crop, Nursery, and Greenhouse" (45-2092)

Occupational Employment Statistics(OES) Wage Data
First Quarter 2024

Geography (3)	Employment	Emp '24*	Percentiles					
			Mean	10th	25th	Median	75th	90th
State:Country:Metros:St:Paul:MN	9,620	201	\$22.04/hr	\$14.09/hr	\$18.47/hr	\$22.83/hr	\$24.26/hr	\$28.73/hr
Minnesota	16,880	506	\$21.40/hr	\$14.34/hr	\$17.85/hr	\$21.63/hr	\$24.14/hr	\$28.84/hr
U.S.	929,900	4,650	\$19.72/hr	\$14.41/hr	\$18.75/hr	\$18.51/hr	\$22.48/hr	\$25.42/hr

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How to determine potential income:

Administrative Subpoenas

2023 Minnesota Statutes

518A.46 PROCEDURES FOR CHILD AND MEDICAL SUPPORT ORDERS AND PARENTAGE ORDERS IN THE EXPEDITED PROCESS.

§ Subd. 2. Role of nonattorney employees; general provisions.

(a) The county attorney shall review and approve as to form and content all pleadings and other legal documents prepared by nonattorney employees of the county agency for use in the expedited child support process.

(4) Issue administrative subpoenas;

§ Subd. 5. Administrative authority.

(a) The public authority may take the following actions relating to establishment of paternity or to establishment, modification, or enforcement of support orders, without the necessity of obtaining an order from any judicial or administrative tribunal:

(3) subpoena financial or other information needed to establish, modify, or enforce a child support order and sanction a party for failure to respond to a subpoena;

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How to determine potential income:

- **Subpoena the individual's actual bank records**
 - Bank information can be found from:
 - CSPC for child support payments.
 - Loan payments
 - Rental payments
 - Credit report
- I don't do this very often.
- May be necessary if you feel the individual has income but you cannot determine the source or if you need more specific details regarding potential income.
- Involves going through each bank account looking at deposits including the source and amounts.
- There may be multiple bank accounts with money moving among them.

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Serving Subpoenas

A few final items on serving Subpoenas:

- Serve by personal service, if possible.
- Serve by certified mail or mail with a signature verification.
- Call first to find out who should be served.
- Subpoenas served on a bank can be served on any bank branch.
- The statute allows a 'reasonable' amount of time for compliance with the subpoena.
- Send a cover letter along with the subpoena including your name, phone number, email address and fax number. I usually get a response via email.

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Thank you!!!

Investigator Robert Wolf

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So... now that you have gathered the information, what do you do with it?

Megan Kratzke & Hon. Karen Terese Kugler

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Examples of Evidence of Income

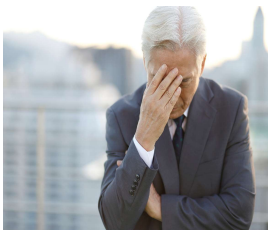
- Pay stubs
- DEED wage information
- Tax records (full, include schedules and attachments)
 - Personal
 - Business
 - W-2, K-1, 1099, 1040, 1120, 1065 etc.
- Profit & Loss Statement
- Salary Survey Tool
- Bank Records & Cash Apps
- Unemployment, Social Security or VA Statement
- Offer & Severance Letters

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Let's Talk Taxes?!?!?

- Everyone loves discussing taxes as much as I do, right?
- Oh, it's just me...
- Okay, well let's see if I can win you over.
- Forms received:
 - W-2 -- Usually means they work for a 3rd party, but a self employed person may receive a W-2 from their own business
 - 1099 -- They are self-employed or a contractor.
 - K-1 -- Information on partnership or business income
- Form 1040 -- Personal Tax Return
 - Schedule C -- Many people who are self employed don't file separate business returns, they declare their business income on Schedule C which is attached to their personal returns.
 - Schedule E -- Rental income is usually on here.
 - Schedule F -- Farm income is on here.
- Form 1120 or 1065 -- If someone has a business that has its own separate taxes, this is the main form for the business.
- Form 4562 -- You will need this to determine depreciation



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Calculating Income for Self-Employed Parties

- Calculating income for self-employed parties is incredibly complicated.
- Many expenses which are deductible for tax purposes are not deductible for child support purposes.
- **Gross annual revenue – annual ordinary and necessary business expenses = gross annual income.**
- MINN. STAT. § 518A.30.
- Many expenses which are deductible for tax purposes are not deductible for child support purposes
 - Accelerated depreciation
 - Vehicle expenses which decrease personal expenses
 - Phone expenses which decrease personal expenses
 - Meal deductions expenses which decrease personal expenses
 - Travel deductions expenses which decrease personal expenses
 - Deductions for home offices

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Calculating Income for Self-Employed Parties

- If it seems unreasonable, it probably is. If a party claimed minimal income on their taxes, it is unlikely that the court will accept this amount as their income for child support purposes.
- Consider if potential income will be imputed. If it will, make sure historical income or average industry income is in the record.



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What the Heck is Accelerated Depreciation?

- Depreciation is the reduction in value in an asset over time.
- With straight line depreciation the same amount is deducted each year.
- With accelerated depreciation the person is able to deduct more up front.
- The statute does not allow accelerated depreciation to be deducted.




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4562 Dependent and Apportionment		21
<p>SPR</p> <p>1. Name of the party: _____</p> <p>2. Date of birth: _____</p> <p>3. Social Security Number: _____</p> <p>4. Date of death: _____</p> <p>5. Date of termination: _____</p> <p>6. Date of commencement: _____</p> <p>7. Date of expiration: _____</p> <p>8. Date of reinstatement: _____</p> <p>9. Date of suspension: _____</p> <p>10. Date of revocation: _____</p> <p>11. Date of annulment: _____</p> <p>12. Date of rescission: _____</p> <p>13. Date of withdrawal: _____</p> <p>14. Date of termination: _____</p> <p>15. Date of expiration: _____</p> <p>16. Date of reinstatement: _____</p> <p>17. Date of suspension: _____</p> <p>18. Date of revocation: _____</p> <p>19. Date of annulment: _____</p> <p>20. Date of rescission: _____</p> <p>21. Date of withdrawal: _____</p>		

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Calculating Potential Income

- MINN. STAT. § 518A.32.
- Why is the party not working full time?
 - Work restriction based on health condition or disability?
 - Caring for joint child who is young or has special needs?
 - Attending school?
 - Recently laid off?
 - Job search?
 - Bona fide career change?

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Calculating Potential Income

- Options for calculation
 - MINN. STAT. § 518A.32, Subd. 2
 - Work history?
 - Industry
 - Position
 - Education or training?
 - Licenses or certifications?
 - Minimum wage?
 - What is their state minimum wage?

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Questions?

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