

Analysis of Commission Income

I (year one)

II (year two)

Calculate Adjusted Gross Annual Wages

20 _____

20 _____

1. TOTAL W2 WAGES	From prior years W2s ,enter total gross wages (Box 5 Medicare Wages)	\$	1	\$
2. TOTAL UNREIMBURSED EXPENSES	From IRS Form 2106 Line 8, Column A + B ,enter total expenses	\$	2	\$
3. DEPRECIATION	On this Worksheet (this section), follow either Line 3a or Line 3b instructions. [Hint: Look at Page 2 of IRS Form 2106 - if Line 22 (2006 or 2007) or Line 22c (2008) contains an amount, follow worksheet instructions 3a (below) for that year. If Line 22 is blank, follow worksheet instructions 3b (below)].			
3a. STANDARD MILEAGE RATE	From IRS Form 2106, add Column A + B on Line 13 and multiply by the IRS Depreciation Rate*. Enter total. OR	\$	3	\$
3b. ACTUAL MILEAGE EXPENSES	From IRS Form 2106, add Column A +B on Line 28. Enter total.			
4. NET EXPENSES	Subtract the Depreciation from the Total Expenses to get the Net Expenses . Enter the difference. (Line 2 minus Line 3, above)	\$	4	\$
5. ADJUSTED GROSS INCOME	Subtract the Net Expenses from the Total W2 Wages . Enter the difference. (Line 1 minus Line 4, above)	\$	5	\$

Calculate Average Expense Percentage

6. EXPENSE PERCENTAGE	Divide Line 4 by Line 1 (above, column I) and multiply by 100. **	%
7. EXPENSE PERCENTAGE	Divide Line 4 by Line 1 (above, column II) and multiply by 100. **	%
8. AVERAGE EXPENSE PERCENTAGE	If calculating income for only one year, carry down % from Line 6 (above). If averaging two years, add Lines 6 and 7 and divide by 2. **	%

***IRS Depreciation Rates**
 2008 - \$.21/mile
 2007 - \$.19/mile
 2006 - \$.17/mile

Calculate Year-to-Date Adjusted Gross Income

9. YEAR-TO-DATE EARNINGS	Enter amount of total gross earnings from YTD paystub	\$
10. AVERAGE EXPENSE PERCENTAGE	Enter Average Expense Percentage from Line 8 (above)	%
11. ESTIMATED NET YTD EXPENSES	Multiply Line 9 by Line 10 (above). Enter total.	\$
12. YTD ADJUSTED GROSS	Subtract Line 11 from Line 9 (above). Enter total.	\$

** round to two (2) decimal places

Calculate Average Monthly Qualifying Income

13. YTD ADJUSTED GROSS	Enter amount from Line 12 (above)	\$
14. PRIOR YEAR ADJUSTED GROSS	Enter amount from Line 5, column I (above)	\$
15. PRIOR YEAR ADJUSTED GROSS	Enter amount from Line 5, column II (above), if applicable.	\$
16. TOTAL ADJUSTED GROSS	Add Lines 13, 14 and 15 (above). Enter total.	\$
17. NUMBER OF MONTHS REVIEWED	Enter the total number of months of income that was reviewed (i.e. if 2007, 2008 and 2009 income thru Apr 15 was reviewed, enter 27.5)	
18. AVERAGE MONTHLY INCOME	Divide Line 16 (above) by Line 17 (above). Enter total.	\$

If a stable monthly **Base** income is determined, subtract it from the Average Monthly Income (above #18), so that base and commission incomes can be separated on the 1003.

MONTHLY BASE INCOME = _____ AVERAGE MONTHLY COMMISSION INCOME = _____