

Guide for Sole Proprietors and Self-Employed Workers



Connecticut Paid Leave

Are sole proprietors required to participate?

- Sole proprietors/self-employed individuals are not required by law to participate in CT Paid Leave.
 - They may **choose to opt-in** so long as they are also residents of CT.
- You are considered a sole proprietor or self-employed individual if you earn self-employment income as defined by the IRS at 26 USC 1402(b).
- If you receive a W-2 from your organization, you are considered to be an employee (not a sole proprietor), even if you are an owner or officer of the organization.

Considerations for sole-proprietors

- If you opt-in as a sole proprietor or self-employed individual, you must remain in the program for a minimum of three years.
 - After the initial three years, you will be automatically re-enrolled for at least one year at a time, unless you withdraw from the program.
- To opt-in, you will need to register with the CT Paid Leave Authority and make quarterly contributions based on your self-employment earnings.
 - Regardless of the specific date on which you register, contributions will be owed for the full quarter in which you registered.
- Registered sole proprietors/self-employed individuals must contribute 0.5% of their self-employment earnings, as defined by the Internal Revenue Code, 26 U.S.C 1402(b), up to the Social Security Contribution and benefit base.

What events qualify for CT Paid Leave benefits?

- **Medical Leave:** to receive treatment for or recover from one's own serious health condition (includes pregnancy and serving as an organ/bone marrow donor).
- **Bonding Leave:** to bond with a new child that has entered the home through birth, adoption, or foster care.
- **Caregiver Leave:** to care for a family member experiencing a serious health condition.
- **Safe Leave:** to address certain issues arising from family violence and/or sexual assault.
- **MILITARY SPECIFIC:**
 - **Qualifying Exigency Leave:** to engage in certain activities arising from a spouse, child, or parent who is on federal active duty, or has been notified of an impending call or order to federal active duty in the armed forces
 - **Military Caregiver Leave:** to care for a family member who is a member of the military and who has experienced a serious injury or illness that occurred in the line of active duty in the Armed Forces

You can apply for benefits no sooner than the first day of the month following 3 full calendar months after registration.

What are the eligibility requirements?

- Registered as a sole proprietor and making contributions of 0.5% of self-employment earnings.
- Resident of CT.
- Minimum of \$2,325 in wages in at least one of the first 4 of the 5 most recently completed quarters.
- Experiencing one of the qualifying reasons listed above.



Can I submit a partial claim for benefits?

- Yes. If you are planning to perform some work, we will ask for information about what percentage of your average work week you will work.
 - For example, if you plan to work 1/3 of your average work week, we will consider you to be on leave for 2/3 of the week and your benefit payment would be 2/3 of the total weekly benefit.

Methods of Reporting: Cash vs. Accrual Basis

- Cash basis:
 - Focuses on when the individual actually receives payment
 - If the individual performs work in March and is paid for it in June, the income would be reported and the 0.5% contribution is attributed to the **second** quarter under the cash basis method.
- Accrual basis:
 - focuses on when the individual performs the work
 - If the individual performs work in March and is paid for it in June, income would be reported and the 0.5% contribution is attributed to the **first** quarter of under the accrual basis method.

How to report your self-employment earnings

- There are two ways that sole proprietors can report their self-employment earnings and make required contributions:
 - Report your quarterly income and remit the 0.5% using the same calculations you use to make your estimated quarterly payments toward your self-employment taxes and reconcile the contributions when you finalize your self-employment taxes at year end.
 - Report your quarterly income as \$0 and remit no contributions until you calculate your self-employment taxes at year end, at which time you will report your self employment income for the year to CT Paid Leave and remit the 0.5% contributions for the year.

If you do not have any income for the relevant quarter, you must report \$0 income in the quarterly report. Failure to report \$0 income in the quarterly report will be treated as non-compliance and may result in fines and penalties.

How long can you receive CT Paid Leave benefits?

- Up to 12 weeks of benefits are available in a 12-month period for most leave reasons.
- An additional two weeks may be available for incapacitation during pregnancy. These two weeks can also be used for routine pre-natal appointments.
- Up to 12 days of benefits are available for safe leave.
- Benefits are based on earnings and are capped at 60x state minimum wage.

How do you apply for benefits?

- You will begin your application at ctpaidleave.org or by calling (877)499-8606.
- You will be asked to submit:
 - identity verification
 - self-employment verification
 - documents supporting your leave reason (for example, a certification of a serious health condition provided by your doctor if the reason for leave is your own serious health condition)