

# Ministry of Social Development and Poverty Reduction Self-Employment Program (SEP)

## PROGRAM OVERVIEW

**The Self-Employment Program (SEP) is a program of business deductions and exemptions for the use of eligible British Columbia Employment and Assistance (BCEA) clients who are, or wish to become, self-employed.**

This program is in place for eligible Persons with Disabilities (PWD) and Persons with Persistent Multiple Barriers (PPMB) family units who are in a wide range of self-employment situations. Clients interested in entering the SEP should apply.

## FAQs

### Q. Who is eligible for SEP?

The Self-Employment Program (SEP) is intended to assist **BC Employment Assistance (BCEA) clients who either have a PWD designation, or meet the PPMB criteria** in establishing and operating a self-employment enterprise.

### Q. How does a client apply for SEP?

An application for SEP includes the following steps:

- **SEP Orientation:** Orientation to BCEA policy pertaining to the SEP. This will include an explanation of:
  - a. permitted business deductions
  - b. business asset limits
  - c. income and asset reporting obligations for business activity
- **SEP Questionnaire:** This form is used to assess the business assets, expenses and reporting process.
- **SEP Acceptance of Terms:** This form is used to confirm acceptance of terms of SEP program and to approve a business plan, if applicable.
- **Business Plan:** Unless the requirement is waived, a SEP applicant must develop and submit a business plan acceptable to the ministry.

The ministry may accept eligible clients into SEP who have existing businesses or who are starting up self-employment enterprises. Acceptance into SEP means the ministry authorizes clients to utilize the SEP business deductions and exemptions.

Clients are also encouraged to access the Employment Program of BC (EPBC) by contacting a WorkBC Employment Services Centre (ESC) to enquire about self-employment training and resources. More information on WorkBC can be found at <https://www.workbc.ca/WorkBC-Centres.aspx>.

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## Q. How does the SEP differ from other self-employment programs such as those run by the Canadian Mental Health Association (CMHA) and Work BC?

The main difference is that the SEP does not offer business coaching, business loans, or adaptive technology funding. BCEA clients requiring these services must access these services through other resources. The SEP worker may be able to refer a BCEA client to the appropriate service.

## Q. How much money can I earn through my business each month before it affects my cheque?

Clients in SEP have the same earnings exemption as those who are not in SEP. For clients in SEP, the earnings exemption is applied to the net self-employment income. Net income is the amount remaining after allowable expenses are deducted from total income earned. Earnings exemptions are based on the size of the client's family unit and the type of assistance they receive. For example:

- A single client with the PWD designation receiving disability assistance will have a yearly net earnings exemption of \$ 16,200.
- A couple receiving disability assistance where only one of the spouses has the PWD designation will have a yearly net earnings exemption of \$ 19,440.
- A couple receiving disability assistance where both spouses have the PWD designation will have a yearly net earnings exemption of \$32,400.
- A single client with the PPMB status receiving income assistance will have a monthly net earnings exemption of \$1,080.

## Q. How much money, business equipment and business inventory can I have before it affects my monthly assistance?

Each family unit in receipt of income or disability assistance, whether registered in SEP or not, will have an asset limit (including cash) based on the type of assistance they are receiving and the size of their family unit. For example:

- A single client receiving income assistance (includes the PPMB category) has an asset limit of \$5,000.
- A couple receiving income assistance (includes the PPMB category) has an asset limit of \$10,000.
- A single client receiving disability assistance (PWD) has an asset limit of \$100,000.
- A couple receiving disability assistance (two PWDs) has an asset limit of 200,000.

Consult the SEP worker with any questions about asset limits. Clients who are eligible for SEP will have an additional business asset limit of \$50,000. This includes a maximum of \$5,000 in cash. The asset limit portion that is not used for cash be used for business equipment, inventory and loans. Complex income and asset transactions should always be reviewed with the SEP worker.

## Q. I'm not enrolled in SEP but I am running a small business. Can I continue doing this and how will my business affect my monthly cheque?

You must declare all your business income as employment income. You will not be allowed to deduct business expenses from your income or use the business asset limits unless you are accepted into SEP.

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## Q. How will the ministry monitor my business income and assets?

Clients are required to report business income and asset changes monthly. The SEP worker will advise you on a reporting method suited to your business. If your expenses represent more than 25% of your business income, you will be asked to submit photocopies of your business receipts for verification. There are two forms used for income and asset reporting for SEP. They are called the SEP Monthly Report Long Form and the Short Form. The SEP worker will determine which form a client should use based on the size and complexity of his or her business. The forms are currently only available in hard copy.

## Q. I'm not currently enrolled in SEP. I recently received a loan, or am about to apply for a loan to start a business. Is this money going to affect my assistance?

If the amount of the loan is within the asset limit for your family unit, the loan will not affect your assistance.

If your loan is higher than the asset limit for your family unit you can speak with the SEP worker about applying for SEP. This process will involve writing a business plan. The business plan should explain the amount and purpose of your loan. You can speak with the SEP worker about other topics that you should cover in your business plan. If your business plan is approved and you are accepted into the SEP, your loan will be allowed and will not affect your monthly PWD cheque. With this approval, your business loan payments will become an allowable business expense.

The above process applies to all types of loans obtained for the purpose of running a business, including:

- microloans through organizations such as the CMHA
- micro finance loans through the Advice and Business Loans for Entrepreneurs with Disabilities (ABLED) Program
- loans through the Western Economic Diversification Fund or Community Futures
- lines of credit
- personal loans