



From Tap to Payday – Gig Income & Assets Through Apps

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Many years ago, when I was much younger, I tried to imagine what the world would be like today. I never would have thought that we'd be checking into places, placing orders, buying or selling things, or even checking account balances using our phones or tablets. But as we know, everyday technology is changing how we live and work – the world is evolving with each new day.

Each day presents a new way of life. We're learning more about new jobs, new tasks, and yes... new apps.

In this article, we'll focus on what is gig income, assets using cash apps, and what are some best practices for handling those to ensure compliance is maintained with our affordable housing programs.


Gig Income

First things first. What is gig work and gig income? Are they the same?

When we refer to gig work, we mean short-term, flexible, or freelance jobs that applicants and tenants often find and manage through digital platforms or apps. Gig income is the money earned from these jobs, typically tracked through the platform or app.

Below are some examples of gig income:

Transportation & Delivery	Online Freelance & Digital Services
<ul style="list-style-type: none">• Rideshare driving – Uber, Lyft• Food delivery – DoorDash, Grubhub, Uber Eats• Grocery delivery – Instacart, Shipt, Postmates• Package delivery – Amazon Flex, Spark, Roadie	<ul style="list-style-type: none">• Social media management & Marketing Services – Social Media Influencers• Virtual assistance, transcription, data entry – Rev.com, Fancy Hands, Clickworker, Remotasks• Graphic design, writing, programming – Upwork, Fiverr, Freelancer• Creative services – OnlyFans, TikTok, Twitch



Home Services & Local Labor <ul style="list-style-type: none"> Furniture assembly, moving, odd jobs around the house – TaskRabbit, Thumbtack Cleaning services – Handy 	Selling Products <ul style="list-style-type: none"> Online selling, online stores – Poshmark, Facebook Marketplace, eBay, Etsy
Rental & Hosting <ul style="list-style-type: none"> Short term rentals – VRBO, Airbnb 	Online surveys, testing apps/websites <ul style="list-style-type: none"> MTurk, UserTesting

Note: This list is not exhaustive, and certain gig jobs may fit into more than one category depending on the nature of the work performed.

We understand that some applicants and tenants rely on gig work as their primary source of income, while others use it to earn extra income. This is why it's essential for applications and questionnaires to be structured to ask the right questions thoroughly.

The IRS states that all income is taxable, including earnings from the gig economy and tips, pointing out in their IRS Tax Tip 2023-42 on March 30, 2023, *"It's important for taxpayers to file a federal tax return that has a complete and correct reporting of their income – which may mean including income from sources other than regular wages from an employer. Income from gig economy activities and tip income are two common sources of such income."*

In the HUD Notice H 2023-10, HUD summarized annual income as, *"Annual income includes all amounts received from all sources by each member of the family who is 18 years of age or older, the head of household, or spouse of the head of household, in addition to unearned income received by or on behalf of each dependent who is under 18 years of age. Annual income does not include amounts specifically excluded in paragraph (b) of 24 CFR § 5.609. All amounts received by the head of household, co-head, or spouse, including the income of a day laborer, independent contractor, and seasonal worker are included in annual income regardless of age, unless otherwise excluded in paragraph (b) of 24 CFR § 5.609."*

HUD also pointed out that one should not get confused when looking at independent contractors, day laborers, or seasonal workers as falling into the category of nonrecurring income.

For those performing gig work, this is where we will treat them as independent contractors. The 24 CFR § 5.603 defined for us an independent contractor as being *"An individual who qualifies as an independent contractor instead of an employee in accordance with the Internal Revenue Code Federal income tax requirements and whose earnings are consequently subject to the Self-*



Employment Tax. In general, an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.”

As independent contractors, gig workers are treated as self-employed, requiring their income to be calculated and recorded accordingly. Gig workers are not considered employees of the business.

So now you’re probably asking, how do we verify gig income? Great question because as we know verifying gig income can be a little tricky than our traditional employment (e.g., someone is working a position with a company, and we can simply obtain an employment verification or obtain paystubs). Below are some tips you can use to help verify this self-employment.

Tax Documents

- Form 1099-NEC or 1099-K – Most gig platforms such as Uber, Lyft, DoorDash, Etsy, even Airbnb, issue these out if the worker earns over a certain threshold.
 - 1099-NEC – Shows non-employee compensation (meaning direct payments from customers/clients). This is a tax document used by businesses to report payments of at least \$600 made to non-employees during the tax year. This includes payments made to independent contractors, freelancers, and others who perform services for the business but are not considered employees.
 - 1099-K – Shows payments processed through third-party networks (i.e., credit card transactions through various platforms). 1099-Ks are issued by the IRS to report certain payment transactions received through the payment cards or third-party networks through apps or online marketplaces (also known as third-party settlement organizations or TPSOs). The reporting thresholds have changed somewhat over the years:
 - 2023 – Over \$20,000 in gross payments AND over 200 transactions
 - 2024 – Over \$5,000 in gross payments
 - 2025 – Over \$2,500 in gross payments
 - 2026 and after – Over \$600 in gross payments
- Tax Returns – The IRS Form 1040 Schedule C (Profit or Loss from Business) or Schedule SE (Self-Employment Tax) can show reported gig income.



Bank Statements

- Using bank statements, you can see amounts being directly deposited into the gig worker's bank account and by reviewing the bank statements fully, you can see where there are consistent deposits going into the account from the applicable gig platforms.

Pay Reports from Applicable Platforms

- Many of the apps gig workers will utilize will provide earning summaries or payment histories, through printed or downloadable PDF files, that the applicant/tenant can provide. For instance, Uber drivers have a weekly statement, while DoorDash will provide weekly summaries.

Accounting Software or Income Logs

- Some applicants or tenants may track their income using software like QuickBooks, ZipBooks, Zoho Books, Wave, or even Excel spreadsheets. When these records are thorough and consistent, they can be used to help verify income.

Invoices or Contracts

- For project-based gig work, such as freelancing on Upwork, Fiverr, or independent consulting, invoices and signed contracts can serve as income verification, provided they clearly show the rates and payments.

Peer-to-Peer Payment Apps

These days, almost everything is going digital, which brings us to the next topic: the increasingly popular cash apps. A question we hear frequently is whether a cash app counts as an asset. The answer is straightforward: yes. An asset is anything of value that can be converted into cash, and many peer-to-peer (P2P) payment apps fit this definition. The P2P payment apps allow users to maintain a cash balance in their account, and the balance is an asset to the applicant/tenant.

P2P apps allow users to send and receive money directly from other users through a mobile application. Some of the most common P2P payment apps we encounter include:

- PayPal
- Venmo
- Square Inc. Cash App



- Google Pay
- Apple Pay

Some will ask about Zelle, and although Zelle is a P2P payment app, it is different than those listed above because with Zelle it's an instant transfer of money from the user's bank account to the other person. Zelle does not allow users to maintain a balance in their account like the others listed above do.

It should be noted that if an applicant/tenant is using any of the peer-to-peer payment apps for business purposes, then the accounts would be excluded as an asset but a great indication that the applicant/tenant has self-employment. Per HUD, assets that are part of an active business are not considered household assets.

How do we verify cash apps? As we know this will require a careful approach to ensure the funds are legitimate and documented. Below is a recommendation on how to document these P2P payment apps.

Request Transaction History

- Ask the applicant/tenant for official statements or transaction histories from the applicable cash app(s). The history should show income funds, outgoing transfers, dates, amounts, and the sender/recipient information.
- Statements can include, but are not limited to, bank statements. Remember a statement is the entire statement, every page, not just the first page.
- Screenshots – Check with your housing provider to see if they will accept screenshots when statements are not available.
- Follow your company's policies and procedures to clearly document the file and maintain compliance.

When reviewing the information provided by the applicant or tenant, watch for any discrepancies that may emerge. Are there more deposits than the applicant or tenant initially reported to management? Do you notice transfers between accounts, suggesting the applicant or tenant may have access to multiple accounts?

In reviewing the documentation, identify consistent inflows of monies that could represent ongoing income. The balance in the app is considered an asset so ensure you include it in the net family assets, as the applicant/tenant has the ability to convert it into cash. For the peer-to-peer



payment apps, we should use their current balance when looking at their market value and net asset value.

So, the question remains...are deposits considered income?

Whether or not the deposits into these accounts are considered income to applicants/tenants is dependent upon the following questions:

1. Are the deposits “loan proceeds” meaning, are the payments being made to the applicant/tenant from an individual to pay back money that the applicant/tenant loaned?
 - a. If yes, the deposits should not be included as income.
 - b. If no, the deposits should be counted as income.
2. Are the deposits being made in the account from another household member?
 - a. If yes, the deposits should not be included as income for the household.
 - b. If no, the deposits should be counted as income.
3. Are the deposits being made on a periodic basis (from someone outside of the household) to the applicant/tenant to assist them financially?
 - a. If yes, the deposits should be counted as income.
 - b. If no, the deposits will not be counted as income.

It should be noted here that if the applicant/tenant has already disclosed they are receiving contributions to the household from someone outside of the household and those contributions are not in the form of groceries, payments being made on behalf of the household to a daycare provider directly, or in-kind benefits from a food bank or similar organization, then you do not want to count the deposits twice as you could have miscalculated the household’s income. Clarify any discrepancies.

4. Are the deposits the applicant/tenant receives for a business?
 - a. If yes, the deposits are not counted as income, as for self-employment, the net income from the business will be used; however, the amount of deposits made into the account should be compared to the business’s gross income reported and documented accordingly. Clarify any discrepancies with the applicant/tenant.

When it comes to compliance, it really comes down to how we document and make sense of the information we get. Staying consistent and doing our homework means our files stay in line and ready for any inspection. And let’s be honest—the world keeps changing, so tomorrow there’s probably going to be a brand-new way to make money... or an app for it!



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