

## Minnesota Paid Leave and self-employment

This table shows who is considered self-employed under Paid Leave, based on organization and employment structures. It also shows who is automatically covered by Paid Leave, who is not, and who may opt in.

For more information about self-employment, visit the IRS's [Self-Employed Individuals Tax Center](#) webpage. For more information on how to opt in to Paid Leave, visit our website: [Opt in to Paid Leave](#)

Entity type	Individual's federal tax forms	Individual's income	IRS guidance	Self-employed for Paid Leave?	Paid Leave coverage
<b>Independent contractor</b>	Form 1040, Schedule C.	Earnings.	<a href="#">Independent contractor (self-employed)</a>	Yes.	Not covered automatically.  May opt in to Paid Leave.
<b>Sole proprietor</b>	Form 1040, Schedule C.	Profits.	<a href="#">Sole proprietorships</a>	Yes.	Not covered automatically.  May opt in to Paid Leave.
<b>Single-member limited liability company (LLC)</b>	Form 1040, Schedules C, E, or F.	Profits.	<a href="#">Limited liability company (LLC)</a>	Yes.	Not covered automatically.  May opt in to Paid Leave.
<b>Shareholder of S corporation, or member of LLC taxed as an S corporation</b>	Schedule K-1 (1120-S).  Form 1040, Schedule E.	Reasonable wages reported on Form W-2.  Pro rata (proportional) share of income.	<a href="#">S corporations</a>  <a href="#">Limited liability company (LLC)</a>	No.	Covered by Paid Leave.  Paid Leave premiums must be paid on reasonable wages.

Entity type	Individual's federal tax forms	Individual's income	IRS guidance	Self-employed for Paid Leave?	Paid Leave coverage
<b>Partner of partnership, or member of LLC taxed as a partnership</b>	Schedule K-1 (1065).  Form 1040, Schedule E.	Distributive share of income.  Guaranteed payments.	<a href="#"><u>Partnerships</u></a>  <a href="#"><u>Are partners considered employees of a partnership or are they considered self-employed?</u></a>  <a href="#"><u>Limited liability company (LLC)</u></a>	<b>General Partners:</b> General partners are considered self-employed. Their share of income and expenses (minus the value of certain exclusions) <i>is</i> considered self-employment income. This includes guaranteed payments.  <b>Limited Partners:</b> A limited partner's distributive share of the partnership income <i>is not</i> considered net earnings from self-employment. Guaranteed payments that a limited partner receives for services provided <i>are</i> considered net earnings from self-employment.  See IRS guidance for more information.	<b>General Partners:</b> Not covered automatically.  May opt in to Paid Leave.  <b>Limited Partners:</b> Covered by Paid Leave.  Paid Leave premiums must be paid on the distributive share of partnership income.  See IRS Guidance for more information.

Entity type	Individual's federal tax forms	Individual's income	IRS guidance	Self-employed for Paid Leave?	Paid Leave coverage
<b>Owner of C corporation</b>	Form 1040.	<p>Compensation reported on Form W-2.</p> <p>Dividends, taxable distributions.</p> <p><b>Note:</b> C corporation pays tax on its profits.</p>	<a href="#">Corporations</a>	No.	<p>Covered by Paid Leave.</p> <p>Paid Leave premiums must be paid on W-2 compensation.</p>
<b>Beneficiary of estate or trust</b>	<p>Schedule K-1 (1041).</p> <p>Form 1040, Schedule E.</p>	Income distributions.	<p><a href="#">Estates and trusts</a></p> <p><a href="#">Chapter 11 bankruptcy - reorganization</a></p>	<p>No.</p> <p>A debtor in a Chapter 11 bankruptcy may include net earnings from self-employment on Form 1041. The individual debtor is responsible for paying self-employment tax.</p> <p><b>Note:</b> If the trust is operating as a business and the beneficiary is also an independent contractor, then apply the rules in the "Independent Contractor" row.</p>	<p>Not covered.</p> <p>A debtor in a Chapter 11 bankruptcy may be considered self-employed. That debtor is not covered automatically, but may opt in to Paid Leave.</p>

**Disclaimer:** This document generally summarizes IRS Guidance as of May 14, 2025. The information in this document is subject to change. This summary does not address all situations. Entities (individuals or groups) should not use this information as tax advice. For additional questions or guidance on federal tax matters, visit the [IRS website](#) or contact your tax professional.