SCHEDULE F
(Form 1040)
U.S. Treasury Department
Internal Revenue Service

Schedule of Farm Income and Expenses

(Compute social security self-employment tax on Schedule F–1 (Form 1040))

Attach this schedule to your income tax return, Form 1040

1968

Name as shown on page 1 of Form 1040

Social security number

Business name and address .....

Location of farm(s) and number of acres in each farm .....

If you filed Form 943, enter employer identification number here

FARM INCOME FOR TAXABLE YEAR—CASH RECEIPTS AND DISBURSEMENTS METHOD

PART I.—Report in the applicable column below receipts from sale of livestock held primarily for sale. (Do not include other sales of livestock held for draft, breeding, or dairy purposes; report such sales on Schedule D (Form 1040))

SALES OF MARKET LIVESTOCK AND PRODUCE RAISED AND HELD PRIMARILY FOR SALE						OTHER FARM INCOME	
Kind	Quantity	1. Amount	Kind	Quantity	2. Amount	Items	3. Amount
Cattle		$	Grain		$	Mdse. rec'd for produce . . .	$
			Hay			Machine work	
Sheep			Cotton			Patronage dividends	
Swine			Tobacco . . .			Per-unit retains	
Poultry . . .			Vegetables . . .			Agricultural program payments:	

PART V.—DEPRECIATION (see instructions) (Do not include property you and your family occupy as a dwelling, its furnishings, and other items used for personal purposes) Where double headings appear use the first heading for depreciation under Revenue Procedures 62–21 and 65–13 and the second heading for other authorized practices.

1. Group and guideline class — OR — Description of property	2. Cost or other basis at beginning of year — OR — Cost or other basis	3. Asset additions in year (amount) — OR — Date acquired	4. Asset retirements in year (amount) (applicable only to Rev. Proc. 62–21)	5. Depreciation allowed or allowable in prior years	6. Method of computing depreciation	7. Class life — OR — Rate (%) or life	8. Depreciation for this year
1 Total additional first-year depreciation (do not include in items below) →							
Total cost or other basis .							

2 Total depreciation (enter in Part IV, line 5 (cash method), or in Part VII, line 7 (accrual method)) . . . . . $

SUMMARY OF DEPRECIATION

	Straight line	Declining balance	Sum of the years-digits	Units of production	Additional first year (section 179)	Other (specify)	Total
1 Under Rev. Proc's. 62–21 and 65–13							
2 Other . . .							

PART VI.—FARM INCOME FOR TAXABLE YEAR—ACCRUAL METHOD

(Do not include sales of livestock held for draft, breeding, or dairy purposes; report such sales on Schedule D (Form 1040), and omit them from "On hand at beginning of year" column)

Description (Kind of livestock, crops, or other products)	On hand at beginning of year		Purchased during year		Raised during year	Consumed or lost during year	Sold during year		On hand at end of year	
	Quantity	Inventory value	Quantity	Amount paid	Quantity	Quantity	Quantity	Amount received	Quantity	Inventory value
		$		$				$		$
Totals (enter here and in Part VII below) . . .		$ (Enter on line 3)		$ (Enter on line 4)				$ (Enter on line 1(b))		$ (Enter on line 1(a))

PART VII.—SUMMARY OF INCOME AND DEDUCTIONS—ACCRUAL METHOD

1(a) Inventory of livestock, crops, and products at end of year .	$		6 Farm expenses (from Part III).	$	
(b) Sales of livestock, crops, and products during year . . .			7 Depreciation (from Part V) .		
(c) Agricultural program payments:			8 Other farm deductions (specify):		
(1) In cash					
(2) In materials and services					
(3) Commodity Credit loans forfeited (or under election) .					
(d) Gasoline tax credit					
(e) Other farm income (specify):					
2 Total (add lines 1(a) through 1(e))	$				
3 Inventory of livestock, crops, and products at beginning of year . . . . . $					
4 Cost of livestock and products purchased during year			Total of line 8		
5 Gross profits (subtract the sum of lines 3 and 4 from line 2)* .	$		9 Total deductions	$	

10 Net farm profit (or loss) (subtract line 9 from line 5). Enter here and on Form 1040, page 2, Part II, line 6. Figure your self-employment income and tax on Schedule F–1 . . . . . $

*Use this amount for optional method of computing net earnings from self-employment. (See line 3, Schedules F–1 (Form 1040).)

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SCHEDULE F–1
(Form 1040)
U.S. Treasury Department
Internal Revenue Service

Computation of Social Security Self-Employment Tax on Farm Earnings (for social security)

Attach this schedule to your income tax return, Form 1040
(See instructions—page 2)

1968

▶ If you had wages, including tips, of $7,800 or more which were subject to social security taxes, do not fill in this page.
▶ Each self-employed person must file a separate schedule. See instructions, page 2, for joint returns and partnerships.
▶ If you had net earnings from self-employment from both farm and nonfarm sources, fill in only lines 1 and 2 (line 3, if applicable), and use separate Schedule C–3 to compute your self-employment tax. Net farm earnings from self-employment should be entered in Schedule C–3 (Form 1040) on line 5(d).

Name of Self-Employed Person (as shown on social security card)	Social Security Number	Check applicable block
		(1) ☐ Male (2) ☐ Female

CHOICE OF METHODS.—A farmer must report his net farm earnings for self-employment tax purposes. Net earnings may be computed under the optional method (line 3, below) by a farmer (1) whose GROSS profits are $2,400 or less, or (2) whose GROSS profits are more than $2,400 and NET profits are less than $1,600. If your GROSS profits from farming are not more than $2,400 and you elect to use the optional method, you need not complete lines 1 and 2.

COMPUTATION UNDER REGULAR METHOD

1 Net farm profit (or loss) from:
(a) Schedule F, page 1, line 8 (cash method), or page 2, line 10 (accrual method) . . . . . $
(b) Farm partnerships . . . . . .

2 Net earnings from self-employment from farming. Add lines 1(a) and (b) . . . . . $

COMPUTATION UNDER OPTIONAL METHOD

3 If gross profits from farming are:* (a) Not more than $2,400, enter two-thirds of the gross profits . . . . . .
(b) More than $2,400 and the net farm profit is less than $1,600, enter $1,600 . . . . . $

*NOTE.—Gross profits from farming are the total of the gross profits from Schedule F, Part IV, line 3 (cash method), or Part VII, line 5 (accrual method), plus the distributive share of gross profit from farm partnerships as explained on page 2.
If line 2 (or line 3, if you choose the optional method) is under $400, do not fill in rest of page.

COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX

4 The largest amount of combined wages and self-employment earnings subject to social security tax is . . . . . $ 7,800 00

5 (a) Total "F.I.C.A." wages as indicated on Form W–2 . . . . . .
(b) Unreported tips, if any, subject to F.I.C.A. tax from Form 4137, line 9 . . . . . .
(c) Total of lines 5(a) and 5(b). Enter here and in item G below . . . . . .

6 Balance (subtract line 5(c) from line 4) . . . . . .

7 Self-employment income. Enter here and in item H of Schedule SE below your choice of **EITHER:**
(a) REGULAR METHOD.—The smaller of line 2 or 6 . . . . . .
(b) OPTIONAL METHOD.—The smaller of line 3 or 6. . . . . $

8 If line 7 is $7,800, enter $499.20; if less, multiply the amount on line 7 by .064 . . . . . .

9 Adjustment for hospital insurance benefits tax from Form 4469. (Applies only to railroad employees and railroad employee representatives.) . . . . . .

10 Self-employment tax (subtract line 9 from line 8) enter here and on Form 1040, page 1, line 15 . . . . . $

Do not detach

Schedule F–1 (Form 1040)

Important.—The amounts reported on the form below are for your social security account. This account is used in figuring any benefits, based on your earnings, payable to you, your dependents, and your survivors. Fill in each item **accurately** and **completely.**

SCHEDULE SE
(Form 1040)
U.S. Treasury Department
Internal Revenue Service

U.S. Report of Self-Employment Income

For crediting to your social security account

1968

PLEASE DO NOT WRITE IN THIS SPACE

A Indicate year covered by this return (even though income was received only in part of year):
Calendar year 1968 ☐ or other taxable year beginning _____ 1968, ending _____
If less than 12 months, was short year due to (a) ☐ Death, or (b) ☐ Change in accounting period, or (c) ☐ Other.

B FARM ACTIVITIES SUBJECT TO SELF-EMPLOYMENT TAX (Raising livestock, custom harvesting, etc.)

C FARM ADDRESS (rural route, post office, State, and ZIP code)

D SOCIAL SECURITY NUMBER OF PERSON NAMED IN ITEM E BELOW ▶

E PRINT OR TYPE NAME OF SELF-EMPLOYED PERSON AS SHOWN ON SOCIAL SECURITY CARD

PRINT OR TYPE HOME ADDRESS (number and street, or rural route)

(City or town, State, and ZIP code)

CHECK HERE IF YOU USE OPTIONAL METHOD. . . . . ☐

F ENTER AMOUNT FROM LINE 2 (LINE 3 IF OPTION USED) . . . $

G ENTER AMOUNT FROM LINE 5(c), IF ANY . . . . . $

H ENTER AMOUNT FROM LINE 7 . . . . . $

S E

Individuals deriving income from farming operations are subject to self-employment tax. See page 1 of this form for computation of earnings from self-employment and self-employment tax. This tax must be paid regardless of age and even though the individual is receiving social security benefits.

If you have conscientious objections to social security insurance because you adhere to the established teachings of a religious sect of which you are a member, you may file Form 4029, Application for Exemption from Tax on Self-Employment Income and Waiver of Benefits, to obtain exemption from self-employment tax. If you have filed Form 4029, do not file Schedule F–1; however, write "Exempt—Form 4029" to the left of the entry space on Form 1040, page 1, line 15.

Optional method for computing net earnings from self-employment from farming.—If a farmer's gross profits for the year from farming are not more than $2,400, he may report two-thirds of his gross profits from farming instead of his actual net earnings from farming. If his gross profits from farm self-employment are more than $2,400 and his actual net earnings from farming are less than $1,600, he may report $1,600. For the purpose of the optional method, a partner should compute his share of gross profits from a farm partnership in accordance with the partnership agreement. In the case of guaranteed payments, his share of the partnership's gross profits is his guaranteed payments plus his share of the gross profits after such gross profits are reduced by all guaranteed payments of the partnership.

SHARE-FARMING ARRANGEMENTS

An individual who undertakes to produce a crop or livestock on land belonging to another for a proportionate share of the crop or livestock produced, or the proceeds thereof, is considered to be an independent contractor and a self-employed person rather than an employee. His net earnings should be reported on Schedules F and F–1 (Form 1040) for income tax and self-employment tax purposes.

Farm rentals.—Rental income from a farm counts for social security purposes if the arrangement provides for material participation by the landlord and he does participate materially in the production of the crop or livestock or in the management of the production of one or more farm products. Such rental income is farm earnings and should be reported on Schedule F (Form 1040), page 1 or 2. "Material participation" means the taking of an important part in the actual production or in the making of management decisions. If there was no material participation, report such rental income in Schedule B (Form 1040), Part II.

MORE THAN ONE TRADE OR BUSINESS

If an individual is engaged in farming and in one or more other trades or businesses, his net earnings from self-employment are the combined net earnings from self-employment of all his trades or businesses. Thus, the loss sustained in one trade or business will operate to reduce the income derived from another trade or business. In such cases, use both Schedule F (Form 1040) and Schedule C (Form 1040) to determine net profit from the farm and nonfarm activities, respectively. Make the combined computation of self-employment tax on Schedule C–3 (Form 1040), page 1. Fill in Schedule F–1 (Form 1040) through line 3.

JOINT RETURNS

Where husband and wife file a joint income tax return, page 1 of this Schedule should show the name of the one with self-employment income from farming. Where husband and wife each had self-employment income, a separate Schedule F–1, or a separate Schedule C–3, whichever is appropriate, must be filed by each. However, the total of the amounts shown as profit (or loss) from all businesses should, for income tax purposes, be reported on Form 1040 page 2, Part II, line 4 or 6, and the combined self-employment tax should be entered on Form 1040, page 1, line 15.

COMMUNITY INCOME

For the purpose of computing net earnings from self-employment (but not for income tax), if any of the income from farming is community income, all the income from such farm operations is considered the income of the husband unless the wife exercises substantially all the management and control of the operation, in which case all of such income is considered the income of the wife. (Also see instructions on partnerships which follow.)

If separate income tax returns are filed by husband and wife Schedules F and F–1 or Schedules C and C–3, whichever are appropriate, must be attached to the return of the one with self-employment income. Community income included on such a schedule must, however, be allocated, for income tax purposes between the two returns (on Form 1040, page 2, Part II, line 4 or line 6) on the basis of the community property laws.

PARTNERSHIPS

In computing his combined net earnings from self-employment, a partner should include his entire share of such earnings from a partnership including any guaranteed payments. No part of that share may be allocated to the partner's wife (or husband) even though the income may, under State law, be community income. However, in the case of a husband and wife farm partnership, like other partnerships, the distributive share of each must be entered as partnership income in Schedule B (Form 1040), Part III for income tax purposes, and on separate Schedule F–1, page 1, line 1(b) for self-employment tax purposes. (Use separate Schedule C–3, to report nonfarm income for social security purposes.)

Note.—If a member of a continuing partnership dies, a portion of the deceased partner's distributive share of the partnership's ordinary income (or loss) for the taxable year of the partnership in which he died must be included in the partner's net earnings from self-employment. In such cases consult an Internal Revenue Service office as to how to report.

EXCLUSIONS FROM SELF-EMPLOYMENT

In determining the amount of net farm earnings from self-employment the following items should be excluded:

Real estate rentals.—Rentals from real estate, including any personal property that is leased with the land. This includes rentals received in cash or crop shares. These amounts should be reported in Schedule B (Form 1040), Part II. See, however, "Farm Rentals" under "Share-Farming Arrangements" on this page.

Property gains and losses.—Gains and losses from the sale, exchange, or involuntary conversion of capital assets and other property which is not held primarily for sale to customers. These amounts should be reported on separate Schedule D (Form 1040).

Net operating losses.—In determining the net earnings from self-employment, no deduction for net operating losses of other years shall be allowed. Such deduction should be entered as a "minus" figure on Form 1040, page 2, Part II, in "Miscellaneous income."

Certain payments to retired partners.—Income received by a retired partner under a written plan of the partnership which provides for lifelong periodic retirement payments if the retired partner no longer has any interest in the partnership (except for the right to the retirement payments) and did not perform any services for the partnership during the year.

Other items.—Any other item of income or expense which was included in line 2 and which does not enter into the computation of net farm earnings from self-employment should be eliminated from line 2 and an explanation attached.

SCHEDULE SE (FORM 1040)

Schedule SE, which is the lower portion of page 1 of Schedule F–1, provides the Social Security Administration with the information on self-employment income necessary for computing benefits under the social security program.

To assure proper credit to your account, enter your name and social security account number on Schedule SE (Form 1040) exactly as they are shown on your social security card. If you do not have a social security account number, you must get one. These account numbers are obtainable from any Social Security district office. Your local post office will give you the address. Do not delay filing your return beyond its due date.

Regardless of whether joint or separate returns are filed by husband and wife, Schedule SE (Form 1040) must show only the name of the one with self-employment income. However, if both had self-employment income, a separate Schedule SE must be filed by each.

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