Part I

b	If you elected one or both of the optional methods, enter the total of lines 2 and 4, Part II, here		4b	
c	Combine lines 4a and 4b. If less than $400, do not file this form; you do not owe self-employment tax. (Exception: If less than $400 and you had church employee income, or you owe tax on tips or group-term life insurance, enter -0- and continue.) ©		4c	
5a	Enter your church employee income from Form W-2	5a		
b	Multiply line 5a by .9235. (If less than $100, enter -0-.)	5b		
6	Net earnings from self-employment. Add lines 4c and 5b ©		6	
7	Maximum amount of combined wages and self-employment earnings subject to social security tax for 1991		7	$53,400 00
8a	Total social security wages and tips (from Form(s) W-2)	8a		
b	Unreported tips subject to social security tax (from Form 4137, line 9). See instructions	8b		
c	Add lines 8a and 8b		8c	
9	Subtract line 8c from line 7. If zero or less, enter -0- here and on line 10 and go to line 12a ©		9	
10	Multiply the smaller of line 6 or line 9 by 12.4% (.124)		10	
11	Maximum amount of combined wages and self-employment earnings subject to Medicare tax for 1991		11	$125,000 00
12a	Total Medicare wages and tips (from Form(s) W-2)	12a		
b	Unreported tips subject to Medicare tax (from Form 4137, line 14)	12b		
c	Add lines 12a and 12b		12c	
13	Subtract line 12c from line 11. If zero or less, enter -0- here and on line 14 and go to line 15		13	
14	Multiply the smaller of line 6 or line 13 by 2.9% (.029)		14	
15	Self-employment tax. (See instructions.) Add lines 10 and 14		15	
16	1991 estimated tax payments		16	
17	If line 16 is larger than line 15, enter amount OVERPAID ©		17	
18	Amount of line 17 to be REFUNDED TO YOU ©		18	
19	Amount of line 17 to be **APPLIED TO 1992 ESTIMATED TAX** ©	19		
20	If line 15 is larger than line 16, enter **AMOUNT YOU OWE**. Attach check or money order for full amount payable to "U.S. Internal Revenue Service." Write your social security number and "1991 Form 1040SS" on it ©		20	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

© Your signature _____ Date _____

Paid Preparer's Use Only

Preparer's signature ©	Date	Check if self-employed ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address ©		E.I. No.	
		ZIP code	

Part II Optional Methods To Figure Net Earnings (See instructions on page 6 for limitations.)

	Farm Optional Method			
1	Maximum income for optional methods	1	$1,600	00
2	Enter the smaller of: two-thirds (⅔) of gross farm income from Part III, line 11, and your distributive share from farm partnerships, or $1,600. Include this amount on page 1, line 4b	2		
	Nonfarm Optional Method			
3	Subtract line 2 from line 1	3		
4	Enter the smaller of: two-thirds (⅔) of gross income from Part IV, line 5, and your distributive share from nonfarm partnerships or the amount on line 3 above. Also include this amount on page 1, line 4b	4		

Part III Profit or Loss From Farming

Section A.—Farm Income—Cash Method—Complete Sections A and B
(If accrual method taxpayer, complete Sections B and C, and line 11 of Section A.)
Do not include sales of livestock held for draft, breeding, sport, or dairy purposes.

A Do you elect, or did you previously elect, to currently deduct certain preproductive period expenses? ☐ Does not apply ☐ Yes ☐ No

1	Sales of livestock and other items you bought for resale	1			
2	Cost or other basis of livestock and other items reported on line 1	2			
3	Subtract line 2 from line 1			3	
4	Sales of livestock, produce, grains, and other products you raised			4	
5a	Total cooperative distributions (Form(s) 1099-PATR)	5a	5b Taxable amount	5b	
6	Agricultural program payments received			6	
7	Commodity credit loans reported under election (or forfeited)			7	
8	Crop insurance proceeds			8	
9	Custom hire (machine work) income			9	
10	Other income			10	
11	Gross farm income. Add amounts in the right column for lines 3 through 10. If accrual method taxpayer, enter the amount from Section C, line 50 ©			11	

Section B.—Farm Expenses—Cash and Accrual Method
Do not include personal or living expenses (such as taxes, insurance, repairs, etc., on your home) that did not produce farm income. Reduce the amount of your farm expenses by any reimbursements before entering the expenses below.

12	Breeding fees	12		25	Labor hired	25	
13	Car and truck expenses (attach Form 4562)	13		26	Pension and profit-sharing plans	26	
14	Chemicals	14		27	Rent or lease:		
15	Conservation expenses (attach Form 8645)	15		a	Vehicles, machinery, and equipment	27a	
16	Custom hire (machine work)	16		b	Other (land, animals, etc.)	27b	
17	Depreciation and section 179 expense deduction not claimed elsewhere (attach Form 4562 if required)	17		28	Repairs and maintenance	28	
				29	Seeds and plants purchased	29	
18	Employee benefit programs other than on line 26	18		30	Storage and warehousing	30	
19	Feed purchased	19		31	Supplies purchased	31	
20	Fertilizers and lime	20		32	Taxes	32	
21	Freight and trucking	21		33	Utilities	33	
22	Gasoline, fuel, and oil	22		34	Veterinary fees and medicine	34	
23	Insurance (other than health)	23		35	Other expenses (specify):		
24	Interest:			a		35a	
a	Mortgage (paid to banks, etc.)	24a		b		35b	
b	Other	24b		c		35c	
				d		35d	
				e		35e	
36	Total expenses. Add lines 12 through 35e ©					36	
37	**Net farm profit or (loss).** Subtract line 36 from line 11. Enter the result here and on page 1, line 1					37	

Section C.—Farm Income—Accrual Method

Do not include sales of livestock held for draft, breeding, sport, or dairy purposes on any of the lines below.

38	Sales of livestock, produce, grains, and other products during the year			38		
39a	Total cooperative distributions (Form(s) 1099-PATR)	39a	39b Taxable amount	39b		
40	Agricultural program payments received			40		
41	Commodity credit loans reported under election (or forfeited)			41		
42	Custom hire (machine work) income			42		
43	Other farm income (specify)			43		
44	Add the amounts in the right column for lines 38 through 43			44		
45	Inventory of livestock, produce, grains, and other products at the beginning of the year	45				
46	Cost of livestock, produce, grains, and other products purchased during the year	46				
47	Add lines 45 and 46	47				
48	Inventory of livestock, produce, grains, and other products at the end of the year	48				
49	Cost of livestock, produce, grains, and other products sold. Subtract line 48 from line 47*			49		
50	**Gross farm income.** Subtract line 49 from line 44. Enter the result here and on page 2, Part III, line 15 ©			50		

*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 48 is larger than the amount on line 47, subtract line 47 from line 48. Enter the result on line 49. Add lines 44 and 49. Enter the total on line 50.

Part IV Profit or Loss From Business (Sole Proprietorship)

Section A.—Income

1	Gross receipts $ ..... minus returns and allowances $ ..... Balance ©			1		
2a	Inventory at beginning of year	2a				
b	Purchases less cost of items withdrawn for personal use	2b				
c	Cost of labor (do not include salary paid to yourself)	2c				
d	Materials and supplies	2d				
e	Other costs (attach statement)	2e				
f	Add lines 2a through 2e	2f				
g	Inventory at end of year	2g				
h	Cost of goods sold. Subtract line 2g from line 2f			2h		
3	Gross profit. Subtract line 2h from line 1			3		
4	Other income			4		
5	Gross income. Add lines 3 and 4 ©			5		

Section B.—Expenses

6	Advertising	6		19	Repairs and maintenance	19		
7	Bad debts from sales or services	7		20	Supplies (not included in Section A)	20		
8	Car and truck expenses (attach Form 4562)	8		21	Taxes and licenses	21		
9	Commissions and fees	9		22	Travel, meals, and entertainment:			
10	Depletion	10		a	Travel	22a		
11	Depreciation and section 179 expense deduction (not included in Section A). (Attach Form 4562 if required.)	11		b	Meals and entertainment			
12	Employee benefit programs (other than line 17)	12		c	Enter 20% of line 22b subject to limitations			
13	Insurance (other than health)	13		d	Subtract line 22c from line 22b	22d		
14	Interest on business indebtedness	14		23	Utilities	23		
15	Legal and professional services	15		24	Wages not included in 2c	24		
16	Office expense	16		25a	Other expenses (list type and amount):			
17	Pension and profit-sharing plans	17						
18	Rent or lease:							
a	Vehicles, machinery, and equipment	18a						
b	Other business property	18b		25b	Total other expenses	25b		

26	Total expenses. Add lines 6 through 25b ©	26		
27	Net profit or (loss). Subtract line 26 from line 5. Enter the result here and on page 1, line 2	27		

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 hr., 19 min.
Learning about the law or the form	23 min.
Preparing the form . . .	2 hr., 40 min.
Copying, assembling, and sending the form to the IRS	49 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the Internal Revenue Service, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the Office of Management and Budget, Paperwork Reduction Project (1545-0090), Washington, DC 20503. DO NOT send this form to either of these offices. Instead, see Where To File, below.

General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

A Change You Should Note

The tax of 15.3% on self-employment income is the total of the 2.9% Medicare tax and the 12.4% social security tax. For 1991, the maximum amount of self-employment income subject to the Medicare tax is $125,000. The maximum amount subject to social security tax for 1991 is $53,400. Because the amounts are different, each part of the tax is now figured separately on Form 1040SS.

Purpose

Use Form 1040SS to report net earnings from self-employment and pay self-employment tax. The Social Security Administration uses this information to figure your benefits under the social security program. Self-employment tax applies regardless of your age and even if you are already receiving social security benefits.

Additional Information

For more details, get Pub. 533, Self-Employment Tax, available from most Internal Revenue Service offices. Information about profit or loss from business and farm income and expenses can be found in the Instructions for Form 1040.

If you expect to owe self-employment tax of $500 or more for 1992, you may have to make estimated tax payments. Use Form 1040-ES, Estimated Tax for Individuals, to make any estimated tax payments.

Who Must File

You MUST file Form 1040SS if:

Ð You were self-employed and your net earnings from self-employment (from other than church employee income) were $400 or more (or you had church employee income, as defined below, of $108.28 or more); and

Ð You did not have wages (and tips) of $125,000 or more that were subject to social security and Medicare tax; and

Ð You do not have to file Form 1040 with the United States, and you are a resident of:

c Guam,

c American Samoa,

c The Virgin Islands,

c The Commonwealth of the Northern Mariana Islands (CNMI), or

c Puerto Rico. (You may file either Form 1040-PR or Form 1040SS, whichever applies.)

You must also file Form 1040SS to pay any employee social security and Medicare tax on unreported tips or uncollected employee social security and Medicare tax on tips or group-term life insurance (see instructions for Part l, lines 8b and 12b and line 15).

When To File

If you file on a calendar year basis, file by April 15, 1992. If you file on a fiscal year basis, file this form by the 15th day of the 4th month after the close of your fiscal year.

Where To File

Internal Revenue Service Center, Philadelphia, PA 19255.

Where To Get Forms

Puerto Rico.Ð Director's Representative, U.S. Internal Revenue Service, Edificio Plaza Mercantil, Parada 27½, Avenida Ponce de Leon, Hato Rey, or you may send your order to Eastern Area Distribution Center, P.O. Box 85074, Richmond, VA 23261-5074.

Virgin Islands.Ð Federal Building, Room 216, Veterans Drive, Charlotte Amalie, St. Thomas, VI 00801; or V.I. Bureau of Internal Revenue, P.O. Box 3186, St. Thomas, VI 00801.

Guam.Ð Internal Revenue Service, Pacific Daily News Bldg., 230 O'Hara St., Suite 902, Agana, GU 96910.

American Samoa.Ð American Samoa Government, Tax Division, Suite III, Pago Plaza, Pago Pago, AS 96799.

CNMI.Ð Division of Revenue and Taxation, CNMI, Central Office, Capitol Hill, Saipan, MP 96950.

Signature and Date

Sign and date your return. It is not a valid return unless you sign it.

Generally, anyone you pay to prepare your return must sign it and fill in the other blanks in the Paid Preparer's Use Only area of your return. Someone who prepares your return, but does not charge you, should not sign.

If you have questions about whether a preparer is required to sign your return, please contact an Internal Revenue Service office.

Note: The preparer required to sign your return ***MUST:***

c Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)

c Give you a copy of your return in addition to the copy to be filed with the Internal Revenue Service.

Name and Social Security Number

To ensure proper credit to your social security account, enter your name and social security number exactly as they are shown on your social security card. If you don't have a social security number, please get Form SS-5 from a Social Security Administration District Office at one of the following addresses:

Puerto Rico.Ð 2nd Floor 65th Infantry Commercial Center, 65 Infantry and Barbosa Ave., Rio Piedras, PR 00923; Ave. Rotarios 521, Arecibo, PR 00612; Calles Baldorioty y Vizcarrondo, Caguas, PR 00626; Mayaguez Mall, Mayaguez, PR 00708; Victory Shopping Center, Carretera 167, Bayamon, PR 00619; or San Rafael Industrial Park, Ponce By-Pass, Ponce, PR 00731.

Virgin Islands.Ð Room 113, Federal Office Building, 26 Veterans Dr., St. Thomas, VI 00801, or Ville La Reine Shopping Center, P.O. Box 1346, St. Croix, VI 00850.

Guam.Ð 230 O'Hara St., P.O. Box 3490, Agana, GU 96910.

American Samoa.Ð Room 210, Lumanai Building, P.O. Box 338, Pago Pago, AS 96799.

CNMI.Ð The CNMI Social Security Office, Navru Building, P.O. Box 489, Saipan, MP 96950.

Employees of Churches and Church-Controlled Organizations

If you had church employee income of $108.28 or more, you may be subject to self-employment tax. Church employee income is wages you received as an employee (other than as a minister or member of a religious order) from a church or a qualified church-controlled organization that has in effect a certificate electing exemption from employer social security and Medicare taxes.

Although earnings you had as a minister or member of a religious order are not included in church employee income, you must include these earnings on line 1 of Part IV, unless the IRS approved you as being exempt from self-employment tax. See line B on page 1.

Employees of Foreign Governments or International Organizations

You are subject to self-employment tax if you are a U.S. citizen or a resident of Puerto Rico and were employed in the United States, Puerto Rico, Guam, American Samoa, the CNMI, or the Virgin Islands by a foreign government (or, in certain cases, by an agency wholly owned by a foreign government or an international organization under the International Organizations Immunities Act).

Exemption From Self-Employment Tax for Members of the Clergy and Certain Religious Orders and Sects

Income you received as a duly ordained, commissioned, or licensed minister of a church, member of a religious order (not under a vow of poverty), or a Christian Science practitioner is subject to self-employment tax unless you filed Form 4361, Application for Exemption From Self-Employment Tax for Use by Ministers,

(Continued on page 5)

Members of Religious Orders and Christian Science Practitioners. If you filed Form 4361, received IRS approval to exempt your ministerial earnings, and have no other income subject to self-employment tax, then you are not required to file Form 1040SS. If you filed Form 4361, but have $400 or more from other earnings subject to self-employment tax, you must check the box on line A of page 1, and continue with Part I.

Note: If you have ever filed ***Form 2031*** to elect social security coverage, you cannot apply for exemption now.

If you have conscientious objections to social security insurance because of your membership in and belief in the teachings of a religious sect recognized as being in existence at all times since December 31, 1950, and which has provided a reasonable level of living for its dependent members, you can request exemption from self-employment tax by filing Form 4029, Application for Exemption From Social Security and Medicare Taxes and Waiver of Benefits. If you filed Form 4029 and have received IRS approval, do not file Form 1040SS.

More Than One Trade or Business

If you have income from more than one trade or business, your net self-employment earnings or losses from all of them are combined to get your net self-employment earnings or loss. A loss in one trade or business reduces the income from another one. Complete and file only one Form 1040SS for any one year. Attach a profit and loss statement for each trade or business, and include the net earnings in Part I.

Community Income

If any of the income from a business, including farming, is community income, all of the income from that business is considered self-employment earnings of the spouse who carried on the trade or business unless there is a husband and wife partnership. The identity of the spouse who carried on the trade or business is determined by the facts in each situation.

Specific Instructions

We have provided specific instructions for some of the lines on the form. Lines that do not appear in the instructions are self-explanatory.

The accounting method you used to record your farm income determines whether you complete Section A or C of Part III.

Cash Method.—Include all of your income in the year you actually get it. Generally, you deduct your expenses when you pay them.

Accrual Method.—Include your income in the year you earned it. It does not matter when you get it. You deduct your expenses when you incur them.

Part I
Self-Employment Tax

Generally, net earnings from self-employment are your net profits from a sole proprietorship operated by you and your share of certain partnership income and guaranteed payments. See Partnership Income or Loss and the instructions below for income or losses included or not included in net earnings from self-employment.

Lines 1 and 2.—Do not include on lines 1 and 2 any income or expense not included in figuring net earnings from self-employment. If you were a general partner, reduce lines 1 and 2 for any section 179 expense deduction, oil or gas depletion, and unreimbursed partnership expenses.

If you were a duly ordained minister who was an employee of a church and you are subject to self-employment tax, report your income and expenses from performing services as a minister in Part IV. Enter the net amount on line 2, Part I. For more information, get Pub. 517, Social Security for Members of the Clergy and Religious Workers.

Partnership Income or Loss

When figuring your total net earnings from self-employment, include your share of partnership income or loss attributable to a trade or business and any guaranteed payments for services or for the use of capital. However, if you are a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

If your partnership is engaged solely in the operation of a group investment program, earnings from the operation are not self-employment earnings for either the general or limited partners.

If a partner dies, and the partnership continues, the deceased partner's distributive share of the partnership's ordinary income or loss through the end of the month in which he or she dies must be included in self-employment income. See section 1402(f).

Share-Farming

If you produced crops or livestock on someone else's land for a share of the crops or livestock produced, or the proceeds from the sale of them, you are considered a self-employed person rather than an employee.

Other Income and Losses Included in Net Earnings From Self-Employment

c Rental income from a farm if, as landlord, you participated materially in the production or management of the production of farm products on this land. This income is farm earnings. To determine if you participated materially in farm management or production, do not consider the activities of any agent who acted for you.

c Cash or a payment-in-kind received from the Department of Agriculture for participation in a land diversion program.

c Payments for the use of rooms or other space when you also provided substantial services. Examples are hotel rooms, boarding houses, tourist camps or homes, parking lots, warehouses, and storage garages.

c Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.

c Amounts received by current or former self-employed insurance agents that are:

a. Paid after retirement, but calculated as a percentage of commissions received from the paying company before retirement;

b. Renewal commissions; or

c. Deferred commissions paid after retirement for sales made before retirement.

c Income as a crew member of a fishing vessel with a crew of normally fewer than 10 individuals. See Pub. 595, Tax Guide for Commercial Fishermen, for more information.

c Fees as a state or local government employee if you were paid only on a fee basis and the job was not covered under a Federal-state social security coverage agreement.

c Interest received in the course of any trade or business, such as interest on notes or accounts receivable.

c The rental value of a home or an allowance for a home furnished to you as a minister or member of a religious order. See Pub. 517.

c The value of meals or lodging given to you for the convenience of your employer if you are a minister or member of a religious order.

c Fees and other payments received by you for services as a director of a corporation.

c Recapture amounts under sections 179 and 280F that were included in gross income because the business use of the property dropped to 50% or less. Do not include amounts recaptured on the disposal of property.

c Fees you received as a professional fiduciary. This may also apply to fees you received as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's trade or business or the management of an estate that required extensive management activities over a long period of time.

c Gain or loss from section 1256 contracts or related property by an options or commodities dealer in the normal course of dealing in or trading section 1256 contracts.

Income and Losses Not Included in Net Earnings From Self-Employment

c Salaries, fees, etc., subject to social security or Medicare tax that you received for performing services as an employee, including services performed as a public official (except as a fee basis government employee as explained under Other Income and Losses Included in Net Earnings From Self-Employment).

c Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments, if you had no other interest in the partnership and did not perform services for it during the year.

c Income from real estate rentals (including rentals paid in crop shares) unless received in the course of a trade or business as a real estate dealer.

c Dividends on shares of stock and interest on bonds, notes, etc., unless received in the course of your trade or business as a dealer in stocks or securities.

c Gain or loss from:

a. The sale or exchange of a capital asset;

b. The sale, exchange, involuntary conversion, or other disposition of property, unless the property is stock in trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business; or

(Continued on page 6)

c. Certain transactions in timber, coal, or domestic iron ore.

c Net operating losses from other years.

Unreported Tips Subject to Social Security and Medicare Tax

Lines 8b and 12b.—If you received tips of $20 or more in any month and did not report all of those tips to your employer, you must file Form 4137, Social Security and Medicare Tax on Unreported Tip Income. You must also file Form 4137 if your Form(s) W-2 shows allocated tips that you must report as income. (Allocated tips should be shown in Box 7 of your Form(s) W-2.) You must report as income at least the amount of allocated tips shown on your Form(s) W-2 unless you can prove a lesser amount with adequate records. If you have records, you must report as income the amount of tips your records show you actually received, even if this amount is more or less than the allocated tips. Disregard the references to Form 1040 shown on Form 4137. Also see the instructions for line 15 below.

Enter on line 8b the amount from Form 4137, line 9. Enter on line 12b the amount from Form 4137, line 14.

Self-Employment Tax

Line 15—***Employee Social Security and Medicare Tax on Tips Not Reported to Employer.—***Complete Form 4137 if you received cash or charge tips of $20 or more in any month and you did not report all of those tips to your employer. You must also complete Form 4137 if your Form(s) W-2 shows allocated tips that you must report as income.

Write the amount of tax due (from line 16 of Form 4137) on the dotted line next to line 15 on page 1 of Form 1040SS and label the amount ªTax on Tips.º Include it in the total on line 15 and attach Form 4137 to Form 1040SS. Be sure to complete Schedule U (Form 1040) on Form 4137.

Uncollected Employee Social Security and Medicare Tax on Tips.—If you did not have enough wages to cover the social security and Medicare tax due on tips you reported to your employer, the amount of tax due should be identified with codes A and B in Box 17 of your Form W-2. Include this tax in the total for line 15. Enter the amount of this tax and the words "Uncollected Tax" on the dotted line next to line 15.

Uncollected Employee Social Security and Medicare Tax on Group-Term Life Insurance.—If you had group-term life insurance through a former employer, you may have to pay social security and Medicare tax on part of the cost of the life insurance. The amount of tax due should be identified with codes M and N in Box 17 of your Form W-2. Include this tax in the total for line 15. Enter the amount of this tax and the words "Uncollected Tax" on the dotted line next to line 15.

Part II

Optional Methods To Figure Net Earnings

Use of the optional methods gives you credit toward your social security coverage even though you have a loss or low income from self-employment. But the optional methods may require you to pay self-employment tax when none would otherwise be required to be paid.

Farm Optional Method

If your gross farm income for the year was $2,400 or less, you can report two-thirds of your gross farm income instead of your actual net earnings from farming.

If your gross farm income was more than $2,400, and your net farm profits (from Part III, line 37, and your distributive share from farm partnerships) were less than $1,733, you can report $1,600 on line 2 of Part II.

If you can use this method, it can increase or decrease net farm earnings, even if the farming business resulted in a loss. There is no limit to the number of years you can use this method. If you use this method, you must apply it to all farm earnings from self-employment for the year. You may change the method (from actual net earnings to the optional method or the reverse) after you file your return.

For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payments plus your share of the gross income after it is reduced by all guaranteed payments made by the partnership. If you were a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

Nonfarm Optional Method

You may be able to use this method to figure your net earnings from nonfarm self-employment if your net nonfarm profits (from Part IV, line 27, and your distributive share from nonfarm partnerships) were less than $1,733, and also less than 72.189% of your gross nonfarm income.

You may use this method if you are regularly self-employed or regularly a partner. You meet this requirement if you had actual net earnings from self-employment of $400 or more (including your distributive share of the income or loss from any partnership of which you are a member) from nonfarm and farm businesses in at least 2 of the 3 years just before the year for which you use the nonfarm optional method. The limit for the optional method for nonfarm self-employment is 5 years. The 5 years need not be consecutive.

You may report on line 4 of Part II two-thirds of your gross nonfarm income, up to $1,600, as your net earnings from self-employment. But you may not report less than your actual net earnings from nonfarm self-employment.

For a nonfarm partnership, see Farm Optional Method on this page for details on how to figure your share of gross income from the partnership.

Using Both Optional Methods

If you can use both methods, you may report less than your total actual net earnings from farm and nonfarm self-employment, but you cannot report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings from self-employment, you cannot report more than $1,600 of net earnings from self-employment.