

2020



Department of the Treasury
Internal Revenue Service

Instructions for Form 1040-SS

U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico)

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

General Instructions

Future Developments

For the latest information about developments related to Form 1040-SS and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1040SS](https://www.irs.gov/Form1040SS).

What's New

Coronavirus tax relief for certain individuals. These instructions have been revised and are being rereleased to reflect the changes made to the *Deferral Worksheet for Filers With Amounts on Line 3 or Line 4 of Form 1040-SS* in the the instructions for Part I, [Deferral for certain Form 1040-SS or Schedule H \(Form 1040\) filers](#).

Coronavirus Aid, Relief, and Economic Security (CARES) Act permits certain individuals who file Form 1040-SS and/or Schedule H to defer the payment of 50% of the social security tax imposed for the period beginning on March 27, 2020, and ending December 31, 2020. New Part VII has been added to allow self-employed persons to figure a maximum amount of self-employment tax payments which may be deferred. Also, Schedule H (Form 1040) has been modified to account for the deferral discussed above.

Report the total payment amount you defer on Part I, line 11. For more information, see the instructions for Part I, lines 4 and 11, and Part VII.

Credits for sick and family leave for certain household employees. The Families First Coronavirus Relief Act (FFCRA), as amended by the COVID-related Tax Relief Act of 2020, required certain businesses to provide paid leave to workers who are unable to work or telework due to circumstances related to COVID-19, and offsets the costs of providing the required leave with refundable tax credits against employment tax. Form 1040-SS filers who report household employment taxes from Schedule H (Form 1040) on Form 1040-SS may be eligible to claim a credit on Part I, line 12, to cover the costs of

providing required qualified sick leave wages and qualified family leave wages. For more information, see the instructions for Part I, lines 4 and 12.

The FFCRA also helps self-employed individuals affected by coronavirus by providing paid sick and family leave credits equivalent to those that employers are required to provide their employees for qualified sick and family leave wages paid during the period beginning April 1, 2020, and ending March 31, 2021. Form 1040-SS filers will claim these credits on their territory income tax returns, and not Form 1040-SS.

Disaster tax relief. To find information on the most recent tax relief provisions for taxpayers affected by disaster situations see [Tax Relief in Disaster Situations](#). See [Pub. 547](#) for discussions on the special rules that apply to federally declared disaster areas.

Automatic 60-day extension. Certain taxpayers affected by federally declared disasters may be eligible for an automatic 60-day extension for filing returns, paying taxes, and performing other tasks required by the IRS. For more information, see [Pub. 547](#).

Virtual currency. You will need to answer the question on page 1 of Form 1040-SS about whether you engaged in a transaction involving virtual currency in 2020. See [Virtual Currency](#) under *Specific Instructions*, later.

Schedule LEP (Form 1040). Schedule LEP is a new form that allows taxpayers to request a preference to receive written communications from the IRS in Spanish and other languages. If a language preference is requested, attach the Schedule LEP (Form 1040) to your Form 1040-SS when you file it. For more information, including what languages are available, get Schedule LEP at [IRS.gov](https://www.irs.gov).

Identity Protection PIN for spouse. Beginning in 2020, spouses must enter an identity protection PIN on the Form 1040-SS if one has been received from the IRS. Entry spaces for the identity protection PIN have been added to the right of the spouse's signature block. For more information, see [Identity Protection PIN](#), later.

Maximum income subject to social security tax for 2020. For 2020, the maximum amount of self-employment income subject to social security is \$137,700.

Optional methods to figure net earnings. For 2020, the maximum income for using the optional methods is \$5,640.

Reminders

Maximum income subject to social security tax for 2021. For 2021, the maximum amount of self-employment income subject to social security is \$142,800.

Due date of return. The due date to file Form 1040-SS is April 15, 2021.

Estimated tax payments. If you expect to owe self-employment (SE) tax of \$1,000 or more for 2021, you may need to make estimated tax payments. Use Form 1040-ES, Estimated Tax for Individuals, to figure your required payments and for the vouchers to send with your payments.

Access your online account. Go to [IRS.gov/account](https://www.irs.gov/account) to securely access information about your federal tax account. You must authenticate your identity. View the amount you owe, review the past 24 months of your payment history, access online payment options, and create or modify an online payment agreement. You also can access your tax records online.

Individual taxpayer identification number (ITIN) renewal. You may need to renew your ITIN. For more information, see the Instructions for Form W-7, Application for IRS Individual Taxpayer Identification Number.

Additional child tax credit (ACTC). If you don't have an SSN or ITIN issued on or before the due date of your 2020 Form 1040-SS (including extensions), you can't claim the ACTC on an original or amended Form 1040-SS. Also, your qualifying child must have an SSN valid for employment issued prior to the due date of your 2020 Form 1040-SS (including extensions).

See [Taxpayer identification number requirements](#) under *Part II—Bona Fide Residents of Puerto Rico Claiming Additional Child Tax Credit*, later.

Refunds for returns that claim the ACTC. The IRS expects the earliest ACTC related refunds to be available in taxpayer bank accounts or debit cards starting mid-February 2021, if these taxpayers chose direct deposit and there are no other issues with their tax return. For more information see [IRS.gov/individuals/refund-timing](https://www.irs.gov/individuals/refund-timing). This applies to the entire refund, not just the portion associated with the ACTC. For more information, on the status of your refund, see [IRS.gov/refunds](https://www.irs.gov/refunds).

Electronic filing. You can e-file Form 1040-SS. For general information about electronic filing, visit [IRS.gov/efile](https://www.irs.gov/efile).

Direct Pay. The best way to pay your taxes is with IRS Direct Pay. It's the safe, easy, and free way to pay from your checking or savings account in one online session. Go to [IRS Direct Pay](https://www.irs.gov/directpay) on IRS.gov.

Taxpayer Advocate Service (TAS). TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. The telephone numbers for the local advocate in the territories are:

- American Samoa, the CNMI, and Guam: 808-566-2950 (in Hawaii);
- Puerto Rico, and USVI: 787-522-8600 for Spanish, and 787-522-8601 for English (in Puerto Rico).

For more information, see [The Taxpayer Advocate Service \(TAS\) Is Here To Help You](https://www.irs.gov/advocate) under *Additional Information*, later.

Purpose of Form

This form is for residents of the U.S. Virgin Islands (USVI), Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), and the Commonwealth of Puerto Rico (Puerto Rico) who are not required to file a U.S. income tax return but who have self-employment income or are eligible to claim certain credits. Residents of Puerto Rico may file Form 1040-PR in place of Form 1040-SS.

One purpose of the form is to report net earnings from self-employment to the United States and, if necessary, pay SE tax on that income. The Social Security Administration (SSA) uses this information to figure your benefits under the social security program. SE tax applies no matter how old you are and even if you already are receiving social security or Medicare benefits.

See [Who Must File](https://www.irs.gov/who-must-file), later, for additional uses of this form.

You also may be required to file an income tax return with the government of Guam, American Samoa, the USVI, the CNMI, or Puerto Rico. See Pub. 570, and contact your local territory tax office for more information.

How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, see [How To Get Tax Help](https://www.irs.gov/whattodownload) at the end of the instructions. You can find additional resources to help you right away at [IRS.gov](https://www.irs.gov).

Who Must File

You must file Form 1040-SS if you meet all three requirements below.

1. You, or your spouse if filing a joint return, had net earnings from self-employment (from other than church employee income) of \$400 or more (or you had church employee income of \$108.28 or more—see [Church Employees](https://www.irs.gov/who-must-file), later). However, see [Exceptions](https://www.irs.gov/who-must-file), later.
2. You do not have to file Form 1040 with the United States.
3. You are a bona fide resident of:
 - a. Guam,
 - b. American Samoa,
 - c. The USVI,
 - d. The CNMI, or
 - e. Puerto Rico (you can file either Form 1040-PR (in Spanish) or Form 1040-SS).



Even if you have a loss or little income from self-employment, it may benefit you to file Form 1040-SS and use either "optional method" in Part VI. See [Part VI—Optional Methods To Figure Net Earnings](https://www.irs.gov/who-must-file), later.

Exceptions. If (2) and (3) under *Who Must File*, earlier, apply, though (1) does not apply, you must file Form 1040-SS (or Form 1040-PR if you are a resident of Puerto Rico) to:

- Report and pay household employment taxes;
- Report and pay employee social security and Medicare tax on: (a) unreported tips, (b) wages from an employer with no social security or Medicare tax withheld, (c) uncollected social security and Medicare tax on tips or group-term life insurance (see the instructions for Part I; [Line 6](https://www.irs.gov/who-must-file), later);
- Report and pay the Additional Medicare Tax (see the instructions for Part I, [Line 5](https://www.irs.gov/who-must-file), later);
- Claim excess social security tax withheld;
- Claim the ACTC; and
- Claim the health coverage tax credit or reconcile advance payments of the health coverage tax credit made for you, your spouse, or a dependent (bona fide residents of Puerto Rico only).

Who Must Pay SE Tax

Self-Employed Persons

You must pay SE tax if you had net earnings of \$400 or more as a self-employed person. If you are in business (farm or nonfarm) for yourself, you are self-employed.

You also must pay SE tax on your share of certain partnership income and your guaranteed payments. See [Partnership Income or Loss](https://www.irs.gov/who-must-file) in the instructions for Part V, later.

Church Employees

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

If your only income subject to self-employment tax is church employee income, skip lines 1a through 4b in Part V. Enter "0" on line 4c and go to line 5a.

Ministers and Members of Religious Orders

In most cases, you must pay SE tax on salaries and other income for services you performed as a minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner. But if you filed Form 4361 and received IRS approval, you will be exempt from paying SE tax on those net earnings. If you had no other income subject to SE tax and do not owe any of the taxes listed earlier under [Who Must File](https://www.irs.gov/who-must-file), you aren't required to file Form 1040-SS. However, if you had other earnings of \$400 or more subject to SE tax, see Part V, line A.



If you have ever filed Form 2031 to elect social security coverage on your earnings as a minister, you cannot revoke that election.

If you must pay SE tax, include this income in Part IV, line 1. But do not report it in Part V, line 5a; it isn't considered church employee income.

- Also include in Part IV, line 1:
- The rental value of a home or allowance for a home furnished to you (including payments for utilities), and
 - The value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience.

However, do not include in Part IV, line 1:

- Retirement benefits you received from a church plan after retirement, or

- The rental value of or allowance for a home furnished to you (including payments for utilities) after retirement.

If you were an ordained minister, a member of a religious order who has not taken a vow of poverty, or a Christian Science practitioner, and were employed by a church (congregation) for a salary, do not include that income in Form 1040-SS, Part IV. Instead, figure your SE tax by completing Part V, including on line 2 this income and any rental (parsonage) allowance or the value of meals and lodging provided to you. On the same line, subtract the allowable amount of any unreimbursed business expenses you incurred as a church employee. Attach an explanation.

For details, see [Pub. 517](#).

Members of Recognized Religious Sects

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 SE tax by filing [Form 4029](#). If you filed Form 4029 and have received IRS approval, don't file Form 1040-SS. See [Pub. 517](#) for details.

Employees of Foreign Governments or International Organizations

You must pay SE tax on income you earned as a U.S. citizen or a resident of Puerto Rico employed by a foreign government (or, in certain cases, by a wholly owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) for services performed in the United States, Puerto Rico, Guam, American Samoa, the USVI, or the CNMI. Report income from this employment on Part IV, line 1. Enter the net amount from Part IV, line 27, on Part V, line 2. If you performed services elsewhere as an employee of a foreign government or an international organization, those earnings are exempt from SE tax.

Commonwealth or Territory Residents Living Abroad

In most cases, if you are a bona fide resident of Guam, American Samoa, the USVI, the CNMI, or Puerto Rico living outside the territories or United States, you must still pay any applicable SE tax.

Exception. The United States has social security agreements with many countries to eliminate dual taxes under two social security systems. Under these

agreements, in most cases, you must pay social security and Medicare taxes or foreign health insurance only to the country you live in.

If you have questions about international social security agreements visit the SSA International Programs website at [SSA.gov/international/totalization_agreements.html](https://ssa.gov/international/totalization_agreements.html). This website has general information about international social security agreements, including information about the coverage and social security taxation rules of the agreements.



Even if you don't have to pay SE tax because of a social security agreement, you may still have to file a tax return with the Internal Revenue Service.

Chapter 11 Bankruptcy Cases

While you are a debtor in a Chapter 11 bankruptcy case, your net profit or loss from self-employment will be included on the income tax return (Form 1041) of the bankruptcy estate. However, you are responsible for paying self-employment tax on your net earnings from self-employment; not the bankruptcy estate.

Enter on the dotted line next to line 3 of Form 1040-SS, Part V, "Chap. 11 bankruptcy income" and the amount of your net profit or (loss). Combine that amount with the total of lines 1a, 1b, and 2 (if any) and enter the result on line 3.

For other reporting requirements, see the Instructions for Form 1040.

More Than One Business

If you were a farmer and had at least one other business or you had two or more nonfarm businesses, your net earnings from self-employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another. Complete and file only one Form 1040-SS for any 1 year. Attach a separate Part III or Part IV for each trade or business, and combine the net earnings in a single Part V.

Joint returns. If both you and your spouse have self-employment income from separate farm or nonfarm businesses, each of you must complete and file a separate Part III or Part IV. Be sure to enter at the top of each Part III or Part IV the name and SSN of the spouse who owns the business. Each of you also must complete a separate Part V. Attach these pages to a single Form 1040-SS.

Business Owned and Operated by Spouses

If you and your spouse jointly own and operate an unincorporated business (farm

or nonfarm) and share in the profits and losses, you are partners in a partnership, whether or not you have a formal partnership agreement. Do not use Part III or Part IV. Instead, file the appropriate partnership return.

Exception—Qualified joint venture (QJV).

If you and your spouse materially participate (see *Material participation* in the 2020 Instructions for Schedule C (Form 1040)) as the only members of a jointly owned and operated business, and you file a joint Form 1040-SS for the tax year, you can make a joint election to be taxed as a QJV instead of a partnership. To make this election, you must divide all items of income, gain, loss, deduction, and credit attributable to the business between you and your spouse in accordance with your respective interests in the venture. Each of you must file a separate Part III or Part IV, as well as a separate Part V. On each line of your separate Part III or Part IV, you must enter your share of the applicable income, deduction, or loss. For complete information on this election, see the 2020 Instructions for Schedule E (Form 1040).

For more information on QJVs, go to [IRS.gov](https://irs.gov) and enter "qualified joint venture" in the search box.

Rental real estate business. If you and your spouse make the QJV election for your rental real estate business, in most cases the income isn't subject to SE tax (for an exception, see item 3 under [Other Income and Losses Included in Net Earnings From Self-Employment](#) in the instructions for Part V, later).

If the QJV election is made for a farm rental business that isn't included in self-employment, the income isn't subject to SE tax. Don't include the income on Form 1040-SS. Depending on the source of the income (possession, U.S. source, or other foreign source), you may need to file other tax forms. See [Pub. 570](#) and Form 4835, for more information.

Community property. If you and your spouse wholly own an unincorporated business as community property under the community property laws of a state, foreign country, or U.S. possession, the income and deductions are reported based on the following.

- If only one spouse participates in the business, all of the income from that business is the self-employment earnings of the spouse who carried on the business.
- If both spouses participate, the income and deductions are allocated to the spouses based on their distributive shares.
- If either or both you and your spouse are partners in a partnership, see

[Partnership Income or Loss](#) in the instructions for Part V, later.

- If you and your spouse elected to treat the business as a QJV, see [Exception—Qualified joint venture \(QJV\)](#), earlier.

Where To File

If you are enclosing a payment, send your Form 1040-SS to:

Internal Revenue Service
P. O. Box 1303
Charlotte, NC 28201-1303

If you aren't enclosing a payment, send your Form 1040-SS to:

Department of the Treasury
Internal Revenue Service
Austin, TX 73301-0215

When To File

If you file on a calendar year basis, file by April 15, 2021.

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

Extension of Time To File

If you can't file Form 1040-SS by the due date, you can get an extension of time to file the form. In some cases, you can get an extension of time to file and pay any tax due.

Bona fide residents of Puerto Rico.

You can apply for an automatic 6-month extension of time to file Form 1040-SS (until October 15, 2021, for calendar year taxpayers). To get this automatic extension, you must file [Form 4868](#), by the regular due date of your return (April 15, 2021, for calendar year taxpayers). You can file Form 4868 either by paper or electronically through IRS *e-file*. For details, see the instructions on Form 4868.



*This 6-month extension to file does **not** extend the time to pay your tax. Any interest due on unpaid taxes is calculated from the original due date of the return.*

Bona fide residents of American Samoa, the CNMI, Guam, or the USVI.

You can apply for the automatic 6-month extension described, earlier, or you can receive an automatic 2-month extension and then apply for an additional 4-month extension if you still need more time.

Automatic 2-month extension. You are allowed an automatic 2-month extension to file your return and pay your tax if you are outside the United States and Puerto Rico on the day Form 1040-SS is due (April 15, 2021, for calendar year taxpayers). Although you have an extension of time to pay your tax, interest

on any unpaid tax will be charged from the original due date of the return.

To get this automatic extension, you must file Form 1040-SS by the extended due date (June 15, 2021, for calendar year taxpayers) and attach a statement explaining that on the regular due date of your return you were a bona fide resident of American Samoa, the CNMI, Guam, or the USVI.

Additional 4-month extension. If you can't file your return within the automatic 2-month extension period, in most cases you can get an additional 4 months to file your return, for a total of 6 months. File Form 4868 by the extended due date allowed by the 2-month extension (June 15, 2021, for calendar year taxpayers). Follow the instructions for completing Form 4868, and be sure to check the box on line 8.

Unlike the original 2-month extension, the additional 4 months of time to file is **not** an extension of time to pay. You must make an accurate estimate of your tax based on the information available to you. If you find you can't pay the full amount due with Form 4868, you can still get the extension. You will owe interest on the unpaid amount from the original due date of the return.

Where to file extension requests. If you are enclosing a payment, send Form 4868 with your payment to:

Internal Revenue Service
P.O. Box 1302
Charlotte, NC 28201-1302

If you aren't enclosing a payment, send Form 4868 to:

Department of the Treasury
Internal Revenue Service
Austin, TX 73301-0215

Automatic 60-day extension. Certain taxpayers affected by federally declared disasters may be eligible for an automatic 60-day extension for filing returns, paying taxes, and performing other tasks required by the IRS. For more information, see [Pub. 547](#).

Specific Instructions

Fiscal Year Filers

If your tax year is a fiscal year, use the tax rate and earnings base that apply at the time the fiscal year begins. Don't prorate the tax or earnings base for a fiscal year that overlaps the date of a rate or earnings base change.

Name and SSN

To ensure proper credit to your social security account, enter your name and SSN, and your spouse's if filing a joint return, exactly as shown on your social security card. If you do not have an SSN, get Form SS-5, Application for a Social Security Card, from an SSA district office or online at [SSA.gov/forms/ss-5.pdf](#).

If you are not eligible for an SSN, you must apply for an ITIN. For more information on ITINs, go to [IRS.gov/ITIN](#). Also, see Form W-7 and its instructions.

Virtual Currency

Virtual currency is a digital representation of value, other than a representation of the U.S. dollar or a foreign currency ("real currency"), that functions as a unit of account, a store of value, or a medium of exchange. Some virtual currencies are convertible, which means that they have an equivalent value in real currency or act as a substitute for real currency. The IRS uses the term "virtual currency" to describe the various types of convertible virtual currency that are used as a medium of exchange, such as digital currency and cryptocurrency. Regardless of the label applied, if a particular asset has the characteristics of virtual currency, it will be treated as virtual currency for Federal income tax purposes.

If, in 2020, you engaged in any transaction involving virtual currency, check the "Yes" box next to the question on virtual currency on page 1 of Form 1040-SS. A transaction involving virtual currency includes, but is not limited to:

- The receipt or transfer of virtual currency for free (without providing any consideration), including from an airdrop or hard fork;
- An exchange of virtual currency for goods or services;
- A sale of virtual currency;
- An exchange of virtual currency for other property, including for another virtual currency; and
- A disposition of a financial interest in virtual currency.

A transaction involving virtual currency does not include the holding of virtual currency in a wallet or account, or the transfer of virtual currency from one wallet or account you own or control to another that you own or control. If you received any virtual currency as compensation for services, or disposed of any virtual currency that you held for sale to customers in a trade or business, or inventory or services, you should report the income in Part III or Part IV of the Form 1040-SS.

If you disposed of any virtual currency that was held as a capital asset through a sale, exchange, or transfer, report it in

your territory income tax return. If you received any virtual currency as compensation for services, or disposed of any virtual currency that you held for sale to customers in a trade or business, you must report the income as you would report other income of the same type (for example, W-2 wages) in your territory income tax return.

For more information, go to [IRS.gov/virtualcurrencyfaqs](https://www.irs.gov/virtualcurrencyfaqs).

Part I—Total Tax and Credits

Line 1

Check the filing status that applies to you.

Single. Your filing status is single if:

1. On the last day of the year, you're unmarried or legally separated from your spouse under a divorce or separate maintenance decree, or
2. You meet all of the following conditions.
 - a. You lived apart from your spouse for the last 6 months of 2020. Temporary absences for special circumstances, such as business, medical care, school, or military service, count as time lived in the home.
 - b. You file a separate return from your spouse.
 - c. You paid over half the cost of keeping up your home for 2020.
 - d. Your home was the main home of your child, adopted child, stepchild, or eligible foster child for more than half of 2020. Temporary absences by you or the child for special circumstances, such as school, vacation, business, medical care, military service, or detention in a juvenile facility, count as time lived in the home. Also, a child is considered to have lived with you for more than half of 2020 if the child was born or died in 2020 and your home was the child's home for more than half of the time he or she was alive.
 - e. If you filed Form 1040, you could claim the child as your dependent or could claim the child except that the child's other parent can claim the child under the rules for children of divorced or separated parents (see [Pub. 501](#)).

Married filing jointly. You can choose this filing status if you were married at the end of 2020 and both you and your spouse agree to file a joint return. You also can choose this filing status if your spouse died in 2020 and you didn't remarry in 2020.

If you choose to file a joint return, check the box for married filing jointly and be sure to include your spouse's name and SSN on the lines provided below your name and SSN. If your spouse also had

self-employment income, complete and attach a separate Part V and Part VII, and if applicable, Part VI. If necessary, attach a separate Part III or Part IV for your spouse's farm or nonfarm business.

Joint and several tax liability. If you file a joint return, both you and your spouse generally are responsible for the tax and any interest or penalties due on the return. This means that if one spouse doesn't pay the tax due, the other may have to.

However, you may qualify for relief from an existing tax liability on your joint return if:

- There is an understatement of the amount of tax because your spouse omitted income or claimed false deductions or credits;
- You are divorced, separated, or no longer living with your spouse; or
- Given all the facts and circumstances, it wouldn't be fair to hold you liable for the tax.

File Form 8857 to request relief. Some requests for relief may need to be filed within two years of the date on which the IRS first attempted to collect the tax from you. For more information, go to [IRS.gov/InnocentSpouse](https://www.irs.gov/InnocentSpouse).

Married filing separately. You can choose this filing status if you were married at the end of 2020. This method may benefit you if you want to be responsible only for your own tax.

Line 2

Enter the required information for each child for which you are claiming the ACTC on Part II, line 3. See [Qualifying for the Credit](#) under *Part II—Bona Fide Residents of Puerto Rico Claiming Additional Child Tax Credit*, later.

You **cannot** take the credit for other dependents on Form 1040-SS. Do not enter a person who is a qualifying person for purposes of the credit for other dependents on Part I, line 2. For more information on how the credit for other dependents may affect the calculation of your ACTC, see [Specific Instructions for the ACTC Worksheet](#), later.

Line 4

If either of the following applies, see Schedule H (Form 1040), and its instructions to find out if you owe household employment taxes.

- You paid any one household employee cash wages of \$2,200 or more in 2020.
- You paid total cash wages of \$1,000 or more in any calendar quarter of 2019 or 2020 to all household employees.

Note: See the instructions for line 11 for payments of social security taxes reported on Schedule H (Form 1040) that may be deferred.

Line 5

Enter the total Additional Medicare Tax from line 18 of Form 8959 on line 5. Attach Form 8959. See Form 8959 and the Instructions for Form 8959 for more information.

Line 6

Include the following taxes in the line 6 total.

Employee social security and Medicare tax on tips not reported to employer. Complete Form 4137 if you received cash and charge tips of \$20 or more in a calendar month and didn't report all of those tips to your employer. On the dotted line next to line 6, enter "Tax on Tips," and the amount of tax due (from Form 4137, line 13). Be sure to include this tax in the total for line 6. Attach to Form 1040-SS the completed Form 4137.

Uncollected employee social security and Medicare tax on tips. If you didn't 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 12 of your Form W-2AS, W-2CM, W-2GU, or W-2VI; or entered in boxes 25 and 26 of your Form 499R-2/W-2PR. Include this tax in the total for line 6. Enter the amount of this tax and "Uncollected Tax" on the dotted line next to line 6.

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 12 of your Form W-2AS, W-2CM, W-2GU, or W-2VI. If you are a bona fide resident of Puerto Rico, contact your employer for this amount. Include this tax in the total for line 6. Enter the amount of this tax and "Uncollected Tax" on the dotted line next to line 6.

Uncollected employee social security and Medicare tax on wages. If you're an employee who received wages from an employer who didn't withhold social security and Medicare tax from your wages, complete Form 8919 to figure your share of the unreported tax. Enter the amount of tax due (from Form 8919, line 13) and "Uncollected Tax" on the dotted line next to line 6, and include this tax in the total for line 6. Attach to Form 1040-SS the completed Form 8919.

Repayment of excess advance payments of the health coverage tax credit. If you received the benefit of advance payments of the health coverage tax credit for months you weren't eligible, the amount on line 5 of Form 8885 may be

negative. On the dotted line next to line 6, enter "HCTC" and the additional tax as a positive amount. Include this tax in the total for line 6. Attach the completed Form 8885 to Form 1040-SS.

Line 7

Enter any estimated tax payments you made for 2020 including any overpayment from your 2019 return that you applied to your 2020 estimated tax. If you or your spouse paid separate estimated tax but are now filing a joint return, add the amounts you each paid and enter the total on line 7. If you and your spouse paid joint estimated tax but are now filing separate returns, you can divide the amount paid in any way you choose as long as you both agree. If you can't agree, you must divide the payments in proportion to each spouse's individual tax as shown on your separate returns for 2020. For an example of how to do this, see Pub. 505.

Line 8

If you, or your spouse if filing a joint return, had more than one employer for 2020, and total wages of more than \$137,700,

too much social security tax may have been withheld. You can take a credit on this line for the amount withheld in excess of \$8,537.40. But if any one employer withheld more than \$8,537.40, you must ask that employer to refund the excess to you. You can't claim it on Form 1040-SS. Figure this amount separately for you and your spouse. You must attach Forms W-2AS, W-2CM, W-2GU, W-2VI, or 499R-2/W-2PR. See Pub. 505 for more information.

Line 10

If, during 2020, you were a bona fide resident of Puerto Rico and an eligible trade adjustment assistance (TAA) recipient, alternative TAA (ATAA) recipient, reemployment trade adjustment assistance (RTAA) recipient, Pension Benefit Guaranty Corporation (PBGC) payee, or qualifying family member, see the 2020 Form 8885, and its instructions to figure the amount of your credit, if any.

See chapter 1 of Pub. 570 for the bona fide residency rules.

Line 11

Deferral for certain Form 1040-SS or Schedule H (Form 1040) filers. If you entered amounts on Part I, line 3 or 4, you can defer some of the self-employment and household employment tax payments you may owe on your 2020 tax return and pay them later instead. However, you can't defer amounts that you have already paid. If you qualify, the amount you may defer is figured in the *Deferral Worksheet for Filers With Amounts on Line 3 or Line 4 of Form 1040-SS*.



The deferred amount is a deferral of payments, not a deferral of your 2020 tax liability. Any amount you enter on line 10 of the worksheet must be paid by the due dates shown on lines 13 and 14 of the worksheet to be treated as timely and avoid interest and penalties. Any deferred amount may be paid before the indicated due dates. Payments you make are first applied against your payment due on December 31, 2021, and then applied against your payment due on December 31, 2022.

Deferral Worksheet for Filers With Amounts on Line 3 or Line 4 of Form 1040-SS

Before you begin: ✓ Complete Schedule H (Form 1040), if applicable, Part VII, Form 1040-SS, and Form 1040-SS, Part I, lines 1 through 8.

1a.	Enter the amount from Form 1040-SS, Part I, line 7	1a.	<u> </u>
1b.	Enter the amount from Form 1040-SS, Part I, line 8	1b.	<u> </u>
1c.	Enter any amount you paid with Form 4868 to request an extension of time to file.	1c.	<u> </u>
1d.	Enter the amount from Form 1040-SS, Part I, line 9	1d.	<u> </u>
1e.	Enter the amount from Form 1040-SS, Part I, line 10	1e.	<u> </u>
1f.	If you had Additional Medicare Tax withheld, enter the amount shown on Form 8959, line 24	1f.	<u> </u>
1g.	Add lines 1a through 1f	1g.	<u> </u>
2.	Enter the amount from Form 1040-SS, Part I, line 6	2.	<u> </u>
3.	Enter the amount(s) from line 8b of your Schedule(s) H (Form 1040)	3.	<u> </u>
4.	Add lines 2 and 3	4.	<u> </u>
5.	Enter the amount from line 8d of your Schedule(s) H (Form 1040)	5.	<u> </u>
6.	Enter the amount from Form 1040-SS, Part VII, line 9	6.	<u> </u>
7.	Add lines 5 and 6	7.	<u> </u>
8.	Subtract line 7 from line 4	8.	<u> </u>
9.	Subtract line 8 from line 1g. If zero or less, enter -0-	9.	<u> </u>
10.	Subtract line 9 from line 7	10.	<u> </u>
	You can defer payment up to the amount on line 10 until 12/31/2021 or 12/31/2022 by reporting the amount on line 10 above (or a smaller amount) on Form 1040-SS, Part I, line 11. See instructions.		
11.	Enter the amount you choose to report on Form 1040-SS, Part I, line 11	11.	<u> </u>
12.	Enter one-half of the amount on line 7 above	12.	<u> </u>
13.	Enter the smaller of line 11 or line 12. You must pay this amount by 12/31/2022	13.	<u> </u>
14.	Subtract line 13 from line 11. You must pay this amount by 12/31/2021	14.	<u> </u>

Line 12

Add lines 7 through 11. Enter the total on line 12.

Refundable sick and family leave credits. If you have any household employment taxes on line 4, include the amount shown on Schedule H (Form 1040), line 8e, in the total for line 12. On the dotted line next to line 12, enter "SLFLC" and show the amount. See Schedule H (Form 1040) and its instructions for more information.

Note. Do not enter any credits for sick and family leave related to your self-employment income reported on line 3 of Form 1040-SS. Those amounts will be reported on your territory tax return. See the instructions for your territory tax return for more information.

Additional Medicare Tax withheld. If you had Additional Medicare Tax withheld by your employer in 2020, include the amount shown on Form 8959, line 24, in the total for line 12. On the dotted line next to line 12, enter "Form 8959" and show the amount. Attach Form 8959. See Form 8959 and the Instructions for Form 8959 for more information.

Amount paid with request for extension of time to file. If you got an automatic extension of time to file Form 1040-SS by filing Form 4868 or by making a payment, enter the amount of the payment or any amount you paid with Form 4868. If you paid by credit or debit card, don't include on line 12 the convenience fee you were charged. On the dotted line next to line 12, enter "Form 4868" and show the amount paid.

Lines 14a Through 14d

If you want us to directly deposit the amount shown on line 14a to your checking or savings account at a U.S. bank or other U.S. financial institution (such as a mutual fund, brokerage firm, or credit union):

- Check the box on line 14a and attach Form 8888, if you want to split the direct deposit of your refund into more than one account or use all or part of your refund to buy paper Series I savings bonds; or
- Complete lines 14b through 14d if you want your refund deposited to only one account.

If you don't want your refund directly deposited to your account, don't check the box on line 14a. Draw a line through the boxes on lines 14b and 14d. We will send you a check instead.



*The IRS isn't responsible for a lost refund if you enter the wrong account information. Check with your financial institution to make sure your direct deposit will be accepted and to get the **correct** routing and account numbers.*

Don't request a deposit of your refund to an account that isn't in your name (such as your tax preparer's own account).



If you are asking to have a joint refund deposited to an individual account and your financial institution won't allow this, your direct deposit will be rejected back to the IRS and a check will be sent instead. The IRS isn't responsible if a financial institution rejects a direct deposit.

TreasuryDirect®. You can request a deposit of your refund (or part of it) to a TreasuryDirect® online account to buy U.S. Treasury marketable securities and savings bonds. For more information, go to [Treasurydirect.gov](https://www.treasurydirect.gov).

Form 8888. You can have your refund directly deposited into more than one account or use it to buy up to \$5,000 in paper Series I savings bonds. You don't need a TreasuryDirect® account to do this. See the Instructions for Form 8888 for more details.

Using direct deposit. The fastest way to receive a tax refund is to combine direct deposit and IRS e-file. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. The IRS issues more than 90% of refunds in less than 21 days.

Line 14b

The routing number for your financial institution must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead.

Ask your financial institution for the correct routing number to enter on line 14b if:

- The routing number on a deposit slip is different from the routing number on your checks,
- Your deposit is to a savings account that doesn't allow you to write checks, or
- Your checks state they are payable through a financial institution different from the one at which you have your checking account.

Line 14c

Check the appropriate box for the type of account. Don't check more than one box. You must check the correct box to ensure your deposit is accepted. For a

TreasuryDirect® online account, check the "Savings" box.

Line 14d

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. Don't include the check number.

If the direct deposit to your account(s) is different from the amount you expected, you will receive an explanation in the mail about 2 weeks after your refund is deposited.



If you are asking to have a joint refund deposited to an individual account and your financial institution won't allow this, your direct deposit will be rejected back to the IRS and a check will be sent instead. The IRS isn't responsible if a financial institution rejects a direct deposit.

Line 15

Enter on line 15 the amount, if any, of the overpayment on line 13 you want applied to your 2021 estimated tax. The election to apply part or all of the overpaid amount to your 2021 estimated tax can't be changed later.

Amount You Owe



To avoid interest and penalties, pay your taxes in full by April 15, 2021. You don't have to pay if line 16 is under \$1.

Don't include any estimated tax payment for 2021 in this payment. Instead, make the estimated tax payment separately.

Line 16—Amount You Owe

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://www.irs.gov/payments) to make a payment using any of the following options.

- **IRS Direct Pay:** Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- **Electronic Funds Withdrawal:** Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- **Electronic Federal Tax Payment System:** Best option for businesses. Enrollment is required.

- **Check or Money Order:** Mail your payment to the address listed on the notice or instructions.
- **Cash:** You may be able to pay your taxes with cash at a participating retail store.



To make a payment using a **Debit or Credit card:** Choose an approved payment processor to pay online, or by mobile device. A convenience fee is charged by these service providers.



To make a payment by phone, call one of our service providers. Each charges a fee that varies by provider, card type, and payment amount.

PayUSAtax
Payment: 844-729-8298
Live Operator: 855-508-0159
Service: 844-825-8729
[payusatax.com](https://www.payusatax.com)

PAY1040
Payment: 888-729-1040
Service: 844-825-8729
www.pay1040.com

ACI Payments, Inc.
Payment: 800-272-9829
Live Operator: 877-754-4420
Service: 877-754-4413
[fed.acipayonline.com](https://www.fed.acipayonline.com)

Notice to taxpayers presenting checks. When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day we receive your payment, and you will not receive your check back from your financial institution.

What if I can't pay now? Go to [IRS.gov/Payments](https://www.irs.gov/payments) for more information about your options.

- Apply for an **online payment agreement (IRS.gov/OPA)** to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the **Offer in Compromise Pre-Qualifier (IRS.gov/OIC)** to see if you can settle your tax debt for less than the full amount you owe.

Extension of time to pay. If paying the tax when it is due would cause you an undue hardship, you can ask for an extension of time to pay by filing Form 1127 by April 15, 2021. In most cases, an extension won't be granted for more than 6 months. You will be charged interest on the tax not paid by April 15, 2021. You

must pay the tax before the extension runs out. Penalties and interest will be imposed until taxes are paid in full. To get Form 1127, and the most up-to-date information, see [Form-1127](#).

Understanding an IRS notice or letter. Go to [IRS.gov/Notices](#) to find additional information about responding to an IRS notice or letter.

Part II—Bona Fide Residents of Puerto Rico Claiming Additional Child Tax Credit

If you were a bona fide resident of Puerto Rico for the tax year and you qualify to claim the ACTC, you must list each qualifying child (defined later) in Part I, line 2. Also complete Part II and the [Additional Child Tax Credit Worksheet Part II, Line 3](#), later, to figure the amount of your credit.

 **TIP** *Bona fide residents of American Samoa, the CNMI, Guam, or the USVI may be able to claim the ACTC on their territory income tax return. Contact your territory tax agency for details. For more information, see [Pub. 570](#).*

If you take the ACTC even though you aren't eligible and it is determined that your error is due to reckless or intentional disregard of the ACTC rules, you won't be allowed to take the child tax credit, credit for other dependents, or the ACTC for 2 years even if you are otherwise eligible to do so. If you take the ACTC even though you aren't eligible and it is later determined that you fraudulently took the credit, you won't be allowed to take the child tax credit, the credit for other dependents, or the ACTC for 10 years.

Qualifying for the Credit

You may be able to claim the ACTC for 2020 if all of the following apply.

- You were a bona fide resident of Puerto Rico (see Pub. 570).
- Social security and Medicare taxes were withheld from your wages or you paid SE tax.
- Neither you nor your spouse, if filing a joint return, can be claimed as a dependent on someone else's U.S. income tax return.
- You had three or more qualifying children (defined later).

 **CAUTION** *You must have three or more qualifying children to claim the ACTC.*

Qualifying child. A qualifying child for purposes of the ACTC is a child who:

1. Is your son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a

descendant of any of them (for example, your grandchild, niece, or nephew). A foster child is any child placed with you by an authorized placement agency or by a judgment, decree, or other order of any court of competent jurisdiction.

Note. Your adopted child is always treated as your own child. A child lawfully placed for legal adoption is treated the same as an adopted child.

2. Was under 17 at the end of 2020.
3. Was younger than you (or your spouse, if filing jointly) or was permanently and totally disabled (see *Age Test* in Pub. 501).
4. Didn't provide over half of his or her own support for 2020.
5. Lived with you for more than half of 2020. If the child didn't live with you for the required time, see *Residency Test* in Pub. 501.
6. Isn't filing a joint return for 2020 or is filing a joint return for 2020 only to claim a refund of estimated or withheld taxes. See examples under *Joint Return Test (To Be a Qualifying Child)* in Pub. 501.
7. Was a U.S. citizen, U.S. national, or a U.S. resident alien.

Note. If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household, that child meets an exception and may be a qualifying child although the child is a nonresident alien. See Pub. 570 for more information.

Information about your qualifying child. In Part I, line 2, enter each qualifying child's name, SSN, and relationship to you. If you have more than six qualifying children, attach a statement to Form 1040-SS with the required information. If the child meets the conditions to be a qualifying child of any other person (other than your spouse if filing jointly) for 2020, see *Qualifying Child of More Than One Person* in Pub. 501.

Taxpayer identification number requirements. Each qualifying child must have the required SSN. If you have a qualifying child who doesn't have the required SSN, you can't use the child to claim the ACTC on either your original or an amended 2020 return. The required SSN is one that is valid for employment and that's issued before the due date of your 2020 return (including extensions).

You must have a taxpayer identification number by the due date of your return. If you don't have an SSN or ITIN issued on or before the due date of your 2020 return (including extensions), you can't claim the ACTC on either your original or an amended 2020 return. If you apply for an ITIN on or before the due date of your 2020 return (including extensions) and the

IRS issues you an ITIN as a result of the application, the IRS will consider your ITIN as issued on or before the due date of your return.

Line 1

For purposes of figuring the ACTC, you must report all of your income derived from sources within Puerto Rico that is excluded from U.S. tax because you were a bona fide resident of Puerto Rico.

This includes items such as wages, interest, dividends, taxable pensions and annuities, and taxable social security benefits. Also include any profit or (loss) from Part III, line 36, and Part IV, line 27. For more information on these and other types of income to include on line 1, see the Form 1040 instructions. See Pub. 570, for the rules to use in determining your Puerto Rico source income.

Line 2

Enter the amount of your 2020 withheld social security, Medicare, and Additional Medicare taxes from Puerto Rico Form(s) 499R-2/W-2PR, boxes 21 and 23. If married filing jointly, include your spouse's amounts with yours.

For information about Form 499R-2/W-2PR, go to the Departamento de Hacienda website at [Hacienda.gobierno.pr/](#).

Line 3

Use the [Additional Child Tax Credit Worksheet—Part II, Line 3](#) to figure your ACTC. Enter the amount from line 19 of the worksheet on Part II, line 3.

Specific Instructions for the ACTC Worksheet

The ACTC may be limited if your income derived from sources within Puerto Rico exceeds the amounts shown on line 4 of the ACTC Worksheet. Calculate the child tax credit (CTC) on line 7 and the credit for other dependents on line 8 as part of figuring the limitation, if any, of your ACTC even though you **cannot** take the CTC or credit for other dependents on Form 1040-SS.

Line 7. Multiply the number of qualifying children entered on line 2 of the worksheet by \$2,000 and enter the result on line 7. If you have a child who is 17 or older that was not reported on line 2, you may be able to include that child in the calculation of line 8, discussed next.

Line 8. Multiply the number of other dependents who meet additional criteria (defined later), including children who are 17 or older, by \$500 and enter the amount on line 8.

If you include dependents on line 8 of the worksheet, you must attach a statement to your Form 1040-SS, which

provides the following information for each person included on line 8 who is a qualifying person for purposes of the credit for other dependents.

- First and last name.
- Tax identification number (SSN, ITIN, or adoption taxpayer identification number (ATIN)).
- Relationship to the person(s) filing Form 1040-SS.

Qualifying person for the credit for other dependents. A qualifying person for purposes of the credit for other dependents is a person who:

1. Qualifies as a dependent for purposes of being claimed as a dependent on a U.S. federal tax return. See Pub. 501 for more information about claiming someone as a dependent.
2. Cannot be reported on Part I, line 2, of Form 1040-SS, and lines 2 and 7 of the ACTC worksheet.
3. Was a U.S. citizen, U.S. national, or a U.S. resident alien. For more information, see Pub. 519. If the person is your adopted child, see *Adopted child* next.

Adopted child. Your adopted child is always treated as your own child. An adopted child includes a child lawfully placed with you for legal adoption.

If you are a U.S. citizen or U.S. national and your adopted child lived with you all year as a member of your household in 2020, that child meets requirement 3, under *Qualifying person for the credit for other dependents*, earlier.

Taxpayer identification number requirements for the credit for other dependents. In addition to being a qualifying person for the credit for other dependents, the person must have an SSN, ITIN, or ATIN issued on or before the due date of your 2020 Form 1040-SS (including extensions). If the person has not been issued an SSN, ITIN, or ATIN by that date, do not include the person on line 8.

Part III—Profit or Loss From Farming

For assistance with Part III (Profit or Loss From Farming), see the 2020 Instructions for Schedule F (Form 1040), and [Pub. 225](#).

Accounting Methods

The accounting method you used to record your farm income determines whether you complete Section A or C, in addition to Section B.

Cash method. Include in income both the cash actually or constructively received and the fair market value of goods or other property you received. In

most cases, you deduct your expenses when you pay them.

Accrual method. Include your income in the year you earned it. It doesn't matter when you get it. Deduct your expenses when you incur them.

Accounting Methods for Small Business Taxpayers

If you are a small business taxpayer (defined later), you may be eligible to use the cash method of accounting. A farm corporation, partnership with a C corporation as a partner, or other farm business, with the exception of a tax shelter, as defined in section 448(d)(3), that satisfies the requirements of a small business taxpayer, generally can use the cash method of accounting. For more information, see chapters 2 and 3 in [Pub. 225](#), and [Pub. 538](#).

Small business taxpayer. For tax years beginning in 2020, you are a small business taxpayer if you have average annual gross receipts of \$26 million or less for the 3 prior tax years under the gross receipts test. The gross receipts test amount under section 448(c) is indexed for inflation. For more information, see *Small business taxpayer in the Instructions for Schedule F (Form 1040)*. See Pub. 538 for special rules if you had a short tax year or have not been in existence for three years.

Inventory. For tax years beginning in 2020, if a small business taxpayer has \$26 million in gross receipts (or less), it is not required to account for inventories under section 471(a), but can use a method of accounting for inventories that either (1) treats the inventories as non-incidental materials and supplies, or (2) conforms to their financial accounting treatment of inventories or their books and records.

Small business taxpayers are exempt from the requirement to capitalize costs under section 263A. For more information, see *Capitalizing costs to property produced and property acquired for resale* in the Instructions for Schedule F (Form 1040). Also, see Pub. 538.

Section A or C—Sales of Livestock

Form 4797 is used to report sales of livestock held for draft, breeding, sport, or dairy purposes, and is attached to Form 1040. This income is taxable, but isn't subject to SE tax. You should check to see if this additional amount of gross income will require you to file Form 1040 instead of Form 1040-SS.

Note. Certain farmers and ranchers in the territories who were forced to sell livestock due to drought may have an additional year to replace the livestock and defer

gains from the forced sales. For more information, see Notice 2020-74, 2020-41 I.R.B. 935 at www.irs.gov/irb/2020-41_IRB#NOT-2020-74 and [Pub225](#). Find information on the most recent tax relief provisions for taxpayers affected by disaster situations at IRS.gov/newsroom/tax-relief-in-disaster-situations.

Line 12

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested in Part V of Form 4562. Be sure to attach [Form 4562](#) to your return.

Line 23b

Business interest expense deduction. Your business interest expense deduction may be limited. The [Instructions for Form 8990](#), Limitation on Business Interest Expense Under Section 163(j), explain when a business interest expense deduction is limited, who is required to file Form 8990, and how certain businesses may elect out of the business interest expense limitation. For more information, see chapter 4, *Farm Business Expenses* in [Pub. 225](#).

Line 34

List your other expenses and the amounts on lines 34a through 34e. If you can't enter all of the expenses on lines 34a through 34e, enter the first four expenses on lines 34a through 34d. On line 34e, enter "Other" and the total of the expenses not already included on lines 34a through 34d.

Business meals. Enter your total deductible business meals. This includes expenses for meals while traveling away from home for business. For more information about which expenses are deductible meal expenses and which are nondeductible entertainment expenses, see Pub. 463.

Part IV—Profit or Loss From Business (Sole Proprietorship)

For assistance with Part IV (Profit or Loss From Business (Sole Proprietorship)), see the 2020 [Instructions for Schedule C](#) (Form 1040), Profit or Loss From Business, and [Pub. 334](#).

Accounting Methods for Small Business Taxpayers

If you are a small business taxpayer (defined later), you may qualify to use the cash method of accounting and be exempt from capitalizing certain expenses under section 263A. In addition, you may not be required to account for inventories under section 471(a), and you may not be subject to the business interest expense limitation. For more information, see Pub. 334 and Pub. 538.

Additional Child Tax Credit Worksheet—Part II, Line 3

1. Do you have three or more qualifying children under age 17 with the required SSN?
 No. Stop. You can't claim the credit.
 Yes. Go to line 2.

2. Number of qualifying children _____ × \$1,400. Enter the result 2. _____

3. Enter the amount from Part II, line 1 3. _____

4. Enter the amount shown below for your filing status 4. _____

- Married filing jointly – \$400,000
- All other filing statuses – \$200,000

5. Is the amount on line 3 more than the amount on line 4?
 No. Leave line 5 blank. Enter the amount from line 2 on line 11, and go to line 12.
 Yes. Subtract line 4 from line 3. If the result isn't a multiple of \$1,000, increase it to the next multiple of \$1,000 (for example, increase \$425 to \$1,000, increase \$1,025 to \$2,000, etc.) 5. _____

6. Multiply the amount on line 5 by 5% (.05). Enter the result 6. _____

7. Number of qualifying children from line 2 x \$2,000. Enter the result 7. _____

8. Number of other dependents, including children who are not under age 17 _____ x \$500.
 Enter the result. See the [Line 8](#) instructions 8. _____

9. Add lines 7 and 8. 9. _____

10. Is the amount on line 9 more than the amount on line 6?
 No. Stop. You can't claim the credit.
 Yes. Subtract line 6 from line 9. Enter the result 10. _____

11. Enter the **smaller** of line 2 or line 10 11. _____

12. Enter the total, if any, of:
 • One-half of Part V, line 12, self-employment tax plus
 • One-half of the Additional Medicare Tax you paid on self-employment income (Form 8959, line 13) 12. _____

13. Enter the total of any:
 • Amount from Part II, line 2, plus
 • Employee social security and Medicare tax on tips not reported to employer from Form 4137 and shown on the dotted line next to Part I, line 6, plus
 • Uncollected employee social security and Medicare tax on wages from Form 8919 shown on the dotted line next to Part I, line 6, plus
 • Uncollected employee social security tax and Medicare tax on tips and group-term life insurance (see instructions for Part I, line 6) shown on the dotted line next to Part I, line 6, plus
 • Amount on Form 8959, line 7 13. _____

14. Add lines 12 and 13. Enter the result 14. _____

15. Enter the amount, if any, of Additional Medicare Tax withheld (Form 8959, line 22) 15. _____

16. Subtract line 15 from line 14. Enter the result 16. _____

17. Enter the amount, if any, from Part I, line 8 17. _____

18. Is the amount on line 16 more than the amount on line 17?
 No. Stop. You can't claim the credit.
 Yes. Subtract line 17 from line 16. Enter the result 18. _____

19. Additional child tax credit. Enter the **smaller** of line 11 or line 18 here and on Form 1040-SS, Part II, line 3 19. _____

Small business taxpayer. For tax years beginning in 2020, a small business taxpayer is a taxpayer that has average annual gross receipts of \$26 million (or less) for the three prior tax years and is not a tax shelter as defined in section 448(d) (3). The gross receipts test amount under section 448(c) is indexed for inflation. See [Pub. 538](#) and [Pub. 334](#), for taxpayers that have had a short tax year or have not been in existence for three years.

Lines 2a and 2g

You may not be required to account for inventories under section 471(a). For more information, see [Pub. 334](#) and [Pub. 538](#).

Line 7

If you claim any car or truck expenses (actual or the standard mileage rate), you must provide the information requested in Part V of Form 4562. Be sure to attach Form 4562 to your return.

Line 14

Your business interest expense deduction may be limited. The instructions for Form 8990 explain when a business interest expense deduction is limited, who is required to file Form 8990, and how certain businesses may elect out of the business interest expense limitation. For more information, see the 2020 Instructions for Schedule C (Form 1040), and chapter 8, *Business Expenses*, in [Pub. 334](#).

Line 22b

Enter your total deductible business meals. This includes expenses for meals while traveling away from home for business. For more information about which expenses are deductible meal expenses and which are nondeductible entertainment expenses, see [Pub. 463](#).

Line 25a

List your other expenses and the amounts on line 25a. If you can't enter all of your other expenses on the lines provided, enter "Other" and the total of the expenses not already listed on line 25a on the last line under line 25a. Combine the amounts reported on line 25a and enter the total on line 25b.

Part V—Self-Employment Tax



If you are filing a joint return and both you and your spouse have income subject to SE tax, you must each complete a separate Part V. This includes those who made a joint election to be taxed as a QJV.

What Is Included in Net Earnings From Self-Employment

In most cases, net earnings include your net profit from a farm or nonfarm business. If you were a partner in a partnership, see the following instructions.

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 the use of capital. However, if you were a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership.

If you were a general partner, reduce lines 1a and 2 of Part V for any section 179 expense deduction, oil or gas depletion, and unreimbursed partnership expenses. Attach an explanation of these deductions.

If your partnership was engaged solely in the operation of a group investment program, earnings from the operation aren't self-employment earnings for either the general or limited partners.

If a partner died and the partnership continued, include in self-employment income 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 died. See section 1402(f).

If you were married and both you and your spouse were partners in a partnership, each of you must report your net earnings from self-employment from the partnership. Each of you must complete a separate Part V. If only one of you was a partner in a partnership, the spouse who was the partner must pay SE tax on all of his or her share of partnership income.

Community property. Your own distributive share of partnership income is included in figuring your net earnings from self-employment. Unlike the division of that income between spouses for figuring income tax, no part of your share can be included in figuring your spouse's net earnings from self-employment.

Share Farming

You are considered self-employed if you produced crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of the proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or

management for you. For details, see [Pub. 225](#).

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

1. Rental income from a farm if, as landlord, you materially participated in the production or management of the production of farm products on the land. This income is farm earnings. To determine if you materially participated in farm management or production, don't consider the activities of any agent who acted for you. The material participation tests for landlords are explained in [Pub. 225](#).

2. Cash or a payment-in-kind from the Department of Agriculture for participating in a land diversion program.

3. Payments for the use of rooms or other space when you also provided substantial services for the convenience of your tenants. Examples are hotel rooms, boarding houses, tourist camps or homes, parking lots, warehouses, and storage garages. See [Pub. 334](#) for more information.

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

5. Income you receive as a direct seller. Newspaper carriers or distributors of any age are direct sellers if certain conditions apply. See [Pub. 334](#) for details.

6. Amounts received by current or former self-employed insurance agents and salespersons that are:

a. Paid after retirement but figured 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.

However, certain termination payments received by former insurance salespersons aren't included in net earnings from self-employment (as explained in item 11 under [Income and Losses Not Included in Net Earnings From Self-Employment](#)).

7. Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See [Pub. 334](#) for details.

8. Fees as a state or local government employee if you were paid only on a fee basis and the job wasn't covered under a federal-state social security coverage agreement.

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

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

11. Recapture amounts under sections 179 and 280F included in gross income because the business use of the property dropped to 50% or less. Don't include amounts you recaptured on the disposition of property. See Form 4797.

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

13. 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

1. 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 discussed in item 8 under [Other Income and Losses Included in Net Earnings From Self-Employment](#), earlier).

2. Fees received for services performed as a notary public. However, if you have other earnings of \$400 or more subject to SE tax, on the dotted line next to Part V, line 3, enter "Exempt—Notary" and the amount of your net profit as a notary public included in line 2. Subtract that amount from the total of lines 1a, 1b, and 2; and enter the result on line 3.

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

4. Income from real estate rentals if you didn't receive the income in the course of a trade or business as a real estate dealer. Report this income in Part IV if you and your spouse made an election to be taxed as a QJV.

5. Income from farm rentals (including rentals paid in crop shares) if, as landlord, you did not materially participate in the production, or management of the production, of farm products on the land. See Pub. 225 for details.

6. Payments you receive from the Conservation Reserve Program (CRP) if you are receiving social security benefits for retirement or disability. Deduct these payments on line 1b of Part V.

7. Dividends on shares of stock and interest on bonds, notes, etc., if you didn't receive the income in the course of your trade or business as a dealer in stocks or securities.

8. Gain or loss from:

a. The sale or exchange of a capital asset;

b. Certain transactions in timber, coal, or domestic iron ore; or

c. 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 mainly for sale to customers in the ordinary course of the business.

9. Net operating losses from other years.

10. The qualified business income deduction under section 199A.

11. Termination payments you received as a former insurance salesperson if all of the following conditions are met.

a. The payment was received from an insurance company because of services you performed as an insurance salesperson for the company.

b. The payment was received after termination of your agreement to perform services for the company.

c. You didn't perform any services for the company after termination and before the end of the year in which you received the payment.

d. You entered into a covenant not to compete against the company for at least a 1-year period beginning on the date of termination.

e. The amount of the payment depended primarily on policies sold by or credited to your account during the last year of the agreement, or the extent to which those policies remain in force for some period after termination, or both.

f. The amount of the payment did not depend to any extent on length of service or overall earnings from services performed for the company (regardless of whether eligibility for the payment depended on length of service).

Line 1b

If you were receiving social security retirement or social security disability benefits at the time you received your Conservation Reserve Program (CRP) payment(s), include the amount of your taxable CRP payment(s) in the total on

line 1b. The amount of these payments is included in Part III, line 6, and in information received from farm partnerships showing your distributive share.

Lines 4a Through 4c

If both lines 4a and 4c are less than \$400 and you have deducted CRP payments on line 1b, combine lines 1a and 2.

- If the total of lines 1a and 2 is \$434 or more, complete Part V through line 4c. Enter "-0-" in Part I, line 3, unless also you have church employee income. If you also have church employee income, see [Church Employees](#), earlier. Also complete lines 5a and 5b and the rest of Part V, as appropriate.

- If the total of lines 1a and 2 is less than \$434, **do not** complete Part V unless you choose to use an optional method to figure your SE tax or you have church employee income. If you have church employee income, see [Church Employees](#), earlier. Also complete lines 5a and 5b and the rest of Part V, as appropriate.

Line 8b

If you received tips of \$20 or more in any month and didn't report the full amount to your employer, you must file Form 4137 with Form 1040-SS (see instructions for Part I, [Line 6](#), earlier). Enter on line 8b the amount from Form 4137, line 10.

Line 8c

If you are an employee who received wages from an employer who didn't withhold social security and Medicare tax, you must file Form 8919 with Form 1040-SS (see instructions for Part I, [Line 5](#), earlier). Enter on line 8c the amount from Form 8919, line 10.

Part VI—Optional Methods To Figure Net Earnings

The optional methods may give you credit toward your social security coverage even though you have a loss or a small amount of income from self-employment. But the optional methods may require you to pay SE tax when you would otherwise not be required to pay.

If you're filing a joint return and both you and your spouse choose to use an optional method to figure net earnings from self-employment, you must each complete and attach a separate Part VI.

You can change the method after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method. To do this, file a new Form 1040-SS. See the instructions under [Corrected Returns](#), later.



Using the optional methods may qualify bona fide residents of Puerto Rico to claim the ACTC or give them a larger credit.

Farm Optional Method

You may use this method to figure your net earnings from farm self-employment if your gross farm income was \$8,460 or less, or your net farm profits were less than \$6,107. Net farm profits are the total of the amounts from Part III, line 36, and your distributive share from farm partnerships, minus the amount you would have entered in Part V, line 1b, had you not used the optional method.

There is no limit on how many years you can use this method.

Under this method, report in Part VI, line 2, the smaller of: two-thirds of your gross farm income (not less than zero), or \$5,640. This method can increase or decrease your net self-employment farm earnings. You can use this method even if your farming business had a loss.

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 were less than \$6,107, and also less than 72.189% of your gross nonfarm income. Net nonfarm profits are the total of the amounts from Part IV, line 27, and your distributive share from other than farm partnerships.

To use this method, you also must be regularly self-employed. You meet this requirement if your actual net earnings from self-employment were \$400 or more in 2 of the 3 years preceding the year you use the nonfarm optional method. The net earnings of \$400 or more could be from either farm or nonfarm earnings or both. The net earnings include your distributive share of partnership income or loss subject to SE tax.

Use of the nonfarm optional method from nonfarm self-employment is limited to 5 years. The 5 years don't have to be consecutive.

Under this method, report in Part VI, line 4, the smaller of: two-thirds of your gross nonfarm income (not less than

zero), or the amount in Part VI, line 3. But you can't report less than your actual net earnings from nonfarm self-employment.

Figure your share of gross income from a nonfarm partnership in the same manner as a farm partnership. For details, see [Farm Optional Method](#), earlier.

Using Both Optional Methods

If you have both farm and nonfarm earnings, and can use both optional methods, you can report less than your total actual net earnings from farm and nonfarm self-employment, but you can't 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 can't report more than \$5,640 of net earnings from self-employment.

Part VII—Maximum Deferral of Self-Employment Tax Payments

Line 1

Use any reasonable method to divide the net profit or (loss) you reported on Part V, line 3, between March 27, 2020, through December 31, 2020 and the rest of the year.

A reasonable method will accurately reflect the time when income was earned or accrued and deductible expenses were paid or incurred, depending on your method of accounting. In most cases, a proportional division of the amount reported on Part V, line 3, based upon the number of days in each period will be considered reasonable.

Line 3

Use any reasonable method to divide the optional method amounts you reported on Part VI, line 2, and Part VI, line 4, between March 27, 2020, through December 31, 2020 and the rest of the year.

A reasonable method will accurately reflect the time when income was earned or accrued and deductible expenses were paid or incurred, depending on your method of accounting. In most cases, a proportional division of the amounts reported on Part VI, line 2, or Part VI, line 4, based upon the number of days in each period will be considered reasonable.

Line 5

Use any reasonable method to divide the church employee income you reported on Part V, line 5a, between March 27, 2020, through December 31, 2020 and the rest of the year.

In most cases, the beginning of your tax year will include income paid with your

first paycheck in 2020, even if some of the income was earned in 2019, and the end of your tax year will include your last paycheck in 2020. A reasonable method will accurately reflect when the church employee income was earned. In most cases, your church employee income will be divided into regular pay periods which can be used to attribute income to the periods described, earlier.

Line 9

The amount you figure on line 9 may not be the amount of self-employment tax payments that you can elect to defer. You will include this amount to figure the amount you can actually elect to defer on Part I, line 11. See the instructions for Part I, line 11, for additional information about figuring and reporting the actual amount of self-employment tax payment that you may defer.

The amount you figure on line 9 is also used to figure the amount of deferred self-employment tax payments that you must repay in 2021 and 2022. The repayment amounts are split equally between 2021 and 2022; however, your maximum deferral amounts are used to figure your equal repayment amounts, not the amount you actually deferred. For example, if your maximum deferral of self-employment tax payments is \$6,000, but you only actually defer \$4,000, your first repayment amount will be \$1,000 and your second repayment amount will be \$3,000.

Completing Your Return

Sign Your Return

Form 1040-SS isn't considered a valid return unless you sign it in accordance with the requirements in these instructions. If you are filing a joint return, your spouse must also sign. If your spouse can't sign the return, see Pub. 501. Be sure to date your return and enter your occupation(s). If you have someone prepare your return, you are still responsible for the correctness of the return. If your return is signed by a representative for you, you must have a power of attorney attached that specifically authorizes the representative to sign your return. To do this, you can use Form 2848. If you are filing a joint return as a surviving spouse, see *Death of a Taxpayer*, later.

Requirements for a Paper Return

You must handwrite your signature on your return if you file it on paper. Digital, electronic, or typed-font signatures are not valid signatures for Forms 1040-SS filed on paper.

Requirements for an Electronic Return

To file your return electronically, you must sign the return electronically using a personal identification number (PIN) and providing the information described below. If you are filing online using software, you must use a Self-Select PIN. If you are filing electronically using a tax practitioner, you can use a Self-Select PIN or a Practitioner PIN. For 2020, if we issued you an identity protection personal identification number (IP PIN) (as described in more detail below), all six digits of your IP PIN must appear in the IP PIN spaces provided next to the space for your occupation for your electronic signature to be complete. Failure to include an issued IP PIN on the return will result in an invalid electronic signature and a rejected return. If you are filing a joint return and both taxpayers were issued an IP PIN, enter both IP PINs in the spaces provided.

Self-Select PIN. The Self-Select PIN method allows you to create your own PIN. If you are married filing jointly, you and your spouse will each need to create a PIN and enter these PINs as your electronic signatures.

A PIN is any combination of five digits you choose except five zeros. If you use a PIN, there is nothing to sign and nothing to mail—not even your Forms W-2.

Your electronic return is considered a validly signed return only when it includes your PIN, last name, date of birth, IP PIN, if applicable, and your adjusted gross income (AGI) from your originally filed 2019 federal income tax return, if applicable. If you're filing jointly, your electronic return must also include your spouse's PIN, last name, date of birth, IP PIN, if applicable, and AGI, if applicable in order to be considered validly signed. Don't use your AGI from an amended return (Form 1040-X) or a math error correction made by the IRS. AGI is the amount shown on your 2019 Form 1040 or 1040-SR, line 8b. If you don't have your 2019 income tax return, call the IRS at 800-908-9946 to get a free transcript of your return or visit [IRS.gov/Transcript](https://www.irs.gov/Transcript). (If you filed electronically last year, you, and your spouse if filing jointly, may use your prior year PIN to verify your identity instead of your prior year AGI. The prior year PIN is the five-digit PIN you used to electronically sign your 2019 return.)



You can't use the Self-Select PIN method if you are a first-time filer under age 16 at the end of 2020.

Practitioner PIN. The Practitioner PIN method allows you to authorize your tax practitioner to enter or generate your PIN. Your electronic return is considered a validly signed return only when it includes

your PIN, last name, date of birth, and IP PIN, if applicable. If you're filing jointly, your electronic return must also include your spouse's PIN, last name, date of birth, and IP PIN, if applicable in order to be considered validly signed. The practitioner can provide you with details.

Third Party Designee

If you want to allow your preparer, a friend, family member, or any other person you choose to discuss your 2020 tax return with the IRS, check the "Yes" box in the "Third Party Designee" area on page 1 of your return. Also, enter the designee's name, phone number, and any five digits the designee chooses as his or her personal identification number (PIN).

If you check the "Yes" box, you (and your spouse if filing a joint return) are authorizing the IRS to call the designee to answer any questions that may arise during the processing of your return. You also are authorizing the designee to:

- Give the IRS any information that is missing from your return;
- Call the IRS for information about the processing of your return or the status of your refund or payment(s);
- Receive copies of notices or transcripts related to your return, upon request; and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

You aren't authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authorization, see Pub. 947.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2021 tax return. This is April 15, 2022, for most people. If you wish to revoke the authorization before it ends, see Pub. 947.

Daytime Phone Number

Providing your daytime phone number can help speed the processing of your return. If we have questions about items on your return and you can answer our questions over the phone, we may be able to continue processing your return without mailing you a letter. If you are filing a joint return, you can enter either your or your spouse's daytime phone number.

Identity Protection PIN

For 2020, if you received an Identity Protection Personal Identification Number (IP PIN) from the IRS, enter it in the IP PIN spaces provided next to your daytime phone number. You must correctly enter all six numbers of your IP PIN. If you didn't receive an IP PIN, leave these spaces blank.



New IP PINs are generated every year. This year they will generally be sent out by mid-January 2021. Use this IP PIN on your 2020 return as well as any prior-year returns you file in 2021.

Beginning in 2020, IP PIN spaces have been added for the spouse of the primary taxpayer. If you are filing a joint return and both taxpayers receive an IP PIN, both the primary taxpayer and the spouse must enter an IP PIN on the Form 1040-SS. An IP PIN for both taxpayers must be entered on Form 1040-SS if you are filing electronically.

If you need more information or answers to frequently asked questions on how to use the IP PIN, go to [IRS.gov/Individuals/IPPIN](https://www.irs.gov/Individuals/IPPIN). If you received an IP PIN but misplaced it, you can try to retrieve it online at [IRS.gov/identity-theft-fraud-scams/retrieve-your-ip-pin](https://www.irs.gov/identity-theft-fraud-scams/retrieve-your-ip-pin) or call 800-908-4490.

Understanding identity theft. Go to [IRS.gov/identity-theft-central](https://www.irs.gov/identity-theft-central) for information and videos.

Paid Preparer Must Sign Your Return

Generally, anyone you pay to prepare your return must sign it and include their Preparer Tax Identification Number (PTIN) in the space provided. The preparer must give you a copy of the return for your records. Someone who prepares your return but doesn't charge you shouldn't sign your return.

If your paid preparer is self-employed, then he or she should check the "self-employed" checkbox.

Additional Information

Corrected Returns

File a new Form 1040-SS to change a Form 1040-SS you already filed. If you filed Form 1040-SS but should have filed Form 1040, file a corrected return on Form 1040. In either case, at the top of page 1 of the corrected return, enter "CORRECTED" in dark bold letters followed by the date. In most cases, an amended Form 1040-SS (or Form 1040, if applicable) must be filed within 3 years after the date on which the original return was filed or within 2 years after the tax was paid, whichever is later.

Interest and Penalties

Do not figure the amount of any interest or penalties you may owe. We will send you a bill for any amount due.

Interest

We will charge you interest on taxes not paid by their due date, even if an

extension of time to file is granted. We also will charge you interest on penalties. Interest is charged on the penalty from the due date of the return (including extensions).

Penalties

Late filing. If you don't file your return by the due date (including extensions), the penalty is usually 5% of the amount due for each month or part of a month your return is late, unless you have a reasonable explanation. If you do, attach a statement to your return. The penalty can be as much as 25% of the tax due. The penalty is 15% per month, up to a maximum of 75%, if the failure to file is fraudulent. If your return is more than 60 days late, the minimum penalty will be \$435 or the amount of any tax you owe, whichever is smaller.

Late payment of tax. If you pay your taxes late, the penalty is usually 1/2 of 1% of the unpaid amount for each month or part of a month the tax isn't paid. The penalty can be as much as 25% of the unpaid amount. It applies to any unpaid tax on the return. This penalty is in addition to interest charges on late payments.

Frivolous return. In addition to any other penalties, the law imposes a penalty of \$5,000 for filing a frivolous return. A frivolous return is one that doesn't contain information needed to figure the correct tax or shows a substantially incorrect tax because you take a frivolous position or desire to delay or interfere with the tax laws. This includes altering or striking out the preprinted language above the space where you sign. For a list of positions identified as frivolous, see Notice 2010-33, at [IRS.gov/irb/2010-17_IRB#NOT-2010-33](https://www.irs.gov/irb/2010-17_IRB#NOT-2010-33).

Other. Other penalties can be imposed, including those for negligence, substantial understatement of tax, reportable transaction understatements, filing an erroneous refund claim, and fraud. Criminal penalties may be imposed for willful failure to file, tax evasion, or making a false statement. See Pub. 17 for details on some of these penalties.

Access Your Online Account (Individual Taxpayers Only)

Go to [IRS.gov/account](https://www.irs.gov/account) to securely access information about your federal tax account.

- View the amount you owe, pay online or set up an online payment agreement.
- Access your tax records online.
- Review the past 24 months of your payment history.
- Go to [IRS.gov/secureaccess](https://www.irs.gov/secureaccess) to review the required identity authentication process.

How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](https://www.irs.gov) and find resources that can help you right away.

Preparing and filing your tax return.

After receiving all your wage and earnings statements (Form W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

Using online tools to help prepare your return. Go to [IRS.gov/Tools](https://www.irs.gov/Tools) for the following.

- The [Earned Income Tax Credit Assistant \(IRS.gov/EITCAssistant\)](https://www.irs.gov/EITCAssistant) determines if you're eligible for the earned income credit (EIC).
- The [Online EIN Application \(IRS.gov/EIN\)](https://www.irs.gov/EIN) helps you get an employer identification number (EIN).
- The [Tax Withholding Estimator \(IRS.gov/W4app\)](https://www.irs.gov/W4app) makes it easier for everyone to pay the correct amount of tax during the year. The tool is a convenient, online way to check and tailor your withholding. It's more user-friendly for taxpayers, including retirees and self-employed individuals. The features include the following.
 - Easy to understand language.
 - The ability to switch between screens, correct previous entries, and skip screens that don't apply.
 - Tips and links to help you determine if you qualify for tax credits and deductions.
 - A progress tracker.
 - A self-employment tax feature.
 - Automatic calculation of taxable social security benefits.
- The [First Time Homebuyer Credit Account Look-up \(IRS.gov/HomeBuyer\)](https://www.irs.gov/HomeBuyer) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator \(IRS.gov/SalesTax\)](https://www.irs.gov/SalesTax) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).



Getting answers to your tax questions. On [IRS.gov](https://www.irs.gov), get answers to your tax questions anytime, anywhere.

- Go to [IRS.gov/Help](https://www.irs.gov/Help) for a variety of tools that will help you get answers to some of the common tax questions.
- Go to [IRS.gov/ITA](https://www.irs.gov/ITA) for the Interactive Tax Assistant, a tool that will ask you

questions on a number of tax law topics and provide answers. You can print the entire interview and the final response for your records.

- Go to [IRS.gov/Pub17](https://www.irs.gov/Pub17) to get Pub. 17, Your Federal Income Tax for Individuals, which features details on tax-saving opportunities, 2020 tax changes, and thousands of interactive links to help you find answers to your questions. View it online in HTML, as a PDF, or download it to your mobile device as an eBook

Coronavirus. Go to [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus) for links to information on the impact of the coronavirus, as well as tax relief available for individuals and families, small and large businesses, and tax-exempt organizations.

Tax reform. Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to [IRS.gov/TaxReform](https://www.irs.gov/TaxReform) for information and updates on how this legislation affects your taxes.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at [SSA.gov/employer](https://www.ssa.gov/employer) for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement, and Form W-2c, Corrected Wage and Tax Statement.

IRS social media. Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. Don't post your SSN or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://www.youtube.com/irsvideos).
- [Youtube.com/irsvideosmultilingua](https://www.youtube.com/irsvideosmultilingua).
- [Youtube.com/irsvideosASL](https://www.youtube.com/irsvideosASL).

Watching IRS videos. The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/IRSVideos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages. You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

Free interpreter service. Multilingual assistance, provided by the IRS, is available at Taxpayer Assistance Centers (TACs) and other IRS offices.

Over-the-phone interpreter service is accessible in more than 350 languages.

Getting tax forms and publications.

Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to view, download, or print all of the forms and publications you may need. You also can download and view popular tax publications and instructions (including the 1040 instructions) on mobile devices as an eBook [IRS.gov/eBooks](https://www.irs.gov/eBooks). Or you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have forms mailed to you within 10 business days.

Access your online account (individual taxpayers only). Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review your payment history.
- Go to [IRS.gov/SecureAccess](https://www.irs.gov/SecureAccess) to review the required identity authentication process.

Using direct deposit. The fastest way to receive a tax refund is to file electronically and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. The IRS issues more than 90% of refunds in less than 21 days.

Getting a transcript of your return. The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](https://www.irs.gov/Transcripts). Click on either “Get Transcript Online” or “Get Transcript by Mail” to order a free copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn’t initiate contact with taxpayers by email, text messages, telephone calls, or social media channels to request personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you’re a victim of tax-related

identity theft, you can learn what steps you should take.

- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to eligible taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to [IRS.gov/IPPIN](https://www.irs.gov/IPPIN).

Checking on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- The IRS can’t issue refunds before mid-February 2021 for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits
- Download the official IRS2Go app to your mobile device to check your refund status
- Call the automated refund hotline at 800-829-1954.

Making a tax payment. The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment using any of the following options.

- **IRS Direct Pay:** Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- **Debit or Credit Card:** Choose an approved payment processor to pay online, by phone, or by mobile device.
- **Electronic Funds Withdrawal:** Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- **Electronic Federal Tax Payment System:** Best option for businesses. Enrollment is required.
- **Check or Money Order:** Mail your payment to the address listed on the notice or instructions.
- **Cash:** You may be able to pay your taxes with cash at a participating retail store.
- **Same-Day Wire:** You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

What if I can’t pay now? Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](https://www.irs.gov/OPA) to meet your tax obligation in monthly installments if you can’t pay your taxes in full today. Once you complete the online process, you will

receive immediate notification of whether your agreement has been approved.

- Use the [Offer in Compromise Pre-Qualifier](https://www.irs.gov/Compromise) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://www.irs.gov/OIC).

Filing an amended return. You can now file Form 1040-X electronically with tax filing software to amend 2019 Forms 1040 and 1040-SR. To do so, you must have e-filed your original 2019 return. Amended returns for all prior years must be mailed. See [Tips for taxpayers who need to file an amended tax return](https://www.irs.gov/Forms) and go to [IRS.gov/Form1040X](https://www.irs.gov/Form1040X) for information and updates.

Checking the status of your amended return. Go to [IRS.gov/WMAR](https://www.irs.gov/WMAR) to track the status of Form 1040-X amended returns. Please note that it can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you’ve received. Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

Territory Resources

Addresses of walk-in sites in each territory and other ways to get forms and publications are listed below.

American Samoa

American Samoa Government
Tax Office
Executive Office Building
First Floor
Pago Pago, AS 96799



You can order forms and publications by calling 684-633-4181.



You can order forms and publications through the fax 684-633-1513.

CNMI

CNMI
Division of Revenue and Taxation
Dandan Commercial Center
P.O. Box 5234 CHR
Saipan, MP 96950



You can order forms and publications by calling 670-664-1000.



You can order forms and publications through the fax 670-664-1015.



You can get forms and publications at [Finance.gov.mp/forms.html](https://www.finance.gov.mp/forms.html).

Guam

Department of Revenue and Taxation
Taxpayer Services Division
P.O. Box 23607
GMF, Guam 96921



You can order forms and publications by calling 671-635-1840 or 671-635-1841.



You can order forms and publications through the fax 671-633-2643.



You can get forms and publications at Guamtax.com.

Puerto Rico

U.S. Internal Revenue Service
48 Carr 165 km.1.2
City View Plaza II Bldg.
Guaynabo, PR 00968-8000

See [How To Get Tax Help](#) and [Getting tax forms and publications](#), earlier.

USVI

U.S. Internal Revenue Service
Ron De Lugo Federal Building and Courthouse
5500 Veterans Drive, Room 216
Charlotte Amalie, VI 00802

See [How To Get Tax Help](#) and [Getting tax forms and publications](#), earlier.

USVI Bureau of Internal Revenue
6115 Estate Smith Bay
Suite 225
St. Thomas, VI 00802



You can order forms and publications by calling 340-715-1040.



You can order forms and publications through the fax 340-774-2672.



You can get forms and publications at the Virgin Islands Bureau of Internal Revenue.

USVI Bureau of Internal Revenue
4008 Estate Diamond—Plot 7-B
Christiansted, VI 00820—4421



You can order forms and publications by calling 340-773-1040.



You can order forms and publications through the fax 340-773-1006.



You can get forms and publications at the Virgin Islands Bureau of Internal Revenue.

Note. The addresses are subject to change.

The Taxpayer Advocate Service (TAS) Is Here To Help You

What is TAS?

TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](#).

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to TaxpayerAdvocate.IRS.gov to help you understand what these rights mean to you and how they apply. These are **your** rights. Know them. Use them.

What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](#). Your local advocate's number is in your local directory and at TaxpayerAdvocate.IRS.gov/Contact-Us. You can also call them at 877-777-4778 and in:

- American Samoa, the CNMI, and Guam: 808-566-2950 (in Hawaii);
- Puerto Rico, and USVI: 787-522-8600 for Spanish, and 787-522-8601 for English (in Puerto Rico).

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at IRS.gov/SAMS.

TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee for eligible taxpayers. To find a clinic near you, visit TaxpayerAdvocate.IRS.gov/about/LITC or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).

Disclosure, Privacy Act, and Paperwork Reduction Act Notice. The IRS Restructuring and Reform Act of 1998, the Privacy Act of 1974, and Paperwork Reduction Act of 1980 require that when we ask you for information we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law.

This notice applies to all papers you file with us, including this tax return. It also applies to any questions we need to ask you so we can complete, correct, or process your return; figure your tax; and collect tax, interest, or penalties.

Our legal right to ask for information is sections 6001, 6011, and 7651 and their regulations. They say that you must file a return or statement with the IRS and pay to the United States Treasury any tax for which you are liable. Your response is mandatory under these sections. Section 6109 requires you to provide your identifying number on the return. This is so we know who you are, and can process your return and other papers. You must fill in all parts of the tax form that apply to you.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

We ask for tax return information to carry out the tax laws of the United States.

We need it to figure and collect the right amount of tax.

If you do not file a return, do not provide the information we ask for, or provide fraudulent information, you may be charged penalties. We may also have to disallow any deductions shown on the tax return. This could make the tax higher or delay any refund, and the calculation of your social security benefits may be affected.

Generally, tax returns and return information are confidential, as stated in section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the SSA for use in calculating your social security benefits; to the Department of Justice, to enforce the tax laws, both civil and criminal; and to cities, states, the District of Columbia, and U.S. commonwealths or possessions to carry out their tax laws.

We may disclose your tax information to other persons as necessary to obtain information needed to determine the

amount of or to collect the tax you owe. We may disclose your tax information to the Comptroller General of the United States to permit the Comptroller General to review the Internal Revenue Service. We may disclose your tax information to Committees of Congress; federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

Keep this notice with your records. It may help you if we ask you for other information. If you have questions about the rules for filing and giving information, call or visit any IRS office.

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

Recordkeeping	5 hr., 27 min.
Learning about the law or the form	1 hr., 11 min.
Preparing the form	4hr., 1 min.
Copying, assembling, and sending the form to the IRS	1 hr., 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). You can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see [Where To File](#) in the *General Instructions*, earlier.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax products. We can't answer tax questions sent to the above address.