

SCHEDULE OF PROFIT (OR LOSS) FROM BUSINESS OR PROFESSION AND  
COMPUTATION OF SELF-EMPLOYMENT TAX (for old-age and survivors insurance)

For calendar year 1951 or fiscal year beginning \_\_\_\_\_, 1951, and ending \_\_\_\_\_, 195\_\_\_\_\_

Name and address under which Form 1040 is filed \_\_\_\_\_

If a joint return, name of husband or wife having net earnings from self-employment \_\_\_\_\_

PROFIT (OR LOSS) FROM BUSINESS OR PROFESSION  
(For reporting farm income, see Form 1040 Instructions)

State (1) nature of business \_\_\_\_\_  
(2) business name \_\_\_\_\_  
(3) business address \_\_\_\_\_

Do NOT include in this schedule cost of goods withdrawn for personal use or deductions not connected with your business or profession

Table with 10 rows for 'COST OF GOODS SOLD' and 2 columns for dollar amounts. Includes items like 'Total receipts from business or profession', 'Inventory at beginning of year', 'Merchandise bought for manufacture or sale', etc.

Table with 11 rows for 'OTHER BUSINESS DEDUCTIONS' and 2 columns for dollar amounts. Includes items like 'Salaries and wages not included in line 4', 'Rent on business property', 'Interest on business indebtedness', etc.

COMPUTATION OF SELF-EMPLOYMENT TAX (See Instructions on other side)

Table with 7 rows for tax computation and 2 columns for dollar amounts. Includes items like 'Net earnings (or loss) from self-employment included in line 22, above', 'Total net earnings (or loss) from self-employment', 'Wages paid to you during the taxable year', etc.

FILL IN ITEMS BELOW BUT DO NOT DETACH

For calendar year 1951 or fiscal year beginning \_\_\_\_\_, 1951, and ending \_\_\_\_\_, 195\_\_\_\_\_

State nature of business \_\_\_\_\_

ENTER HERE YOUR SOCIAL SECURITY ACCOUNT NUMBER



000 00 0000

Enter total net earnings from self-employment shown on line 27 above. \$ \_\_\_\_\_

ENTER BELOW, NAME AND BUSINESS ADDRESS OF SELF-EMPLOYED PERSON

(Name)  
ADDRESS (Street and number, or rural route)  
(City or town, postal zone number) (State)

Enter wages shown on line 28 above. \$ \_\_\_\_\_

Enter self-employment income subject to tax shown on line 30 above. \$ \_\_\_\_\_

# PURPOSE OF THIS FORM

**Schedule C (Form 1040).**—Schedule C serves two purposes. First, it provides for the determination of net profit (or loss) from business or profession to be used in computing income tax. Second, it provides for the computation of the self-employment tax in accordance with Subchapter E, Chapter 1 of the Internal Revenue Code, as added by the Social Security Act Amendments of 1950.

**Schedule C-a (Form 1040).**—The lower portion of Schedule C, which is designated as Schedule C-a (Form 1040), is designed to provide the Social Security Administration with the information on self-employment income necessary for old-age and survivors insurance purposes.

## INSTRUCTIONS

### INCOME TAX

In determining net profit (or loss) from business or profession on lines 1 through 24, see instructions for Form 1040.

### SELF-EMPLOYMENT TAX

In general, every individual deriving income during a taxable year beginning on or after January 1, 1951, from a trade or business carried on by him or from a partnership of which he is a member is subject to the self-employment tax, the computation of which is made on lines 25 through 31.

"Net earnings from self-employment" (line 27) is the gross income derived by an individual from any trade or business carried on by him, less the allowable deductions attributable to such trade or business, plus his share of self-employment net earnings (or loss) from a partnership of which he is a member.

### EXCLUSIONS

In determining the amount of net earnings from self-employment on line 25, do not include income from the following sources or deductions attributable thereto:

1. **Certain professions.**—Income from the performance of service as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or income from the performance of such service by a partnership;

2. **Religious services.**—Income from the performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

3. **Farming.**—Income from farming or from any other business in which, if the business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor;

4. **Employees and public officials.**—Income from the performance of service as:

- (a) a public official, including a notary public;
- (b) an employee or employee representative under the railroad retirement system; or
- (c) an employee. "Employee" includes among others:

- (1) an agent-driver or commission driver engaged in distributing meat, vegetable, fruit and bakery products, beverages (other than milk), or laundry or dry-cleaning services;
- (2) a full-time life insurance salesman;
- (3) a home worker performing work subject to licensing requirements under State law; and
- (4) traveling or city salesmen generally, engaged upon a full-time basis for their principals (except for side-line sales activities on behalf of another person).

**NOTE.**—The income of an employee over the age of 18 from the sale of newspapers or magazines to an ultimate consumer is subject to the self-employment tax if the income consists of retained profits from such sales.

5. **Real estate rentals.**—Rentals from real estate, except rentals received in the course of a trade or business as a real estate dealer. Payments for the use or occupancy of rooms or other space where services are also rendered to the occupant, such as rooms in hotels, boarding houses, apartment houses furnishing hotel services, tourist camps, tourist homes, or space in parking lots, warehouses, or storage garages do not constitute rentals from real estate and therefore are included in determining net earnings from self-employment;

6. **Interest and dividends.**—Dividends on shares of stock, and interest on bonds, debentures, notes, certificates or other

evidences of indebtedness, issued with interest coupons or in registered form by a corporation, or by a government or political subdivision thereof, unless received in the course of a trade or business as a dealer in stocks or securities; and

7. **Property gains and losses.**—Gain or loss (A) from the sale or exchange of a capital asset, (B) to which section 117(j) is applicable, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (a) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (b) property held primarily for sale to customers in the ordinary course of the trade or business.

**Net operating losses.**—In determining the net earnings from self-employment, no deduction for net operating losses of other years shall be allowed.

### MORE THAN ONE TRADE OR BUSINESS

If an individual is engaged in more than one trade or business, his net earnings from self-employment are the aggregate of his net earnings from self-employment of each trade or business carried on by him. Thus, the loss sustained in one trade or business will operate to reduce the income derived from another trade or business.

### JOINT RETURNS

Where husband and wife file a joint return, Schedule C (Form 1040) should show the name of the one with self-employment income and also the names under which the joint return is filed. Where husband and wife each have self-employment income, a separate Schedule C must be attached for each. In such cases the total of amounts shown on line 24 of each separate schedule should be entered on line 1, Schedule C Summary, page 2, Form 1040, and the aggregate self-employment tax (line 31) should be entered as item 5(B), page 1, Form 1040.

### COMMUNITY INCOME

For the purpose of computing net earnings from self-employment, if any of the income from a trade or business is community income, all the income from such trade or business is considered the income of the husband unless the wife exercises substantially all the management and control of the trade or business, in which case all of such income is considered the income of the wife.

If separate returns are filed by the husband and wife, a complete Schedule C should be attached to the return of the one with self-employment income. Community income included on such a schedule must, however, be allocated between the two returns (on line 1, Schedule C Summary, page 2, Form 1040) on the basis of the community property laws.

In computing his aggregate net earnings from self-employment, a partner should include his entire share of such earnings from a partnership. No part of that share may be attributed to the partner's wife (or husband) even though the income may, under State law, be community income.

### SCHEDULE C-a (Form 1040)

To assure proper credit to your account, be sure to enter your name and social security account number on Schedule C-a (Form 1040) exactly as they are shown on your social security card. If you do not have a social security account number, you must get one. These account numbers are obtainable from any of the approximately 500 Social Security Administration Field Offices throughout the country. The telephone directory or your local post office will give you the address. Do not delay filing your return beyond the due date even though you have not obtained your social security account number.

Regardless of whether a joint or separate returns on Form 1040 are filed by husband and wife, Schedule C-a (Form 1040) should show only the name of the one with the self-employment income.