**Schedule C**  
(form 1040)  
U.S. Treasury Department  
Internal Revenue Service

**Profit (or Loss) from Business or Profession**  
(compute social security self-employment tax on Schedule C-3 (Form 1040))

1963

Attach this schedule to your income tax return, Form 1040 — Partnerships, joint ventures, etc., must file on Form 1065.  
Name and address as shown on page 1, Form 1040.

A. Principal business activity: ___________________________ product: ___________________________.  
(See separate instructions)  
(For example: retail—grocer, wholesale—tobacco, services—legal, manufacturing—furniture, etc.)

B. Business name: ___________________________.

C. Employer Identification Number: ___________________________.

D. Business location:  
(Number and street or rural route)  
(City or post office)  
(State)

E. Indicate method of accounting:  
☐ cash;  ☐ accrual;  ☐ other.  
F. Did you file an Employer Quarterly Tax Return, Form 941, for any quarter of 1963?  
☐ Yes  ☐ No.  
G. Is this business within legal boundaries of city shown on line D?  
☐ Yes  ☐ No.  
H. Did you own this business on December 31, 1963?  
☐ Yes  ☐ No.  
I. How many months in 1963 did you own this business? ________________

1. Gross receipts or gross sales $____________.  
Less: Returns and allowances $____________.  

2. Inventory at beginning of year (If different than last year's closing inventory—attach explanation) _______________.

3. Merchandise purchased $____________, less cost of any items withdrawn from business for personal use $____________.

4. Cost of labor (do not include salary paid to yourself) _______________.

5. Material and supplies _______________.

6. Other costs (explain in Schedule C-1) _______________.

7. Total of lines 2 through 6 _______________.

8. Inventory at end of this year _______________.

9. Cost of goods sold (line 7 less line 8) _______________.

10. Gross profit (subtract line 9 from line 1) _______________.

**Other Business Deductions**

11. Depreciation (explain in Schedule C-2) _______________.

12. Taxes on business and business property (explain in Schedule C-1) _______________.

13. Rent on business property _______________.

14. Repairs (explain in Schedule C-1) _______________.

15. Salaries and wages not included on line 4 (exclude any paid to yourself) _______________.

16. Insurance _______________.

17. Legal and professional fees _______________.

18. Commissions _______________.

19. Amortization (attach statement) _______________.

20. Retirement plans, etc. (other than your share—see instructions) _______________.

21. Interest on business indebtedness _______________.

22. Bad debts arising from sales or services _______________.

23. Losses of business property (attach statement) _______________.

24. Depletion of mines, oil and gas wells, timber, etc. (attach schedule) _______________.

25. Other business expenses (explain in Schedule C-1) _______________.

26. Total of lines 11 through 25 _______________.

27. Net profit (or loss) (subtract line 26 from line 10). Enter here; on line 1, Schedule C-3; and on line 6a, page 1, Form 1040 _______________.

**Schedule C-1. Explanation of Lines 6, 12, 14, and 25**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Explanation</th>
<th>Amount</th>
<th>Line No.</th>
<th>Explanation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
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16—77855-1
SCHEDULE C–2. EXPLANATION OF DEDUCTION FOR DEPRECIATION CLAIMED ON LINE 11

This schedule is designed for taxpayers using the alternative guidelines and administrative procedures described in Revenue Procedure 62–21 as well as for those taxpayers who wish to continue using procedures authorized prior to the revenue procedure. Where double headings appear use the first heading for the new procedure and the second heading for the older procedure.

<table>
<thead>
<tr>
<th>1. Group and guideline class</th>
<th>2. Cost or other basis at beginning of year</th>
<th>3. Asset additions in year (amount)</th>
<th>4. Asset retirements in year (amount)</th>
<th>5. Depreciation allowed or allowable in prior years</th>
<th>6. Method of computing depreciation</th>
<th>7. Class life (Or) Rate (%) or life</th>
<th>8. Depreciation for this year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of property</td>
<td>OR----------------------------------------</td>
<td>OR---------------------------------</td>
<td>Date acquired</td>
<td>Date acquired</td>
<td>Method of computing depreciation</td>
<td>Class life (Or) Rate (%) or life</td>
<td>Depreciation for this year</td>
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<td>OR----------------------------------------</td>
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<td>Date acquired</td>
<td>Date acquired</td>
<td>Method of computing depreciation</td>
<td>Class life (Or) Rate (%) or life</td>
<td>Depreciation for this year</td>
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<td>OR----------------------------------------</td>
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<td>Method of computing depreciation</td>
<td>Class life (Or) Rate (%) or life</td>
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<td>Date acquired</td>
<td>Method of computing depreciation</td>
<td>Class life (Or) Rate (%) or life</td>
<td>Depreciation for this year</td>
</tr>
</tbody>
</table>

1. Totals

2. Less: Amount of depreciation claimed elsewhere in Schedule C

3. Balance—Enter here and on line 11, page 1

4. Amount of additional first-year depreciation included above

5. Cost or other basis of fully depreciated assets still in use

INVENTORY QUESTIONS

1. Was inventory valued at—Cost [ ]; lower of cost or market [ ]; other [ ]. If other, attach explanation.

2. Have write-downs been made to inventory? Yes [ ] No [ ]. If "Yes," were the write-downs computed on the basis of:
   (a) [ ] Percentage reductions from parts of the inventory
   (b) [ ] Percentage reductions from the total inventory
   (c) [ ] Valuation of individual items.
   If "a" or "b" is checked, enter the percentage of write-downs ____________%. For "a," "b," or "c" enter the dollar amount of write-downs $______________.
   (If not available, estimate and indicate that the figure is an estimate.)

3. Was the inventory verified by physical count during the year?
   Yes [ ] No [ ]. If "No," attach explanation of how the closing inventory was determined.

4. Was there any substantial change in the manner of determining quantities, costs or valuations between the opening and closing inventories? Yes [ ] No [ ]. If "Yes," attach explanation.

NOTE: If a direct answer cannot be given to a question, attach explanation.

EXPENSE ACCOUNT INFORMATION

Enter information with regard to yourself and your five highest paid employees. In determining the five highest paid employees, expense account allowances must be added to their salaries and wages. However, the information need not be submitted for any employee for whom the combined amount is less than $10,000, or for yourself if your expense account allowance plus line 27, page 1, is less than $10,000.

See separate instructions for Schedule C, for definition of "expense account."

Did you claim a deduction for expenses connected with: (If answer to any question is "YES," check applicable boxes within that question.)

F. A hunting lodge [ ], working ranch or farm [ ], fishing camp [ ], resort property [ ], pleasure boat or yacht [ ], or other similar facility [ ]? (Other than where the operation of the facility was your principal business.) [ ] YES [ ] NO

G. Vacations for you or members of your family, or employees or members of their families? (Other than vacation pay reported on Form W–2.) [ ] YES [ ] NO

H. The leasing, renting, or ownership of a hotel room or suite [ ], apartment [ ], or other dwelling [ ], which was used by you, your customers, employees, or members of their families? (Other than use by yourself or employees while in business travel status.) [ ] YES [ ] NO

I. The attendance of members of your family or your employees' families at conventions or business meetings? [ ] YES [ ] NO
### COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX

Attach this schedule to your income tax return, Form 1040. See instructions on page 2.

- If you had wages of $4,800 or more which were subject to social security taxes, do not fill in this page.
- Complete only one Schedule C-3; if you had more than one business, combine profits (or losses) from all of your businesses on this Schedule.
- Each self-employed person must file a separate schedule.

**NAME AND ADDRESS** (as shown on page 1 of Form 1040)

**NAME OF SELF-EMPLOYED PERSON** (as shown on social security card) |
<table>
<thead>
<tr>
<th>Social Security Number</th>
</tr>
</thead>
</table>

1. Net profit (or loss) shown on line 27 Schedule C (Form 1040) (Enter combined amount if more than one business) .............................................................

2. Add to net profit (or subtract from net loss) losses of business property shown on line 23, Schedule C .................................................................

3. Total (or difference) .................................................................

4. Net income (or loss) from excluded services or sources included on line 3. Specify excluded services or sources .................................................................

5. Net earnings (or loss) from self-employment—
   (a) From business (line 3 less any amount on line 4) .................................................................
   (b) From partnerships, joint ventures, etc. (other than farming) .................................................................
   (c) From service as a minister, member of a religious order, or a Christian Science practitioner. Enter only if you have filed or are filing Form 2031 .................................................................
   (d) From farming reported on line 2 (or line 3 if option used), separate Schedule F-1 (Form 1040) .................................................................
   (e) From service with a foreign government or international organization .................................................................

6. Total net earnings (or loss) from self-employment reported on line 5. Enter here and in item F below. (If line 6 is under $400, you are not subject to self-employment tax. Do not fill in rest of page.)

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

8. Total wages, covered by social security, paid to you during the taxable year. (For "Covered" wages see "P.I.C.A. Wages" box on Form W-2.) Enter here and in item G, below .................................................................

9. Balance (line 7 less line 8) ................................................................. $

10. Self-employment income—line 6 or 9, whichever is smaller. Enter here and in item H, below .................................................................

11. Self-employment tax—If line 10 is $4,800, enter $259.20; if less, multiply the amount on line 10 by 5.4%. Enter this amount here and on line 17, page 1, Form 1040 .................................................................

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

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**SCHEDULE SE (Form 1040)**

For crediting to your social security account

**U.S. REPORT OF SELF-EMPLOYMENT INCOME**

**1963**

**PLEASE DO NOT WRITE IN THIS SPACE**

**A.** Indicate year covered by this return (even though income was received only in part of year): Calendar year 1963 [ ] or other taxable year beginning [ ] 1963, ending [ ]

If less than 12 months, was short year due to (a) [ ] Death, or (b) [ ] Change in accounting period, or (c) [ ] Other.

**B.**

**BUSINESS ACTIVITIES SUBJECT TO SELF-EMPLOYMENT TAX** (Grocery store, restaurant, etc.)

**C.**

**BUSINESS ADDRESS** (number and street, city or post office, State)

**D.**

**SOCIAL SECURITY ACCOUNT NUMBER OF PERSON NAMED IN ITEM 2 BELOW**

**E.**

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

**F.**

**ENTER AMOUNT FROM LINE 6**

$ [ ]

**G.**

**ENTER AMOUNT FROM LINE 8, IF ANY**

$ [ ]

**H.**

**ENTER AMOUNT FROM LINE 10**

$ [ ]

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**c59—16—77885—1**

**GPO**
INSTRUCTIONS FOR SOCIAL SECURITY SELF-EMPLOYMENT TAX

In general, every individual deriving self-employment income during the taxable year 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 in the same manner as is any other individual. This tax must be paid regardless of age and even though the individual is receiving social security benefits.

Ministers, members of religious orders, and Christian Science practitioners.—Duly ordained, commissioned, or licensed ministers of a recognized church, or members of a religious order (not to be taken as a vow of poverty), and Christian Science practitioners are not automatically covered by the Social Security Act, but may elect to be covered by filing Form 2031. Copies are available in the office of any district director of Internal Revenue. The instructions on Form 2031 should be carefully followed if these forms under certain conditions are to be filed to cover ministers, and others mentioned above. Do not delay filing your Income tax return beyond the due date even though you have not obtained a Form 2031. In such case, complete this Schedule, file it with Form 1040, and use Form 2031 as promptly as possible to make your election.

Ministers and members of religious orders who desire coverage shall in addition to their other items of income include for the purpose of determining net earnings from self-employment (but not for income tax purposes) the amount of expenses (excluding food) paid for the rental value of the parsonage, and the value of meals and lodging furnished them for the convenience of their employers.

U.S. citizens employed by foreign governments or international organizations.—A U.S. citizen employed in the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands by a foreign government or by an international organization which is under the International Organizations Immunities Act, is subject to the social security self-employment tax. These employees should report their income from such employment on line 5(e) of Schedule SE (Form 1040), pay the self-employment tax, and file the schedule with their Form 1040. In item B of Schedule SE, enter "Employee of foreign government, etc."

Farm income.—Farmers report farm income and net earnings from form self-employment on separate Schedules F and F-1 (Form 1040).

EXCLUSIONS

Income (or loss) from the following sources and deductions attributable thereto are not taken into account in figuring net earnings from self-employment. Use line 4 to exclude any such amounts reported on separate Schedule C (Form 1040) that should not be taken into account in figuring net earnings from self-employment.

Doctors of medicine.—Income from the performance of service as a doctor of medicine or income from the performance of such service by a partnership.

Christian Science practitioners.—Income from the performance of service by a duly ordained, commissioned, or licensed minister of a church of Christian Science. The income is subject to the self-employment tax if the minister is a member of a religious order (not to be taken as a vow of poverty), and Christian Science practitioners are not automatically covered by the Social Security Act, but may elect to be covered by filing Form 2031, as explained above.

Religious services.—Income from the performance of service by a duly ordained, commissioned, or licensed minister of a church of Christ, Scientist. The income is subject to the self-employment tax if the minister is a member of a religious order (not to be taken as a vow of poverty), and Christian Science practitioners are not automatically covered by the Social Security Act, but may elect to be covered by filing Form 2031, as explained above.

Employees and public officials.—Income (fees, salaries, etc.) from the performance of service as:
(a) a notary public;
(b) an employee or employee representative under the railroad retirement system; or
(c) an employee (except as indicated above).

Note.—The income of an employee over the age of 18 from the self-proprietorship of a small business not engaged in retailing goods to the ultimate consumer is subject to the self-employment tax if the income consists of retained profits from such sales.

Real estate rentals.—Rentals from real estate, except rentals received in the course of a trade or business as a real estate dealer. The income is subject to the self-employment tax if the income consists of retained profits from such sales.

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 such securities. These amounts should be reported in Parts I and II of Schedule B.

Property gains and losses.—Gain or loss: (a) from the sale or exchange of a capital asset to which sections 631 and 1231 are applicable; or (b) from the sale, exchange, involuntary conversion, or condemnation of property (other than a capital asset taken as a personal injury settlement), if such property is neither (1) stock in trade or other property of a kind which would properly be includable in inventory if on hand at the close of the taxable year, nor (2) property held primarily for sale to customers in the ordinary course of the trade or business. These amounts should be reported on separate Schedule D (Form 1040).

Net operating losses.—No deduction for net operating losses of other years shall be allowed in determining the net earnings from self-employment. Such deduction should be entered on line 3, Part V of Schedule B.

Personal exemptions.—The deductions for personal exemptions are not allowable in determining net earnings from self-employment.

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 combined net earnings from self-employment of all his trades or businesses. Thus, the net Operating losses of any one trade or business may be applied against the income derived from another trade or business. An individual shall fill in and file only one Schedule C-3, including Schedule SE, for any one year.

JOINT RETURNS

Where husband and wife file a joint income tax return, Schedule C-3 (Form 1040) should show the name of the one with self-employment income. Where husband and wife each have self-employment income, separate Schedules C and C-3 must be attached for each. In such case the total of amounts shown on line 27 of each separate Schedule C should be entered on line 0a, Form 1040, and the aggregate self-employment tax (line 11) Schedule C-3 should be entered on line 17, 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, the income from such trade or business is considered the income of the husband or wife exercising 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. (See also instructions on partnerships below.)

If separate income tax returns are filed by husband and wife, Schedule C-3 must be attached to the return of the one with self-employment income. Community income included on Schedule C must be allocated between the two returns (on line 0a, page 1, Form 1040) on the basis of the community property laws.

PARTNERSHIPS

In computing his combined net earnings from self-employment, a partner should include his entire share of such earnings from a trade or business in which he is a partner. Under the Income Tax Act, a share may be allocated to the partner’s wife (or husband) even though the income may, under State law, be community income. In the case of a husband and wife partnership, like other partnerships, the distributive share of each should be entered in Part V of Schedule C-3 (Form 1040), and the aggregate self-employment tax purposes the distributive share of each partner should be entered on line 5(b) of this Schedule (except that farm partnership earnings are to be reported on line 1(b), Schedule F-1 (Form 1040) rather than on line 5(b) of this schedule).

If a husband and wife partnership dies, a portion of the deceased partner’s distributive share of the partnership’s ordinary income (or loss) for the taxable year of the partnership in which he died must be included in the partner’s net earnings from self-employment. In such cases consult your nearest Internal Revenue Service office for advice on how to report.

SCHEDULE SE (Form 1040)

Schedule SE, which is the lower portion of this Schedule, provides the Social Security Administration with the information on self-employment income necessary for computing benefits.

To assure proper credit to your account, be sure to enter your name and social security account number on Form 1040. Be sure to enter your name and social security account number on Form 1040. Your social security account number will not appear on your social security card. If you do not have a social security account number, you must get one. These account numbers are obtainable from any social security district office. Your local post office will give you the address. Do not delay filing your return beyond the due date.

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

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON, D. C. 1973-1-