## SCHEDULE C (Form 1040)

U. S. Treasury Department Internal Revenue Service

# Profit (or Loss) From Business or Profession

(Sole Proprietorship)

(Compute social security self-employment tax an Schedule C-3 (Form 1040))



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

Α	Principa (See s	Principal business activity; product; product; Gee separate instructions) (For example: retail—hardware; wholesale—tobacco; services—legal; manufacturing—furniture; etc.)								
		usiness name C Employer Identification Number								
U	Dusine	Business location								
E	Indicate method of accounting: (1) Cash; (2) accrual, (3) other.									
1	Gross	receipts or gross sales \$	Less, Returns	and allowa	ances \$	\$				
2	Invent atta	ory at beginning of year (if different th ch explanation)	an last year's closing ir	ventory						
3	Merch	andise purchased \$	, less cost	of any item	IS					
		ndrawn from business for personal us								
4		f labor (do not include salary paid to y								
5		al and supplies								
6	Other	costs (explain in Schedule C–1)								
7	Invont	Total of lines 2 through 6								
8 9		ory at end of this year								
-		profit (subtract line 9 from line 1)								
10		ER BUSINESS DEDUCTIONS			· · · · · · · · · ·					
11										
		on business and business property (	explain in Schedule C–	1)						
13	Rent o	n business property								
14	Repair	rs (explain in Schedule C–1) $\ldots$ .								
15	Salarie	es and wages not included on line 4 (	exclude any paid to you	urself)	·					
16		nce								
17	-	and professional fees								
		issions								
19		zation (attach statement)								
20		ment plans, etc. (other than your shar								
21		st on business indebtedness								
22		ebts arising from sales or services .								
23		s of business property (attach statem								
24		ion of mines, oil and gas wells, timbe								
25		business expenses (explain in Sched Total of lines 11 through 25								
26		•								
27	•	ofit (or loss) (subtract line 26 from line 4, Form 1040.	,							
_	11, 11				_INES 6, 12, 14, AND	0.25				
	ine No.	Explanation	Amount	Line No.	Explanation		mount			
			\$			\$				
							-16-79263-2			

#### 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 Procedures 62-21 and 65-13 as well as for those taxpayers who wish to continue using practices authorized prior to these revenue procedures. Where double headings appear use the first heading for depreciation under Revenue Procedures 62-21 and 65-13 and the second heading for other authorized practices.

1. Group and guideline class OR Description of property	2. Cost or other basis at beginning of year OR Cost or other basis	3. Asset additions in year (amount) OR Date acquired	<ol> <li>Asset retirements in year (amount) (applicable only to Rev. Proc. 62-21)</li> </ol>	5. Depreciation allowed or allowable in prior years	6. Method of computing depreciation	7. Class life OR Rate (%) of life	8. Depreciation for this year			
1 Total additional first-year depreciation (do not include in items below)										
				L						
2 Totals				•	·····					
3 Less: Amount of depreciation claimed elsewhere in Schedule C										
4 Balance-Enter here and o										

### SUMMARY OF DEPRECIATION

	Straight line	Declining balance	Sum of the years-digits	Units of production	Additional first year (section 179)	Other (specify)	Total
1 Under Rev. Proc. 62-21							
<u>2 Other</u>							

#### 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."

Name	Expense account	Salaries and wages		
Owner		xxxxxxxxxxxxxxx		
1				
2				
3				
A				
5				

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

#### **ADDITIONAL INFORMATION**

- 1 Was there any substantial change in the manner of determining quantities, costs, or valuations between the opening and closing inventories?  $\Box$  YES  $\Box$  NO. If "Yes," attach explanation.
- 2 Are you liable for filing Forms 1096 and 1099 or 1087 for the calendar year 1966? (See last paragraph of separate instructions for Schedule C.) ☐ YES ☐ NO If "Yes," where were they filed? \_\_\_\_\_\_

#### SCHEDULE C-3 (Form 1040)

U. S. Treasury Department Internal Revenue Service

# **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, including tips, of \$6,600 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)

NA	ME OF SELF-EMPLOYED PERSON (as shown on social security card)	Social Security Number			
1	Net profit (or loss) shown in Schedule C (Form 1040), line 27 (Enter combined amount if more than one business)				
2	Add to net profit (or subtract from net loss) losses of business property shown in Schedule C, line 23				
3	Total (or difference)				
4	Net income (or loss) from excluded services or sources included on line 3				
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	00			
8	(a) Total "F.I.C.A." wages as indicated on Form W-2 (b) Unreported tips, if any, subject to F I.C.A. tax from Form 4137, line 9				
	(c) Total of lines 8(a) and 8(b). Enter here and in item G below				
9	Balance (line 7 less line 8(c))				
10					
11	Self-employment tax—if line 10 is \$6,600, enter \$405.90; if less, multiply the amount on line 10 by 6.15%. Enter t amount here and on page 1, line 15, Form 1040				
	Do not detach	c59—16–79263-2			

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.

	CHEDULE SE (Form 1040) U. S. Treasury Department Internal Revenue Service	U.S. F	-		If-Employ your social securit		ent Income			
A	Indicate year covered by this return (even though income was received only in part of year):						PLEASE DO NOT WRITE	CE		
	Calendar year 1966, or other taxable year beginning 1966, ending 1966, ending If less than 12 months, was short year due to (a) Death, or (b) Change in accounting period, or (c) Other.									
в	BUSINESS ACTIVITIES SUBJECT TO SELF- EMPLOYMENT TAX (Grocery store, restaurant, etc.)									
С	BUSINESS ADDRESS (number and street, city or post office, State, ZIP code)									
D	SOCIAL SECURITY NUMBI NAMED IN ITEM E BELOW					F				
	PRINT OR TYPE NAME C	DF SELF-EMPLOYED PERSON A	S SHOWN ON SC	CIAL SECUR	TY CARD		FROM LINE 6		$\downarrow$	
E	PRINT OR TYPE HOME ADDRESS (number and street or rural route)					G	ENTER AMOUNT FROM LINE 8(c) IF ANY \$			S F
	(City or post office, State,	and ZIP code)				н	ENTER AMOUNT FROM LINE 10 \$			
								c59-16-7	/9263-2	

### 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. This computation is made on lines 1 through 11. This tax must be paid regardless of age and even though the individual is receiving social security benefits. If you have filed Form 4029, Application for Exemption from Tax on Self-employment Income and Waiver of Benefits, do not file Schedule C-3; however, write "Exempt—Form 4029" to the left of the entry space on the self-employment tax line, page 1 of Form 1040.

Ministers, members of religious orders, and Christian Science practitioners.—Duly ordained, commissioned, or licensed ministers of churches, members of religious orders (who have not taken 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 the form set out the provisions of the law which permit these forms under certain conditions 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, together with a dated and signed statement indicating that you desire to be covered under the Social Security Act, and then file Form 2031 as promptly as possible.

Ministers and members of religious orders who elect 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 rental value of a parsonage or allowance 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, an instrumentality wholly owned by a foreign government, or an international organization which is organized 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 this Schedule, compute their 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 farm 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 your self-employment income.

**Christian Science practitioners.**—Income from the performance of service as a Christian Science practitioner, unless such Christian Science practitioner elects by filing Form 2031 to be covered by the Social Security Act, as explained above.

**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, unless such minister or member of a religious order elects by filing Form 2031 to be covered by the Social Security Act, as explained above.

**Employees and public officials.**—Income (fees, salaries, etc.) 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 (except as indicated above).

*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.

**Real estate rentals.**—Rentals from real estate, except rentals received in the course of a trade or business as a real estate dealer. This includes cash and crop shares received from a tenant or sharefarmer. These amounts should be reported in Schedule B (Form 1040), Part II. However, rental income from a farm is not excluded if the rental arrangement provides for material participation by the landlord and he does participate materially in the production or in the management of the production of one or more farm products on his land. Such income represents farm earnings and should be reported on separate Schedules F and F–1.

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, or homes, or space in parking lots, warehouses, or storage garages do not constitute rentals from real estate and are included in determining net earnings from self-employment on this Schedule.

**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. These amounts should be reported on page 2, Part II, Form 1040.

**Property gains and losses.**—Gain or loss: (a) from the sale or exchange of a capital asset; (b) to which sections 631 and 1231 are applicable; or (c) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (1) 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 (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 page 2, Part II, line 7, Form 1040.

**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 loss sustained in one trade or business will operate to reduce 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 cases the total of amounts shown on line 27 of each separate Schedule C should be entered on page 2, Part II, line 4, Form 1040, and the aggregate self-employment tax (line 11) Schedule C-3 should be entered on page 1, line 15, 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. (Also see instructions on partnerships below.)

If separate income tax returns are filed by husband and wife, Schedules C and C-3 should 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 page 2, Part II, line 4, 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 partnership including any guaranteed payments. No part of that share may be allocated to the partner's wife (or husband) even though the income may, under State law, be community income. In the case of a husband and wife partnership, like other partnerships, the distributive share of each should be entered in Schedule B (Form 1040), Part III, for income tax purposes. For 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).

*Note.*—If a member of a continuing partnership dies, a portion of the deceased partner's distributive share of the partnership's ordinary income (or loss) for the taxable year of the partnership in which he died must be included in the partner's net earnings from self- employment. In such cases consult your nearest Internal Revenue Service office as to 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 Schedule SE (Form 1040) exactly as they are shown on your social security card. If you do not have a social security account number, you must get one. These account numbers are obtainable from any social security district office. Your local post office will give you the address. Do not delay filing your return beyond the due date.

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