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# SCHEDULE F (Form 1040)

# U. S. Treasury Department—Internal Revenue Service

SCHEDULE OF FARM INCOME AND EXPENSES

(Compute Social Security Self-Employment Tax on page 3)
Attach this schedule to your Income Tax Return, Form 1040

, 1959, and ending

, 19

1959

For Calendar Year 1959, or other taxable year beginning Name and Address as shown on page 1, Form 1040

	FARM INCOME FOR	R TAXABLE PERIOD	-CASH RECEIPTS	AND DISBUR	SEMENTS METHOD	
(Report receipts	from sale of livestock	held primarily for sale	in the applicable o	olumn below.	Do not include other	sales of livestock

		SALES OF LIVESTO	CK AND PRODUCE RAISED				OTHER FARM INCO	ME
Kind	Quantity	1. Amount	Kind	Quantity	2. Amount	<u> </u>	tems	3. Amour
Cattle		ď.	Dairy products		\$	Mdse rec'd	for produce	\$
	1 1		Eggs	1			rk	1
	1 3		Meat products	1	1	11	s	1
orses			Poultry, dressed	l	ì	- 11	mber	
lules			Wool	1	l .	11	products	
				Į.			program pay-	1
	1 1		Honey	1	i	-	program pay-	i i
-	1 1		H	l .	i	1)		
					1	11	ividends, rebate	
			-					•
			-			Other (specif		
								1
			_					
			-					
ruits and nuts.			_		.			-
Total of (	Columns 1	, 2, and 3. Er	nter here and on line	l of sur	nmary below			.  \$
			SALES OF PURCHASED LIV	VESTOCK A	ND OTHER PURCHAS	ED ITEMS		
		a. Description		1	b. Date acquired	c. Amount received	d. Cost or other basi	s e. Profit (or
		<u></u>				Φ	\$	¢
				1		\$	1	
				1				
							I .	1
Total (ent	ter on line	2 of summary l	below)	TAXABL	E YEAR (See Ins	tructions)		. \$
Total (ent	ter on line	2 of summary l	pelow)	TAXABL	E YEAR (See Ins	tructions)		. \$
Total (ent	ter on line	2 of summary l	Delow)	TAXABL	E YEAR (See Insign of farm income, su	itructions) ch as taxes, insurance	e, repairs, etc., on you	. \$ dwelling)
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onto non eag	e property	you und	your	lummy occ	upy us u uwe	mmy,	IIS IUI	msmings, u	ud Other II	ems use	a for pe	rsonar p	urposes)	
1. Kind of property (if bu of which constructed). nondepreciable property	ildings, state Exclude land	material and other	2. D	ate acquired	3. Cost or oth	er basis	4. D allow able)	Depreciation ed (or allow- in prior years	5. Method o ing depre		6. Rate or life (	years)	7. Deprecia this ye	ation for ear
							\$						\$ <u>_</u>	
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Total (effici of	Time o or				OR TAXABI					04/)		•••••	<u> </u>	
(Do not incl	lude sales d	of livesto	ck hel ind on	d for draft, nit them fr	, breeding, o om ''On han	r dairy d at b	y purpo eginnir	ses; report ng of year''	such sales column)	on Sch	edule D	(Form	1040),	
Description (Kind of livestock, crops,	On hand at	beginning o	of year	Purchase	ed during year		aised ing year	Consumed or lost during year	Sold	during ye	ar	On ha	nd at end of	f year
or other products)	Quantity	Inventory	value	Quantity	Amount paid	Qu	antity	Quantity	Quantity	Amount	received	Quantity	Invento	ory value
						-							-	
		\$			\$					\$			\$	
							<b></b>							
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Totals		\$			\$	_				\$			\$	
		(Enter on	line 3)		(Enter on line 4	)		<u> </u>		(Enter on	line1(b))		(Enter or	n line 1 (a)
		SU	MMAI	RY OF INC	OME AND D	EDUC	TIONS	—accruai	METHOD	)				
		*************												
(a). Inventory of live							- 1	11	m expense			1		
<ul><li>(b). Sales of livestoo</li><li>(c). Other farm inc</li></ul>			ducts	during yea	ar			- 11	reciation					
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												1		
· · · · · · ·					\$									
Inventory of lives				I								-		
ucts at beginni												-		
<ol> <li>Cost of livestock a during year</li> </ol>				i .										
Gross profits (line					1)* \$			9.	Total	Deduc	tions	\$		
0. Net farm profit (o	r loss) (lin	e 5 mini	ıs line	e 9). Ente	er here and						-			
computation of	self-empl	oyment i	incom	e and the	self-employ	ment	tax on	page 3 or	f this sche	dule	<i>.</i>	\$		

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# COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX ON FARM EARNINGS (For social security) (See instructions—Page 4)

- ▶ If you had wages of \$4,800 or more which were subject to the deduction for social security, do not fill in this page.
- Each self-employed person must file a separate schedule. See instructions, page 4, for joint returns and partnerships.

  If you had net earnings from self-employment from both farm and nonfarm sources, fill in only lines 11 and 12 (line 13, if applicable),

1	and use separate Schedule C to compute your self-employment tax. Net farm earning ine 28(d) of separate Schedule C (Form 1040).	
NAME	OF SELF-EMPLOYED PERSON (as shown on social security card)	
put	ICE OF METHODS.—A farmer must report his net farm earnings for self-employmed under the optional method (line 13, below) by a farmer (1) whose GROSS profits more than \$1,800 and NET profits are less than \$1,200. If your GROSS profits a elect to use the optional method, you need not complete lines 11 and 12.	OTE TO BUILDE IESS OF LAD WHOSE CANCIDIO DIQUES
11. N	let farm profit (or loss) from:	
	(a) Line 8, page 1 (cash method), or line 10, page 2 (accrual method)	\$
	(b) Farm partnerships	
<b>12.</b> N	(b) Farm particleships:	\$
	Computation Under Optional Method	
13. If	f gross profits from farming (see note below) are:  (a) Not more than \$1,800, enter two-thirds of the gross profits	•••••
If lin	ne 12 (or line 13, if used) is under \$400, do not fill in rest of page.	
	Computation of Social Security Self-Employment Tax	
14. T	The largest amount of combined wages and self-employment earnings subject to	\$ 4,800 00
	Social security tax is	
	Salance (line 14 less line 15)	
<b>17.</b> S	Self-employment income. Enter here and on line 8 below your choice of EITHER (a) REGULAR METHOD.—The smaller of line 12 or 16	:
18. 5	(b) OPTIONAL METHOD.—The smaller of line 13 or 16	nultiplyu a the amount
I	mportant.—The amounts reported on the form below are for your social security any benefits, based on your earnings, payable to you, your depende accurately and completely, but do not detach.	account. This account is used in figuring nts, and your survivors. Fill in each item
U. S Inte	U. S. REPORT OF SELF-EMPLOYMENT S. Treasury Department example Revenue Service  U. S. REPORT OF SELF-EMPLOYMENT For Crediting to Your Social Security Accounts to the secur	2 OH - 1 OH
1. If	ndicate year covered by this return (even though income was received only in part of year):  Calendar year 1959  Other taxable year beginning 1959, ending 1959,	PLEASE DO NOT WRITE IN THIS SPACE
Z.	ARM ACTIVITIES SUBJECT TO SELF-EMPLOYMENT TAX (Raising livestock, custom harvesting, etc.)	
3. F	ARM ADDRESS (Rural Route, Post Office, State)	
4. N	OCIAL SECURITY ACCOUNT IUMBER OF PERSON NAMED N 11EM 5 BELOW PRINT OR TYPE NAME OF SELF-EMPLOYED PERSON AS SHOWN ON SOCIAL SECURITY CARD	IF YOU USE THE OPTIONAL METHOD, CHECK HERE  6. AND ENTER THE AMOUNT FROM LINE 13. OTHERWISE
	PRINT OR TYPE HOME ADDRESS (Number and Street, or Rural Route)	ENTER AMOUNT FROM LINE 12 ENTER WAGES, IF
5.		7. ANY, FROM LINE IS ABOVE \$ ENTER AMOUNT
	(City or Town, Postal Zone Number, State)	8. FROM LINE 17 ABOVE \$

## SOCIAL SECURITY SELF-EMPLOYMENT TAX INSTRUCTIONS

Individuals deriving income from farming operations are subject to self-employment tax. See page 3 for computation of earnings from self-employment and self-employment tax. This tax must be paid regardless of age and even though the individual is receiving social security benefits.

Optional method for computing net earnings from self-employment from farming.—If a farmer's gross income for the year from farming is not more than \$1,800, he may report two-thirds of his gross farm income instead of his actual net earnings from farming. If his gross income from farm self-employment is more than \$1,800 and his actual net earnings from farming are less than \$1,200, he may report \$1,200. For the purpose of the optional method, a partner should compute his share of gross profits from a farm partnership in accordance with the partnership agreement. In the case of guaranteed payments, his share of the partnership's gross profits is his guaranteed payments plus his share of the gross profits after such gross profits are reduced by all guaranteed payments of the partnership.

#### SHARE-FARMING ARRANGEMENTS

An individual who undertakes to produce a crop or livestock on land belonging to another for a proportionate share of the crop or livestock produced, or the proceeds thereof, is considered to be an independent contractor and a self-employed person rather than an employee. His net earnings should be reported on Schedule F (Form 1040) for income tax and self-employment tax purposes.

Farm rentals.—Rental income from a farm counts for social security purposes if the arrangement provides for material participation by the landlord and he does participate materially in the production of the crop or livestock or in the management of the production of one or more farm products. Such rental income is farm earnings and should be reported on page 1 or 2 of this schedule. "Material participation" means the taking of an important part in the actual production or in the making of management decisions. If there was no material participation, report such rental income in Schedule G of Form 1040.

#### MORE THAN ONE TRADE OR BUSINESS

If an individual is engaged in farming and in one or more other trades or businesses, 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. In such cases, use both Schedule F (Form 1040) and Schedule C (Form 1040) to determine net profit from the farm and nonfarm activities, respectively. Make the combined computation of self-employment tax on page 3 of Schedule C. Fill in only lines 11 through 13 on page 3 of Schedule F.

#### JOINT RETURNS

Where husband and wife file a joint income tax return, page 3 of this schedule should show the name of the one with self-employment income from farming. Where husband and wife each had self-employment income, a separate Schedule F, or a separate Schedule C, whichever is appropriate, must be filed by each. However, the total of the amounts shown as profit (or loss) from all businesses should, for income tax purposes, be reported on line 8 or 9, on page 1, Form 1040, and the combined self-employment tax should be entered on line 15, page 1, of Form 1040.

### COMMUNITY INCOME

For the purpose of computing net earnings from self-employment (but not for income tax), 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, a complete Schedule F or Schedule C, whichever is appropriate, must be attached to the return of the one with self-employment income. Community income included on such a schedule must, however, be allocated, for income tax purposes between the two returns (on line 8 or line 9, 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 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. However, in the case of a husband and wife farm partnership, like other partnerships, the distributive share of each must be entered as partnership income in Schedule H, page 3, of Form 1040 for income tax purposes, and on line 11(b), page 3, of separate Schedules F for self-employment tax purposes. (Use separate Schedule C, page 3, to report nonfarm income for social security purposes.)

**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.

### EXCLUSIONS FROM SELF-EMPLOYMENT

In determining the amount of net farm earnings from selfemployment the following items should be excluded:

Real estate rentals.—Rentals from real estate, including any personal property that is leased with the land. This includes rentals received in cash or crop shares. These amounts should be reported in Schedule G of Form 1040. See, however, "Farm Rentals" under "Share-Farming Arrangements" on this page.

Property gains and losses.—Gains and losses from the sale, exchange, or involuntary conversion of capital assets and other property which is not held primarily for sale to customers. These amounts should be reported on separate Schedule D.

**Net operating losses.**—In determining the net earnings from self-employment, no deduction for net operating losses of other years shall be allowed. Such deduction should be applied as an adjustment of the amount shown on line 11, page 1, Form 1040.

Other items.—Any other item of income or expense which was included in line 12 and which does not enter into the computation of net farm earnings from self-employment should be eliminated from line 12 and an explanation attached.

## SCHEDULE SE (FORM 1040)

Schedule SE, which is the lower portion of page 3 of Schedule F, provides the Social Security Administration with the information on self-employment income necessary for computing benefits under the social security program.

To assure proper credit to your account, 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 its due date.

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

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