SCHEDULE F
(Form 1040)
U.S. Treasury Department
Internal Revenue Service

SCHEDULE OF FARM INCOME AND EXPENSES

(Compute social security self-employment tax on Schedule F–1 (Form 1040))
Attach this Schedule to your income tax return, Form 1040

1961

Name and address as shown on Form 1040.

Business name and address

Location of farm(s) and number of acres in each farm

Employer identification number, if any

FARM INCOME FOR TAXABLE YEAR—CASH RECEIPTS AND DISBURSEMENTS METHOD

(Report receipts from sale of livestock held primarily for sale in the applicable column below. Do not include other sales of livestock held for draft, breeding, or dairy purposes; report such sales on Schedule D (Form 1040))

SALES OF MARKET LIVESTOCK AND PRODUCE RAISED AND HELD PRIMARILY FOR SALE						OTHER FARM INCOME	
Kind	Quantity	1. Amount	Kind	Quantity	2. Amount	Items	3. Amount
Cattle		$	Dairy products		$	Mdse. rec'd for produce	$
			Eggs			Machine work	
Horses			Meat products			Breeding fees	
Mules			Poultry, dressed			Wood and lumber	

DEPRECIATION (see instructions)

(Do not include property you and your family occupy as a dwelling, its furnishings, and other items used for personal purposes)

1. Kind of property (if buildings, state material of which constructed). Exclude land and other nondepreciable property.	2. Date acquired	3. Cost or other basis (exclude land)	4. Depreciation allowed (or allowable) in prior years	5. Method of computing depreciation	6. Rate (%) or life (years)	7. Depreciation for this year
		$	$			$

8. Total (enter on line 5 of summary on page 1 (cash method) or line 7, below (accrual method)) . . . . . $

Amount of additional first-year depreciation included above . . . . . [ ]

FARM INCOME FOR TAXABLE YEAR—ACCRUAL METHOD

(Do not include sales of livestock held for draft, breeding, or dairy purposes; report such sales on Schedule D (Form 1040), and omit them from "On hand at beginning of year" column)

Description (Kind of livestock, crops, or other products)	On hand at beginning of year		Purchased during year		Raised during year	Consumed or lost during year	Sold during year		On hand at end of year	
	Quantity	Inventory value	Quantity	Amount paid	Quantity	Quantity	Quantity	Amount received	Quantity	Inventory value
		$		$				$		$
Totals		$ (Enter on line 3)		$ (Enter on line 4)				$ (Enter on line 1(b))		$ (Enter on line 1(a))

SUMMARY OF INCOME AND DEDUCTIONS—ACCRUAL METHOD

1(a). Inventory of livestock, crops, and products at end of year.	$	**6.** Farm expenses (from page 1)	$
(b). Sales of livestock, crops, and products during year		**7.** Depreciation (from above) . .	
(c). Other farm income (specify):		**8.** Other farm deductions (specify):	
2. Total	$		
3. Inventory of livestock, crops, and products at beginning of year . . . . . $			
4. Cost of livestock and products purchased during year			
5. Gross profits (subtract the sum of lines 3 and 4 from line 2)*.	$	**9.** Total Deductions	$

10. Net farm profit (or loss) (subtract line 9 from line 5). Enter here and on line 8, page 1, Form 1040. Make your computation of self-employment income and the self-employment tax on Schedule F-1 . . . . . $

* Use this amount for optional method of computing net earnings from self-employment. (See line 3, Schedule F-1 (Form 1040))

SCHEDULE F-1 (Form 1040)

COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX ON FARM EARNINGS (For social security)

(See instructions—page 2)

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▶ If you had wages of $4,800 or more which were subject to the deduction for social security, do not fill in this Schedule.
▶ Each self-employed person must file a separate schedule. See instructions, page 2, for joint returns and partnerships.
▶ If you had net earnings from self-employment from both farm and nonfarm sources, fill in only lines 1 and 2 (line 3, if applicable), and use separate Schedule C–3 to compute your self-employment tax. Net farm earnings from self-employment should be entered on line 5(d) of separate Schedule C–3 (Form 1040).

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

NAME OF SELF-EMPLOYED PERSON (as shown on social security card)

CHOICE OF METHODS.—A farmer must report his net farm earnings for self-employment tax purposes. Net earnings may be computed under the optional method (line 3, below) by a farmer (1) whose GROSS profits are $1,800 or less, or (2) whose GROSS profits are more than $1,800 and NET profits are less than $1,200. If your GROSS profits from farming are not more than $1,800 and you elect to use the optional method, you need not complete lines 1 and 2.

1. Net farm profit (or loss) from:
(a) Line 8, page 1, Schedule F (cash method), or line 10, page 2 (accrual method) ..... $
(b) Farm partnerships .....

2. Net earnings from self-employment from farming. Add lines 1 (a) and (b) ..... $

Computation Under Optional Method

3. If gross profits from farming are:* (a) Not more than $1,800, enter two-thirds of the gross profits .....
(b) More than $1,800 and the net farm profit is less than $1,200, enter $1,200 ..... $

*NOTE.—Gross profits from farming are the total of the gross profits on line 3, page 1 (cash method), or line 5, page 2 of Schedule F (accrual method), plus the distributive share of gross profit from farm partnerships as explained on page 2.

If line 2 (or line 3, if used) is under $400, do not fill in rest of page.

Computation of Social Security Self-Employment Tax

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

5. Total wages, covered by social security, paid to you during the taxable year. (For "Covered" wages see "F.I.C.A. Wages" box on Form W–2.) Enter here and on line 7 of Schedule SE below .....

6. Balance (line 4 less line 5) ..... $

7. Self-employment income. Enter here and on line 8 of Schedule SE below your choice of **EITHER:**
(a) REGULAR METHOD.—The smaller of line 2 or 6 .....
(b) OPTIONAL METHOD.—The smaller of line 3 or 6 ..... $

8. Self-employment tax—if line 7 is $4,800, enter $216.00; if less, multiply the amount on line 7 by 4½%. Enter this amount here and on line 13, 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,** but do not detach.

SCHEDULE SE (Form 1040)
U.S. Treasury Department
Internal Revenue Service

U.S. REPORT OF SELF-EMPLOYMENT INCOME

For crediting to your social security account

1961

1. Indicate year covered by this return (even though income was received only in part of year):
Calendar year 1961 ☐; or other taxable year beginning _____ 1961, ending _____.
If less than 12 months, was short year due to (a) ☐ Death, or (b) ☐ Change in accounting period, or (c) ☐ Other.

2. FARM ACTIVITIES SUBJECT TO SELF-EMPLOYMENT TAX (Raising livestock, custom harvesting, etc.)

3. FARM ADDRESS (rural route, post office, State)

4. SOCIAL SECURITY ACCOUNT NUMBER OF PERSON NAMED IN ITEM 5 BELOW ▶

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

PRINT OR TYPE HOME ADDRESS (number and street, or rural route)

(City or town, postal zone number, State)

PLEASE DO NOT WRITE IN THIS SPACE

CHECK HERE IF YOU USE OPTIONAL METHOD ..... ☐

6. ENTER AMOUNT FROM LINE 2 (LINE 3 IF OPTION USED) ... $

7. ENTER WAGES, IF ANY, FROM LINE 5 ..... $

8. ENTER AMOUNT FROM LINE 7 ..... $

SE

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SOCIAL SECURITY SELF-EMPLOYMENT TAX INSTRUCTIONS

Individuals deriving income from farming operations are subject to self-employment tax. See page 1 of this form 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 profits for the year from farming are 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 profits from farm self-employment are 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 Schedules F and F–1 (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 Schedule F. "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 Part IV of Schedule B (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 1 of Schedule C–3 (Form 1040). Fill in Schedule F–1 (Form 1040) through line 3.

JOINT RETURNS

Where husband and wife file a joint income tax return, page 1 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–1, or a separate Schedule C–3, 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 6 or 8, on page 1, Form 1040, and the combined self-employment tax should be entered on line 13, 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 which follow.)

If separate income tax returns are filed by husband and wife, Schedules F and F–1 or Schedules C and C–3, whichever are 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 6 or line 8, 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 Part V of Schedule B for income tax purposes, and on line 1(b), page 1, of separate Schedule F–1 for self-employment tax purposes. (Use separate Schedule C–3, page 1, 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 self-employment 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 Part IV of Schedule B. 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 (Form 1040).

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 entered on line 3, Part V of Schedule B.

Other items.—Any other item of income or expense which was included in line 2 and which does not enter into the computation of net farm earnings from self-employment should be eliminated from line 2 and an explanation attached.

SCHEDULE SE (FORM 1040)

Schedule SE, which is the lower portion of page 1 of Schedule F–1, 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 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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