

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

FARM INCOME FOR TAXABLE YEAR—CASH RECEIPTS AND DISBURSEMENTS METHOD

PART I.—Report in the applicable column below receipts from sale of livestock held primarily for sale. (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		\$	Eggs		\$	Mdse. rec'd for produce	\$
Sheep			Meat products			Machine work	
Swine			Poultry, dressed			Wood and lumber	
Poultry			Wool			Other forest products	
Bees			Honey			Patronage dividends, per-unit retains	
Grain			Syrup and sugar			Agricultural program payments:	
Hay			Other (specify):			(1) In cash	
Cotton						(2) In materials and services	
Tobacco						(3) Commodity Credit loans for- feited (or under election)	
Vegetables						Other (specify):	
Fruits and nuts							
Dairy products							
Total of columns 1, 2, and 3. Enter here and in Part IV, line 1 below							\$

PART II.—SALES OF PURCHASED LIVESTOCK AND OTHER ITEMS PURCHASED FOR RESALE

a. Description	b. Date acquired	c. Amount received	d. Cost or other basis	e. Profit (or loss)
		\$	\$	\$
Totals (enter amount from column e, in Part IV, line 2 below)		\$	\$	\$

PART III.—FARM EXPENSES FOR TAXABLE YEAR (see separate instructions)

(Do not include personal or living expenses or expenses not attributable to production of farm income, such as taxes, insurance, repairs, etc., on your dwelling)



Items	1. Amount	Items	2. Amount	Items	3. Amount
Labor hired	\$	Veterinary, medicine	\$	Retirement plans, etc. (Other than your share— See instructions)	\$
Repairs, maintenance		Gasoline, fuel, oil		Other (specify):	
Interest		Storage, warehousing			
Feed purchased		Taxes			
Seed, plants purchased		Insurance			
Fertilizers, lime		Utilities			
Machine hire		Rent of farm, pasture			
Supplies purchased		Freight, trucking			
Breeding fees		Conservation expenses			
Total of columns 1, 2, and 3. Enter here and in Part IV, line 4 below (cash method), or page 2, Part VII, line 6 (accrual method)					

PART IV.—SUMMARY OF INCOME AND DEDUCTIONS—CASH RECEIPTS AND DISBURSEMENTS METHOD

1 Sale of livestock and produce raised and other farm income	\$	4 Farm expenses (from Part III)	\$
2 Profit (or loss) on sale of purchased livestock and other purchased items		5 Depreciation (from Part V)	
3 Gross profits*	\$	6 Other farm deductions (specify):	
		7 Total deductions	\$
8 Net farm profit (or loss) (subtract line 7 from line 3). Enter here and on page 2, Part II, line 6, 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).) 69-16-70720-1

PART V.—DEPRECIATION (see instructions) (Do not include property you and your family occupy as a dwelling, its furnishings, and other items used for personal purposes) 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.

Table with 8 columns: 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; 4. Asset retirements in year (amount) (applicable only to Rev. Proc. 62-21); 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. Includes section 1 Total additional first-year depreciation and section 2 Total depreciation.

SUMMARY OF DEPRECIATION

Summary table with columns: Straight line, Declining balance, Sum of the years-digits, Units of production, Additional first year (section 179), Other (specify), Total. Includes rows for 1 Under Rev. Proc's. 62-21 and 65-13 and 2 Other.

PART VI.—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)

Table for Farm Income with columns: Description (Kind of livestock, crops, or other products); On hand at beginning of year (Quantity, Inventory value); Purchased during year (Quantity, Amount paid); Raised during year (Quantity); Consumed or lost during year (Quantity); Sold during year (Quantity, Amount received); On hand at end of year (Quantity, Inventory value). Includes Totals row.

PART VII.—SUMMARY OF INCOME AND DEDUCTIONS—ACCRUAL METHOD

Table for Summary of Income and Deductions with columns for income items (1(a)-(d), 2 Total, 3 Inventory, 4 Cost, 5 Gross profits) and deduction items (6 Farm expenses, 7 Depreciation, 8 Other farm deductions, 9 Total deductions). Includes 10 Net farm profit (or loss).

*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)

U.S. Treasury Department
Internal Revenue Service

Computation of Social Security Self-Employment Tax on Farm Earnings (for social security)

Attach this schedule to your income tax return, Form 1040
(See instructions—page 2)

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- ▶ If you had wages, including tips, of \$6,600 or more which were subject to social security taxes, do not fill in this page.
- ▶ 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 in Schedule C-3 (Form 1040) on line 5(d).

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

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

Social Security Number

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 \$2,400 or less, or (2) whose GROSS profits are more than \$2,400 and NET profits are less than \$1,600. If your GROSS profits from farming are not more than \$2,400 and you elect to use the optional method, you need not complete lines 1 and 2.

COMPUTATION UNDER REGULAR METHOD

1 Net farm profit (or loss) from:			
(a) Schedule F, page 1, line 8 (cash method), or page 2, line 10 (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 \$2,400, enter two-thirds of the gross profits	}	\$	_____
(b) More than \$2,400 and the net farm profit is less than \$1,600, enter \$1,600			

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

If line 2 (or line 3, if you choose the optional method) 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	\$	6,600	00
5 (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 5(a) and 5(b). Enter here and in item G below			
6 Balance (subtract line 5(c) from line 4)			
7 Self-employment income. Enter here and in item H 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 \$6,600, enter \$422.40; if less, multiply the amount on line 7 by 6.4%. Enter this amount here and on Form 1040, line 15, page 1	\$		

Do not detach

Schedule F-1 (Form 1040)

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.

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

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Indicate year covered by this return (even though income was received only in part of year):

A Calendar year 1967 or other taxable year beginning _____ 1967, ending _____
If less than 12 months, was short year due to (a) Death, or (b) Change in accounting period, or (c) Other.

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

C FARM ADDRESS (rural route, post office, State, and ZIP code)

D SOCIAL SECURITY NUMBER OF PERSON NAMED IN ITEM E BELOW



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

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

(City or town, State, and ZIP code)

PLEASE DO NOT WRITE IN THIS SPACE

CHECK HERE IF YOU USE OPTIONAL METHOD.

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

G ENTER AMOUNT FROM LINE 5(c), IF ANY \$

H ENTER AMOUNT FROM LINE 7 \$

SE

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.

If you have conscientious objections to social security insurance because you adhere to the established teachings of a religious sect of which you are a member, you may file Form 4029, Application for Exemption from Tax on Self-Employment Income and Waiver of Benefits, to obtain exemption from self-employment tax. If you have filed Form 4029, do not file Schedule F-1; however, write "Exempt—Form 4029" to the left of the entry space on line 15, page 1 of Form 1040.

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 \$2,400, he may report two-thirds of his gross profits from farming instead of his actual net earnings from farming. If his gross profits from farm self-employment are more than \$2,400 and his actual net earnings from farming are less than \$1,600, he may report \$1,600. 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 II 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 page 2, Part II, line 4 or 6, Form 1040, and the combined self-employment tax should be entered on page 1, line 15, 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 farming is com-

munity income, all the income from such farm operations is considered the income of the husband unless the wife exercises substantially all the management and control of the operation, 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 page 2, Part II, line 4 or line 6, 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 III of Schedule B for income tax purposes, and on page 1, line 1(b), of separate Schedule F-1 for self-employment tax purposes. (Use separate Schedule C-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 any 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 II 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 as a "minus" figure on Form 1040, page 2, Part II, in "Misc. income."

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 self-employment income, a separate Schedule SE must be filed by each.