

**SCHEDULE SE
(Form 1040)**

Department of the Treasury
Internal Revenue Service

Computation of Social Security Self-Employment Tax

▶ Each self-employed person must file a Schedule SE.
▶ Attach to Form 1040. ▶ See Instructions for Schedule SE (Form 1040).

1974

- If you had wages, including tips, of \$13,200 or more that were subject to social security taxes, do not fill in this form.
- If you had more than one business, combine profits and losses from all your businesses and farms on this Schedule SE.

Important.—The self-employment income reported below will be credited to your social security record and used in figuring social security benefits.

NAME OF SELF-EMPLOYED PERSON (AS SHOWN ON SOCIAL SECURITY CARD)	Social security number of self-employed person ▶
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Business activities subject to self-employment tax (grocery store, restaurant, farm, etc.) ▶

- If you have only farm income complete Parts I and III.
- If you have only nonfarm income complete Parts II and III.
- If you have both farm and nonfarm income complete Parts I, II, and III.

Part I Computation of Net Earnings from FARM Self-Employment

A farmer may elect to compute net farm earnings using the **OPTIONAL METHOD**, line 3, instead of using the **Regular Method**, line 2, if his gross profits are: (1) \$2,400 or less, or (2) more than \$2,400 and net profits are less than \$1,600. However, lines 1 and 2 must be completed even if you elect to use the **FARM OPTIONAL METHOD**.

REGULAR METHOD	1 Net profit or (loss) from: <ul style="list-style-type: none"> (a) Schedule F, line 54 (cash method), or line 74 (accrual method) (b) Farm partnerships 		
	2 Net earnings from farm self-employment (add lines 1(a) and (b))		
FARM OPTIONAL METHOD	3 If gross profits from farming ¹ are: <ul style="list-style-type: none"> (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 		
	4 Enter here and on line 12(a), the amount on line 2, or line 3 if you elect the farm optional method		

Part II Computation of Net Earnings from NONFARM Self-Employment

REGULAR METHOD	5 Net profit or (loss) from: <ul style="list-style-type: none"> (a) Schedule C, line 21. (Enter combined amount if more than one business.) (b) Partnerships, joint ventures, etc. (other than farming) (c) Service as a minister, member of a religious order, or a Christian Science practitioner. (Include rental value of parsonage or rental allowance furnished.) If you filed Form 4361, check here <input type="checkbox"/> and enter zero on this line (d) Service with a foreign government or international organization (e) Other (See Form 1040 instructions for line 37.) Specify ▶ 		
	6 Total (add lines 5(a), (b), (c), (d), and (e))		
	7 Enter adjustments if any (attach statement)		
	8 Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7)		

If line 8 is \$1,600 or more **OR** if you do not elect to use the Nonfarm Optional Method, omit lines 9 through 11 and enter amount from line 8 on line 12(b), Part III.

Note: You may use the nonfarm optional method (line 9 through line 11) only if line 8 is less than \$1,600 and less than two-thirds of your gross nonfarm profits,² and you had actual net earnings from self-employment of \$400 or more for at least 2 of the 3 following years: 1971, 1972, and 1973. The nonfarm optional method can only be used for 5 taxable years.

² Gross profits from nonfarm business are the total of the gross profits from Schedule C, line 3, plus the distributive share of gross profits from nonfarm partnerships (Schedule K-1 (Form 1065), line 15) as explained in instructions for Schedule SE. Also, include gross profits from services reported on lines 5(c), (d), and (e), as adjusted by line 7.

NONFARM OPTIONAL METHOD	9 (a) Maximum amount reportable, under both optional methods combined (farm and nonfarm) (b) Enter amount from line 3. (If you did not elect to use the farm optional method, enter zero.) (c) Balance (subtract line 9(b) from line 9(a))		
	10 Enter two-thirds of gross nonfarm profits ² or \$1,600, whichever is smaller		
	11 Enter here and on line 12(b), the amount on line 9(c) or line 10, whichever is smaller		

Part III Computation of Social Security Self-Employment Tax

12 Net earnings or (loss): (a) From farming (from line 4)			
(b) From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method)			
13 Total net earnings or (loss) from self-employment reported on line 12. (If line 13 is less than \$400, you are not subject to self-employment tax. Do not fill in rest of form.)			
14 The largest amount of combined wages and self-employment earnings subject to social security tax for 1974 is	\$13,200		00
15 (a) Total "FICA" wages as indicated on Forms W-2			
(b) Unreported tips, if any, subject to FICA tax from Form 4137, line 9			
(c) Total of lines 15(a) and (b)			
16 Balance (subtract line 15(c) from line 14)			
17 Self-employment income—line 13 or 16, whichever is smaller			
18 If line 17 is \$13,200, enter \$1,042.80; if less, multiply the amount on line 17 by .079			
19 Railroad employee's and railroad employee representative's adjustment from Form 4469, line 10			
20 Self-employment tax (subtract line 19 from line 18). Enter here and on Form 1040, line 55			