

Computation of Social Security Self-Employment Tax

1977

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

- If you had wages, including tips, of \$16,500 or more that were subject to social security or railroad retirement taxes, do not fill in this schedule (unless you are eligible for the Earned Income Credit). See Instructions.
- 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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- 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

You may elect to compute your net farm earnings using the **OPTIONAL METHOD**, line 3, instead of using the **Regular Method**, line 2, if your 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:	a Schedule F, line 54 (cash method), or line 72 (accrual method)	1a		
	b Farm partnerships	1b		
2 Net earnings from farm self-employment (add lines 1a and b)		2		
FARM OPTIONAL METHOD				
3 If gross profits from farming ¹ are:	a Not more than \$2,400, enter two-thirds of the gross profits	3		
	b More than \$2,400 and the net farm profit is less than \$1,600, enter \$1,600			
¹ Gross profits from farming are the total gross profits from Schedule F, line 28 (cash method), or line 70 (accrual method), plus the distributive share of gross profits from farm partnerships (Schedule K-1 (Form 1065), line 14(b)) as explained in instructions for Schedule SE.				
4 Enter here and on line 12a, the amount on line 2, or line 3 if you elect the farm optional method		4		

Part II Computation of Net Earnings from NONFARM Self-Employment

REGULAR METHOD	a Schedule C, line 21. (Enter combined amount if more than one business.)	5a		
	b Partnerships, joint ventures, etc. (other than farming)	5b		
	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	5c		
	d Service with a foreign government or international organization	5d		
	e Other (See Form 1040 Instructions for line 20.) Specify ▶	5e		
6 Total (add lines 5a through e)		6		
7 Enter adjustments if any (attach statement)		7		
8 Adjusted net earnings or (loss) from nonfarm self-employment (line 6, as adjusted by line 7)		8		
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 12b, 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: 1974, 1975, and 1976. The nonfarm optional method can only be used for 5 taxable years.				
NONFARM OPTIONAL METHOD				
9 a Maximum amount reportable, under both optional methods combined (farm and nonfarm)		9a	\$1,600	00
b Enter amount from line 3. (If you did not elect to use the farm optional method, enter zero)		9b		
c Balance (subtract line 9b from line 9a)		9c		
10 Enter two-thirds of gross nonfarm profits ² or \$1,600, whichever is smaller		10		
11 Enter here and on line 12b, the amount on line 9c or line 10, whichever is smaller		11		
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 14(b)) as explained in instructions for Schedule SE. Also, include gross profits from services reported on line 5c, d, and e, as adjusted by line 7.				

Part III Computation of Social Security Self-Employment Tax

12 Net earnings or (loss): a From farming (from line 4)		12a		
b From nonfarm (from line 8, or line 11 if you elect to use the Nonfarm Optional Method)		12b		
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 schedule.)		13		
14 The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement taxes for 1977 is		14	\$16,500	00
15 a Total "FICA" wages (from Forms W-2) and "RRTA" compensation	15a			
	b Unreported tips subject to FICA tax from Form 4137, line 9 or to RRTA	15b		
c Total of lines 15a and b		15c		
16 Balance (subtract line 15c from line 14)		16		
17 Self-employment income—line 13 or 16, whichever is smaller		17		
18 Self-employment tax. (If line 17 is \$16,500, enter \$1,303.50; if less, multiply the amount on line 17 by .079.) Enter here and on Form 1040, line 48		18		