### Computation of Social Security Self-Employment Tax

#### Part I: Regular Computation of Net Earnings From Self-Employment

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**Note:** If you performed services for certain churches or church-controlled organizations and you are not a minister or a member of a religious order, see the instructions.

1. **Net farm profit or (loss) from Schedule F (Form 1040), line 39, and farm partnerships, Schedule K-1 (Form 1065), line 13a**

2. **Net profit or (loss) from Schedule C (Form 1040), line 33, Schedule K-1 (Form 1065), line 13a (other than farming), and Form W-2 wages of $100 or more from an electing church or church-controlled organization. (See instructions for other income to report.)**

**Note:** ☐ Check here if you are exempt from self-employment tax on your earnings as a minister, member of a religious order, or Christian Science practitioner because you filed Form 4361. See instructions for kinds of income to report. If you have other earnings of $400 or more that are subject to self-employment tax, include those earnings on line 2.

#### Part II: Optional Computation of Net Earnings From Self-Employment

(See “Who Can Use Schedule SE”)

Generally, this part may be used only if you meet any of the following tests:

- **A** Your gross farm income (Schedule F (Form 1040), line 12) was not more than $2,400; or
- **B** Your gross farm income (Schedule F (Form 1040), line 12) was more than $2,400 and your net farm profits (Schedule F (Form 1040), line 39) were less than $1,600; or
- **C** Your net nonfarm income (Schedule C (Form 1040), line 33) were less than $1,600 and also less than two-thirds (%) of your gross nonfarm income (Schedule C (Form 1040), line 5).

See instructions for other limitations.

3. **Maximum income for optional methods**

4. **Farm Optional Method—If you meet test A or B above, enter: the smaller of two-thirds (%) of gross farm income from Schedule F (Form 1040), line 12, and farm partnerships, Schedule K-1 (Form 1065), line 13b; or $1,600.**

5. **Subtract line 4 from line 3.**

6. **Nonfarm Optional Method—If you meet test C above, enter: the smallest of two-thirds (%) of gross nonfarm income from Schedule C (Form 1040), line 5, and Schedule K-1 (Form 1065), line 13c (other than farming); or $1,600; or, if you elected the farm optional method, the amount on line 5.**

#### Part III: Computation of Social Security Self-Employment Tax

7. **Enter the amount from Part I, line 1, or, if you elected the farm optional method, Part II, line 4.**

8. **Enter the amount from Part I, line 2, or, if you elected the nonfarm optional method, Part II, line 6.**

9. **Add lines 7 and 8. If less than $400, do not fill in the rest of the schedule because you are not subject to self-employment tax. (Exception: If this line is less than $400 and you are an employee of an electing church or church-controlled organization, complete the schedule unless this line is a loss. See instructions.)**

10. **The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement tax (Tier 1) for 1985 is $39,600.**

11. **a Total social security wages and tips from Forms W-2 and railroad retirement compensation (Tier 1). Note: U.S. Government employees whose wages are only subject to the 1.35% hospital insurance benefits tax (Medicare) and employees of certain church or church-controlled organizations should not include those wages on this line (see instructions).**

11b Unreported tips subject to social security tax from Form 4137, line 9, or to railroad retirement tax (Tier 1)

11c Add lines 11a and 11b.

12a Subtract line 11c from line 10.

12b Enter your “qualified” U.S. Government wages if you are required to use the worksheet in Part III of the instructions.

12c Enter your Form W-2 wages from an electing church or church-controlled organization.

13 Enter the smaller of line 9 or line 12a.

If line 13 is $39,600, fill in $4,672.80 on line 14. Otherwise, multiply line 13 by .118 and enter the result on line 14.

14 **Self-employment tax. Enter this amount on Form 1040, line 51.**