

SCHEDULE SE (Form 1040)

Computation of Social Security Self-Employment Tax

Department of the Treasury Internal Revenue Service

See Instructions for Schedule SE (Form 1040).

Attach to Form 1040.

Name of person with self-employment income (as shown on social security card)

Social security number of person with self-employment income

Part I Regular Computation of Net Earnings From Self-Employment

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 before completing the schedule.

1 Net farm profit or (loss) from Schedule F (Form 1040), line 38, and farm partnerships, Schedule K-1 (Form 1065), line 13a

2 Net profit or (loss) from Schedule C (Form 1040), line 32, and Schedule K-1 (Form 1065), line 13a (other than farming). (See instructions for other income to report.) Employees of an electing church or church-controlled organization do NOT enter your Form W-2 wages on line 2. See the instructions

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" in the Instructions. Also see instructions for other limitations.)

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

A Your gross farm income was not more than \$2,400; or

B Your gross farm income was more than \$2,400 and your net farm profits were less than \$1,600; or

C Your net nonfarm profits were less than \$1,600 and your net nonfarm profits were also less than two-thirds (2/3) of your gross nonfarm income.

Note: If line 2 above is two-thirds (2/3) or more of your gross nonfarm income, or, if line 2 is \$1,600 or more, you may not use the optional method.

1 From Schedule F (Form 1040), line 12, and Schedule K-1 (Form 1065), line 13b.

2 From Schedule F (Form 1040), line 38, and Schedule K-1 (Form 1065), line 13a.

3 From Schedule C (Form 1040), line 32, and Schedule K-1 (Form 1065), line 13a.

4 From Schedule C (Form 1040), line 5, and Schedule K-1 (Form 1065), line 13c.

3 Maximum income for optional methods

4 Farm Optional Method—If you meet test A or B above, enter: the smaller of two-thirds (2/3) 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 (2/3) 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 this schedule because you are not subject to self-employment tax. (Exception: If you are an employee of an electing church or church-controlled organization, see the instructions. You may owe self-employment tax on the amount you report on line 12c.)

10 The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement tax (tier 1) for 1986 is

11 a Total social security wages and tips from Forms W-2 and railroad retirement compensation (tier 1). Note: Medicare qualified government employees whose wages are only subject to the 1.45% medicare (hospital insurance benefits) tax and employees of certain church or church-controlled organizations should not include those wages on this line. (See instructions.)

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

c Add lines 11a and 11b

12 a Subtract line 11c from line 10

b Enter your medicare qualified government wages if you are required to use the worksheet in Part III of the instructions. 12b

c Enter your Form W-2 wages of \$100 or more from an electing church or church-controlled organization. 12c

13 Enter the smaller of line 9 or line 12a

If line 13 is \$42,000, fill in \$5,166 on line 14. Otherwise, multiply line 13 by .123 and enter the result on line 14

14 Self-employment tax. Enter this amount on Form 1040, line 50

Table with 3 columns and 2 rows for Part I and Part II. Row 1: 1, 2. Row 2: 3, 4, 5, 6.

Table with 3 columns and 4 rows for Part II. Row 1: 3, \$1,600, 00. Row 2: 4. Row 3: 5. Row 4: 6.

Table with 3 columns and 10 rows for Part III. Row 1: 7. Row 2: 8. Row 3: 9. Row 4: 10, \$42,000, 00. Row 5: 11a, 11b, 11c. Row 6: 12a. Row 7: 12b, 12c. Row 8: 13. Row 9: 14, .123.