**Who Must File Schedule SE**

You must file Schedule SE if:

- Your net earnings from self-employment were $400 or more (or you had wages of $100 or more from an elective church or church-controlled organization); AND
- Your wages (subject to social security or railroad retirement tax) were less than $48,000.

**Exception.** If your only self-employment income was from earnings as a minister, member of a religious order, or Christian Science practitioner, AND you filed Form 4361 and received IRS approval not to be taxed on those earnings, DO NOT file Schedule SE. Instead, write "Exempt—Form 4361" on Form 1040, line 48.

For more information about Schedule SE, see the Instructions.

**Note:** Most people can use the short Schedule SE on this page. But, you may have to use the longer Schedule SE that is on the back.

**Who MUST Use the Long Schedule SE (Section B)**

You must use Section B if ANY of the following applies:

- You choose the "optional method" to figure your self-employment tax (see Section B, Part II);
- You are a minister, member of a religious order, or Christian Science practitioner and you received IRS approval (from Form 4361) not to be taxed on your earnings from these sources, but you owe self-employment tax on other earnings;
- You were an employee of a church or church-controlled organization that chose by law not to pay employer social security taxes;
- You had tip income that is subject to social security tax, but you did not report those tips to your employer; OR
- You were a government employee with wages subject ONLY to the 1.45% Medicare part of the social security tax.

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**Section A—Short Schedule SE**

(Read above to see if you must use the long Schedule SE on the back (Section B).)

<table>
<thead>
<tr>
<th></th>
<th>Net farm profit or (loss) from Schedule F (Form 1040), line 36, and farm partnerships, Schedule K-1 (Form 1065), line 14a</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

|   | Net profit or (loss) from Schedule C (Form 1040), line 30, and Schedule K-1 (Form 1065), line 14a (other than farming). See the Instructions for other income to report |   |
| 2 |   | 2 |

|   | Add lines 1 and 2. Enter the total. If the total is less than $400, do not file this schedule; you do not owe self-employment tax |   |
| 3 |   | 3 |

|   | The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement tax (tier 1) for 1989 is | 4 |
| 4 |   | $48,000 00 |

|   | Total social security wages and tips (from Form(s) W-2) and railroad retirement compensation (tier 1) | 5 |

|   | Subtract line 5 from line 4. Enter the result. If the result is zero or less, stop here; you do not owe self-employment tax | 6 |
| 6 |   |   |

|   | Enter the smaller of line 3 or line 6 | 7 |

|   | Rate of tax | 8 |

|   | Self-employment tax. If line 7 is $48,000, enter $6,249.60. Otherwise, multiply the amount on line 7 by the decimal amount on line 8 and enter the result. Also enter this amount on Form 1040, line 48 | 9 |

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### Section B—Long Schedule SE

(Completing, see if you can use the short Schedule SE on the other side (Section A.).

**A** If you are a minister, member of a religious order, or Christian Science practitioner, and you filed Form 4361, but you had $400 or more of other earned income other than farming, continue with Part I and check here.

**B** If your only earned income was wages from an electing church or church-controlled organization that is exempt from employer social security taxes and you are not a minister or a member of a religious order, skip lines 1–3b. Enter zero on line 3c and go to line 5a.

### Part I  Figure Social Security Self-Employment Tax

1. Net farm profit (loss) from Schedule F (Form 1040), line 36, and farm partnerships, Schedule K-1 (Form 1065), line 14a.

2. Net profit (loss) from Schedule C (Form 1040), line 30, and Schedule K-1 (Form 1065), line 14a (other than farming). See Instructions for other income to report. (Employees of an electing church or church-controlled organization do not enter your W-2 wages on this line. See the Instructions.)

3a. Enter the amount from line 1, or, if you elected the farm optional method, from line 11 below.

3b. Enter the amount from line 2, or, if you elected the nonfarm optional method, from line 13 below.

3c. Add lines 3a and 3b. Enter the total. If the total is less than $400, do not file this schedule; you do not owe self-employment tax. (Exception: If you were an employee of an electing church or church-controlled organization and the total of lines 3a and 3b is less than $400, enter zero and complete the rest of this schedule.)

4. The largest amount of combined wages and self-employment earnings subject to social security or railroad retirement tax (tier 1) for 1989 is $48,000.

5a. Total social security wages and tips (from Form(s) W-2) and railroad retirement compensation (tier 1). Note: Government employees whose wages were subject only to the 1.45% Medicare tax and employees of certain churches or church-controlled organizations should not include those wages on this line. See Instructions.

5b. Unreported tips subject to social security tax (from Form 4137, line 9) or to railroad retirement tax (tier 1).

5c. Add lines 5a and 5b. Enter the total.

6a. Subtract line 5c from line 4. Enter the result. If the result is zero or less, enter zero and stop here; you do not owe self-employment tax.

6b. Enter your Medicare qualified government wages. See the Instructions to see if you must use the worksheet in those instructions to figure your self-employment tax.

6c. Enter your Form W-2 wages of $100 or more from an electing church or church-controlled organization.

6d. Add lines 6c and 6e. Enter the total.

7. Enter the smaller of line 6a or line 6d.

8. Rate of tax.

9. Self-employment tax. If line 7 is $48,000, enter $6,249.60. Otherwise, multiply the amount on line 7 by the decimal amount on line 8 and enter the result. Also enter this amount on Form 1040, line 48.

### Part II Optional Method To Figure Net Earnings (See "Who Can File Schedule SE" in the Instructions.)

See Instructions for limitations. Generally, you may use this part only if:

**A** Your gross farm income\(^1\) was not more than $2,400, or

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

**C** Your net nonfarm profits\(^3\) were less than $1,600 and also less than two-thirds (2/3) of your gross nonfarm income.\(^4\)

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 11, and Schedule K-1 (Form 1065), line 14b.

\(^2\) From Schedule C (Form 1040), line 30, and Schedule K-1 (Form 1065), line 14a.

\(^3\) From Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), line 14a.

\(^4\) From Schedule C (Form 1040), line 7, and Schedule K-1 (Form 1065), line 14c.

10. Maximum income for optional methods: $1,600.

11. 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 11, and farm partnerships, Schedule K-1 (Form 1065), line 14b; or $1,600. Also enter this amount on line 3a above.

12. Subtract line 11 from line 10. Enter the result.

13. 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 7, and Schedule K-1 (Form 1065), line 14c; or $1,600; or, if you elected the farm optional method, the amount on line 12. Also enter this amount on line 3b above.

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