## Social Security Self-Employment Tax

**Who Must File Schedule SE**

You must file Schedule SE if:
- Your net earnings from self-employment were $400 or more; OR
- You were an employee of an electing church or church-controlled organization that paid you wages (church employee income) of $100 or more; AND
- Your wages (subject to social security or railroad retirement tax) were less than $51,300.

**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 on the back.

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

You must use Section B if ANY of the following apply:
- You elect the "optional method" to figure your self-employment tax (see Section B, Part II, and the Instructions);
- 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 had church employee income of $100 or more that was reported to you on Form W-2;
- 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 (Medicare qualified government wages) AND the total of all of your wages (subject to social security, railroad retirement, or the 1.45% Medicare tax) plus all your earnings subject to self-employment tax is more than $51,300.

### 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>Step</th>
<th>Equation/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Net farm profit or (loss) from Schedule F (Form 1040), line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a.</td>
</tr>
<tr>
<td>2</td>
<td>Net profit or (loss) from Schedule C (Form 1040), line 29, and Schedule K-1 (Form 1065), line 15a (other than farming). See Instructions for other income to report.</td>
</tr>
<tr>
<td>3</td>
<td>Combine lines 1 and 2. Enter the result.</td>
</tr>
<tr>
<td>4</td>
<td>Multiply line 3 by .9235. Enter the result. If the result is less than $400, do not file this schedule; you do not owe self-employment tax.</td>
</tr>
<tr>
<td>5</td>
<td>Maximum amount of combined wages and self-employment earnings subject to social security or railroad retirement (tier 1) tax for 1990.</td>
</tr>
<tr>
<td>6</td>
<td>Total social security wages and tips (from Form(s) W-2) and railroad retirement compensation (tier 1). Do not include Medicare qualified government wages on this line.</td>
</tr>
<tr>
<td>7</td>
<td>Subtract line 6 from line 5. Enter the result. If the result is zero or less, do not file this schedule; you do not owe self-employment tax.</td>
</tr>
<tr>
<td>8</td>
<td>Enter the smaller of line 4 or line 7.</td>
</tr>
<tr>
<td>9</td>
<td>Rate of tax.</td>
</tr>
<tr>
<td>10</td>
<td>Self-employment tax. If line 8 is $51,300, enter $7,848.90. Otherwise, multiply the amount on line 8 by the decimal amount on line 9 and enter the result. Also enter this amount on Form 1040, line 48. Note: Also enter one-half of this amount on Form 1040, line 25.</td>
</tr>
</tbody>
</table>

For Paperwork Reduction Act Notice, see Form 1040 Instructions.
### Part I Social Security Self-Employment Tax

1. Net farm profit or (loss) from Schedule F (Form 1040), line 36, and farm partnerships, Schedule K-1 (Form 1065), line 15a. **(Note: Skip this line if you elect the farm optional method. See requirements in Part II below and in the Instructions.)**

2. Net profit or (loss) from Schedule C (Form 1040), line 29, and Schedule K-1 (Form 1065), line 15a (other than farming). See Instructions for other income to report. **Do not** include church employee income from Form W-2 on this line. **(Note: Skip this line if you elect the nonfarm optional method. See requirements in Part II below and in the Instructions.)**

3. Combine lines 1 and 2. Enter the result.

4a. If line 3 is more than zero, multiply line 3 by .9235. Otherwise, enter the amount from line 3 here.

4b. If you elected one or both of the optional methods, enter the total of lines 12 and 14 here.

4c. Combine lines 4a and 4b. If less than $400, do not file this schedule; you do not owe self-employment tax. **(Exception: If less than $400 and you had church employee income, enter -0- and continue.)**

5. Maximum amount of combined wages and self-employment earnings subject to social security or railroad retirement (tier 1) tax for 1990.

6a. Total social security wages and tips (from Form(s) W-2) and railroad retirement compensation (tier 1). **Do not** include Medicare qualified government wages or church employee income on this line.

6b. Unreported tips subject to social security tax (from Form 4137, line 9) or railroad retirement tax (tier 1).

6c. Add lines 6a and 6b. Enter the total.

7a. Subtract line 6c from line 5. If zero or less, do not file this schedule; you do not owe self-employment tax.

7b. Enter your church employee income from Form W-2 of $100 or more.

7c. Multiply line 7b by .9235 (if the result is less than $100, enter -0-).

7d. Add lines 4c and 7c. Enter the total.

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

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

10. **Self-employment tax.** If line 8 is $51,300, enter $7,848.90. Otherwise, multiply line 8 by .153 and enter the result. Also enter this amount on Form 1040, line 48.

**Note:** Also enter one-half of this amount on Form 1040, line 25.

### 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 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 $1,733; or

C. Your net nonfarm profits were less than $1,733 and also less than two-thirds (%) of your gross nonfarm income.

11. Maximum income for optional methods.

12. **Farm Optional Method**—If you meet test A or B above, enter the smaller of: two-thirds (%) of gross farm income or $1,600. Also include this amount on line 4b above.

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

14. **Nonfarm Optional Method**—If you meet test C above, enter the smallest of: two-thirds (%) of gross nonfarm income or $1,600; or, if you elected the farm optional method, the amount on line 13. Also include this amount on line 4b above.

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1. From Schedule F (Form 1040), line 11, and Schedule K-1 (Form 1065), line 15b.
2. From Schedule F (Form 1040), line 36, and Schedule K-1 (Form 1065), line 15a.
3. From Schedule C (Form 1040), line 29, and Schedule K-1 (Form 1065), line 15a.
4. From Schedule C (Form 1040), line 7, and Schedule K-1 (Form 1065), line 15c.