2026

Instructions for Schedule SE (Form 1040)

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Schedule SE (Form 1040) and its instructions, such as legislation enacted after they were published, go to *IRS.gov/ScheduleSE*.

What's New

Maximum income subject to social security tax. For 2026, the maximum amount of self-employment income subject to social security tax is $184,500.

Reminder

Form 1040-SS. Using Schedule SE (Form 1040) to report self-employment tax for residents of U.S. territories. Schedule SE (Form 1040) must be filed with Form 1040-SS to report self-employment taxes by residents of the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), and Puerto Rico. For additional information, see the Instructions for Form 1040-SS.

General Instructions

Use Schedule SE (Form 1040) to figure the tax due on net earnings from self-employment. The Social Security Administration (SSA) uses the information from Schedule SE to figure your benefits under the social security program. This tax applies no matter how old you are and even if you are already getting social security or Medicare benefits.

Additional information. See Pub. 225 or Pub. 334.

Who Must File Schedule SE

You must file Schedule SE if:

- The amount on line 4c of Schedule SE is $400 or more, **or**
- You had church employee income of $108.28 or more. (Income from services you performed as a minister, member of a religious order, or Christian Science practitioner isn't church employee income.) See *Employees of Churches and Church Organizations*, later.

Exception to filing Schedule SE. If you filed Form 4029 or Form 4361 and received IRS approval, you may not need to file Schedule SE. See *Ministers, Members of Religious Orders, and Christian Science Practitioners* and *Members of Certain Religious Sects*, later, for information on how to report your self-employment earnings.

TIP *Even if you had a loss or a small amount of income from self-employment, it may be to your benefit to file Schedule SE and use either "optional method" in the instructions for Part II of Schedule SE (discussed later).*

Who Must Pay Self-Employment (SE) Tax

Self-Employed Persons

You must pay SE tax if you had net earnings of $400 or more as a self-employed person. If you are in business (farm or nonfarm) for yourself, you are self-employed.

You must also pay SE tax on your share of certain partnership income and your guaranteed payments. See *Partnership Income or Loss*, later.

Employees of Churches and Church Organizations

If you had church employee income of $108.28 or more, you must pay SE tax. Church employee income is wages you received as an employee (other than as a minister, member of a religious order, or Christian Science practitioner) of a church or qualified church-controlled organization that has a certificate in effect electing an exemption from employer social security and Medicare taxes.

Ministers, Members of Religious Orders, and Christian Science Practitioners

In most cases, you must pay SE tax on salaries and other income for services you performed as a minister, member of a religious order who hasn't taken a vow of poverty, or Christian Science practitioner. But if you filed Form 4361 and received IRS approval, you will be exempt from paying SE tax on those net earnings. If you had no other income subject to SE tax, check box number 1 for Form 4361 on Schedule 2 (Form 1040), line 4. See the instructions for Schedule 2 (Form 1040), line 4, for more information. However, if you had other earnings of $400 or more subject to SE tax, see line A at the top of Schedule SE.

CAUTION *If you have ever filed Form 2031 to elect social security coverage on your earnings as a minister, you can't revoke that election.*

If you must pay SE tax, include this income on Schedule SE, line 2. But don't report it on Schedule SE, line 5a; it isn't considered church employee income. Also, include on line 2:

- The rental value of a home or an allowance for a home furnished to you (including payments for utilities); and
- The value of meals and lodging provided to you, your spouse, and your dependents for your employer's convenience.

However, don't include on line 2:

- Retirement benefits you received from a church plan after retirement, or
- The rental value of a home or an allowance for a home furnished to you (including payments for utilities) after retirement.

If you were a duly ordained minister who was an employee of a church and you must pay SE tax, the unreimbursed business expenses that you incurred as a church employee are not deductible as an itemized deduction for income tax purposes. However, when figuring SE tax, subtract on line 2 the allowable expenses from your self-employment earnings and attach an explanation.

If you were a U.S. citizen or resident alien serving outside the United States as a minister or member of a religious order and you must pay SE tax, you can't reduce your net earnings by the foreign earned income exclusion or the foreign housing exclusion or deduction.

See Pub. 517 for additional details regarding social security for members of the clergy and religious workers.

Members of Certain Religious Sects

If you have conscientious objections to social security insurance because of your membership in and belief in the teachings of a religious sect recognized as being in existence at all times since December 31, 1950, and that has provided a reasonable level of living for its dependent members, you are exempt from SE tax if you received IRS approval by filing Form 4029. In this case, don't file Schedule SE. Instead, check box number 2 for Form 4029 on Schedule 2 (Form 1040), line 4. See the instructions for Schedule 2 (Form 1040), line 4; and Pub. 517 for details.

U.S. Citizens Employed by Foreign Governments or International Organizations

You must pay SE tax on income you earned as a U.S. citizen employed by a foreign government (or, in certain cases, by a wholly owned instrumentality of a foreign government or an international organization under the International Organizations Immunities Act) for services performed in the United States, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the U.S. Virgin Islands. Report income from this employment on Schedule SE, line 2. If you performed services elsewhere as an employee of a foreign government or an international organization, those earnings are exempt from SE tax.

Exception—dual citizens. A person with dual U.S.-foreign citizenship is generally considered to be a U.S. citizen for social security purposes. However, if you are a U.S. citizen and also a citizen of a country with which the United States has a bilateral social security agreement, your work for the government of that foreign country may be exempt from U.S. social security taxes. For more information about these agreements, see the exception shown in the next section.

U.S. Citizens or Resident Aliens Living Outside the United States

If you are a self-employed U.S. citizen or resident alien living outside the United States, in most cases you must pay SE tax. Foreign earnings from self-employment can't be reduced by your foreign earned income exclusion when computing SE tax.

Exception. The United States has social security agreements with many countries to eliminate dual taxes under two social security systems. Under these agreements, you must generally pay social security and Medicare taxes to only the country in which you live.

The United States now has social security agreements with the following countries: Australia, Austria, Belgium, Brazil, Canada, Chile, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, South Korea, Spain, Sweden, Switzerland, the United Kingdom, and Uruguay.

If you have questions about international social security agreements, or to see if any additional agreements have been entered into, you can go to the SSA's International Programs website at *SSA.gov/International*. The website also provides contact information for questions about benefits and the agreements.

If your self-employment income is exempt from SE tax, you should get a statement from the appropriate agency of the foreign country verifying that your self-employment income is subject to social security coverage in that country. If the foreign country won't issue the statement, go to the SSA Office of Earnings and International Operations at *SSA International Programs Online Certificate of Coverage Service*. Don't complete Schedule SE. Instead, attach a copy of the statement to Form 1040, 1040-SR, or 1040-NR, and on Schedule 2 (Form 1040), line 4, check box number 3 and enter "EAS."

Nonresident Alien

If you are a self-employed nonresident alien living in the United States, you must pay SE tax if an international social security agreement in effect determines that you are covered under the U.S. social security system. See *Exception* under *U.S. Citizens or Resident Aliens Living Outside the United States*, earlier, for information about international social security agreements. If your self-employment income is subject to SE tax, complete Schedule SE and file it with your Form 1040-NR.

Chapter 11 Bankruptcy Cases

While you are a debtor in a chapter 11 bankruptcy case, your net profit or loss from self-employment (for example, from Schedule C (Form 1040) or Schedule F (Form 1040)) won't be included in your Form 1040 or 1040-SR income. Instead, it will be included on the income tax return (Form 1041) of the bankruptcy estate. However, you (not the bankruptcy estate) are responsible for paying SE tax on your net earnings from self-employment.

Enter on the dotted line to the left of Schedule SE, line 3, "Chap. 11 bankruptcy income" and the amount of your net profit or (loss). Combine that amount with the total of lines 1a, 1b, and 2 (if any) and enter the result on line 3.

For other reporting requirements, see *Chapter 11 Bankruptcy Cases* in the Instructions for Form 1040.

More Than One Business

If you had two or more businesses subject to SE tax, your net earnings from self-employment are the combined net earnings from all of your businesses. If you had a loss in one business, it reduces the income from another. Figure the combined SE tax on one Schedule SE.

Joint Returns

Show the name of the spouse with self-employment income on Schedule SE. If both spouses have self-employment income, each must file a separate Schedule SE.

Include the total profits or losses from all businesses on Form 1040 or 1040-SR. Enter the combined SE tax on Schedule 2 (Form 1040), line 4.

Community Income

If any of the income from a business (including farming) is community income, then the income and deductions are reported as follows.

- If only one spouse participates in the business, all of the income from that business is the self-employment earnings of the spouse who carried on the business.
- If both spouses participate, the income and deductions are allocated to the spouses based on their distributive shares.
- If either or both spouses are partners in a partnership, see *Partnership Income or Loss*, later.
- If both spouses elected to treat the business as a qualifying joint venture, see *Qualified Joint Ventures*, later.

Married filing separately. If you and your spouse had community income and file separate returns, attach Schedule SE to the return of each spouse with self-employment earnings under the rules described earlier. Also, attach Schedule(s) C or F (Form 1040) (showing the spouse's share of community income and expenses) to the return of each spouse.

Spouse who carried on the business. If you are the only spouse who carried on the business, you must include on Schedule SE, line 3, the net profit or (loss) reported on the other spouse's Schedule C or F (Form 1040) (except in those cases described later under *Income and Losses Not Included in Net Earnings From Self-Employment*). Enter on the dotted line to the left of Schedule SE, line 3, "Community income taxed to spouse" and the amount of any net profit or (loss) allocated to your spouse as community income. Combine that amount with the total of lines 1a, 1b, and 2. Enter the result on line 3.

Spouse who didn't carry on the business. If you aren't the spouse who carried on the business and you had no other income subject to SE tax, check box number 3 and enter "ECI" on Schedule 2 (Form 1040), line 4. Don't file Schedule SE. See the instructions for Schedule 2 (Form 1040), line 4, for more information.

But if you have $400 or more of other earnings subject to SE tax, you must file Schedule SE. Include on Schedule SE, line 1a or 2, the net profit or (loss) from Schedule(s) C or F (Form 1040) allocated to you as community income. On the dotted line to the left of Schedule SE, line 3, enter "Exempt community income" and the allocated amount. Figure the amount to enter on line 3 as follows.

- If the allocated amount is a net profit, subtract it from the total of lines 1a, 1b, and 2.
- If the allocated amount is a loss, treat it as a positive amount and add it to the total of lines 1a, 1b, and 2.

CAUTION *Community income included on Schedule(s) C or F (Form 1040) must be divided for income tax purposes based on the community property laws of your state. See Pub. 555 for more information.*

Qualified Joint Ventures (QJV)

If you and your spouse materially participate as the only members of a jointly owned and operated business, and you file a joint return for the tax year, you can make a joint election to be taxed as a QJV instead of a partnership. For information on what it means to materially participate, see *Material participation* in the Instructions for Schedule C (Form 1040).

To make this election, you must divide all items of income, gain, loss, deduction, and credit attributable to the business between you and your spouse in accordance with your respective interests in the venture. Each of you must file a separate Schedule C or F (Form 1040). On each line of your separate Schedule C or F, you must enter your share of the applicable income, deduction, or loss. Each of you must also file a separate Schedule SE to pay SE tax, as applicable.

For more information on qualified joint ventures, go to *IRS.gov/QJV*.

Rental real estate business. If you and your spouse make the election to be taxed as a QJV for your rental real estate business, the income generally isn't subject to SE tax. To indicate that election, be sure to check the "QJV" box on Part I, line 2, of each Schedule E (Form 1040) that the rental property is listed on. Don't file Schedule SE unless you have other income subject to SE tax. For an exception to this income not being subject to SE tax, see item 3 under *Other Income and Losses Included in Net Earnings From Self-Employment*, later.

If you and your spouse make the election for a farm rental business that you report on Form 4835, Farm Rental Income and Expenses, each of you must file a separate Form 4835 to report your share of farm rental income based on crops or livestock produced by the tenant. Don't file Schedule SE unless you have other income subject to the SE tax.

Fiscal Year Filers

If your tax year is a fiscal year, use the tax rate and annual earnings limit that apply at the time the fiscal year begins. Don't prorate the tax or annual earnings limit for a fiscal year that overlaps the date of a change in the tax or annual earnings limit.

Line Instructions

You will need to figure your net earnings from self-employment. To find out what is included as net earnings from self-employment, see *Net Earnings From Self-Employment*, later.

TIP *Enter all negative amounts in (parentheses).*

Instructions for Part I

You Have Only Church Employee Income Subject to SE Tax

If your only income subject to SE tax is church employee income (described earlier under *Employees of Churches and Church Organizations*), skip lines 1 through 4b. Enter -0- on line 4c, and go to line 5a.

Note: Income from services you perform as a minister, member of a religious order, or Christian Science practitioner **isn't** church employee income.

Line 1b

If you were receiving social security retirement or social security disability benefits at the time you received your Conservation Reserve Program (CRP) payment(s), enter the amount of your taxable CRP payment(s) on line 1b. These payments are included on Schedule F (Form 1040), line 4b, or listed in box 20, code AQ, of Schedule K-1 (Form 1065).

Lines 4a Through 4c

If both lines 4a and 4c are less than $400 and you have an amount on line 1b, combine lines 1a and 2.

- If the total of lines 1a and 2 is $434 or more, file Schedule SE (completed through line 4c) with your tax return. Enter -0- on Schedule 2 (Form 1040), line 4.*
- If the total of lines 1a and 2 is less than $434, **don't** file Schedule SE unless you choose to use an optional method to figure your SE tax.

* If you also have church employee income (described earlier under *Employees of Churches and Church Organizations*), also complete lines 5a and 5b. Complete the rest of Schedule SE, as appropriate.

Line 13

If you are filing Form 1040-SS, skip this line.

Additional Medicare Tax

A 0.9% Additional Medicare Tax may apply to you if the total amount on line 6 of all your Schedules SE exceeds one of the following threshold amounts (based on your filing status).

- Married filing jointly—$250,000
- Married filing separately—$125,000
- Single, Head of household, or Qualifying surviving spouse—$200,000

If you have both wages and self-employment income, the threshold amount for applying the Additional Medicare Tax on the self-employment income is reduced (but not below zero) by the amount of wages subject to Additional Medicare Tax.

Use Form 8959, Additional Medicare Tax, to figure this tax. For more information, see the Instructions for Form 8959, or go to *IRS.gov/ADMTfaqs*.

Net Earnings From Self-Employment

In most cases, net earnings include your net profit from a farm or nonfarm business.

Partnership Income or Loss

If you were a general or limited partner in a partnership, include on line 1a or line 2, whichever applies, the amount of net earnings from self-employment from box 14, code A, of Schedule K-1 (Form 1065). General partners should reduce this amount by certain expenses before entering it on Schedule SE. See your Schedule K-1 instructions. If you reduce the amount you enter on Schedule SE, you must attach an explanation. Limited partners should include only guaranteed payments for services actually rendered to or on behalf of the partnership. Whether a partner qualifies as a limited partner for purposes of self-employment tax depends on whether the partner is considered a limited partner under section 1402(a)(13).

If a partner died and the partnership continued, include in self-employment income the deceased's distributive share of the partnership's ordinary income or loss through the end of the month in which the partner died. See section 1402(f).

If you were married and both you and your spouse were partners in a partnership, each of you must report your net earnings from self-employment from the partnership. Each of you must file a separate Schedule SE and report the partnership income or loss on Schedule E (Form 1040), Part II, for income tax purposes. If only one of you was a partner in a partnership, the spouse who was the partner must report their net earnings from self-employment from the partnership.

Community income. Your own distributive share of partnership income is included in figuring your net earnings from self-employment. Unlike the division of that income between spouses for figuring income tax, no part of your share can be included in figuring your spouse's net earnings from self-employment.

Share Farming

You are considered self-employed if you produce crops or livestock on someone else's land for a share of the crops or livestock produced (or a share of the proceeds from the sale of them). This applies even if you paid another person (an agent) to do the actual work or management for you. Report your net earnings for income tax purposes on Schedule F (Form 1040) and for SE tax purposes on Schedule SE. See Pub. 225 for details.

Other Income and Losses Included in Net Earnings From Self-Employment

1. Rental income from a farm if, as landlord, you materially participated in the production or management of the production of farm products on this land. This income is farm earnings. To determine whether you materially participated in farm management or production, don't consider the activities of any agent who acted for you. The material participation tests for landlords are explained in Pub. 225.

2. Cash or a payment-in-kind from the Department of Agriculture for participating in a subsidy or conservation reserve program.

3. Payments for the use of rooms or other space when you also provided substantial services for the convenience of your tenants. Examples are hotel rooms, boarding houses, tourist camps or homes, trailer parks, parking lots, warehouses, and storage garages. See Pub. 334 for more information.

4. Income from the retail sale of newspapers and magazines if you were age 18 or older and kept the profits.

5. Income you receive as a direct seller. Newspaper carriers or distributors of any age are direct sellers if certain conditions apply. See Pub. 334 for details.

6. Amounts received by current or former self-employed insurance agents and salespersons that are:

   a. Paid after retirement but figured as a percentage of commissions received from the paying company before retirement,

   b. Renewal commissions, or

   c. Deferred commissions paid after retirement for sales made before retirement.

However, certain termination payments received by former insurance salespersons aren't included in net earnings from self-employment (as explained in item 10 under *Income and Losses Not Included in Net Earnings From Self-Employment*, later).

7. Income of certain crew members of fishing vessels with crews of normally fewer than 10 people. See Pub. 334 for details.

8. Fees as a state or local government employee if you were paid only on a fee basis and the job wasn't covered under a federal-state social security coverage agreement.

9. Interest received in the course of any trade or business, such as interest on notes or accounts receivable.

10. Fees and other payments received by you for services as a director of a corporation.

11. Recapture amounts under sections 179 and 280F that you included in gross income because the business use of the property dropped to 50% or less. Don't include amounts you recaptured on the disposition of property. See Form 4797.

12. Generally, fees you received as a professional fiduciary. This may also apply to fees paid to you as a nonprofessional fiduciary if the fees relate to active participation in the operation of the estate's business, or the management of an estate that required extensive management activities over a long period of time.

13. Gain or loss from section 1256 contracts or related property by an options or commodities dealer in the normal course of dealing in or trading section 1256 contracts.

Income and Losses Not Included in Net Earnings From Self-Employment

1. Salaries, fees, and other income subject to social security or Medicare tax that you received for performing services as an employee, including services performed as an employee under the railroad retirement system. This includes services performed as a public official (except as a fee-basis government employee as explained in item 8 under *Other Income and Losses Included in Net Earnings From Self-Employment*, earlier).

2. Fees received for services performed as a notary public. If you had no other income subject to SE tax, check box number 3 and enter "EN" on Schedule 2 (Form 1040), line 4. Don't file Schedule SE. However, if you had other earnings of $400 or more subject to SE tax, enter "Exempt—Notary" and the amount of your net profit as a notary public from Schedule C (Form 1040) on the dotted line to the left of Schedule SE, line 3. Subtract that amount from the total of lines 1a, 1b, and 2, and enter the result on line 3.

3. Income you received as a retired partner under a written partnership plan that provides for lifelong periodic retirement payments if you had no other interest in the partnership and didn't perform services for it during the year.

4. Income from real estate rentals if you didn't receive the income in the course of a trade or business as a real estate dealer. Report this income on Schedule E (Form 1040).

5. Income from farm rentals (including rentals paid in crop shares) if, as landlord, you didn't materially participate in the production or management of the production of farm products on the land. See Pub. 225 for details. Report this income on Form 4835. Use two Forms 4835 if you and your spouse made an election to be taxed as a QJV.

6. Payments you receive from the CRP if you are receiving social security benefits for retirement or disability. Deduct these payments on line 1b of Schedule SE.

7. Dividends on shares of stock and interest on bonds, notes, or other evidence of indebtedness issued with interest coupons or in registered form by any corporation (including those issued by a government or its political subdivision), if you didn't receive the income in the course of your trade or business as a dealer in stocks or securities.

8. Gain or loss from:

a. The sale or exchange of a capital asset;

b. The sale, exchange, involuntary conversion, or other disposition of property unless the property is stock in trade or other property that would be includible in inventory, or held primarily for sale to customers in the ordinary course of the business; or

c. Certain transactions in timber, coal, or domestic iron ore.

9. Net operating losses from other years.

10. Termination payments you received as a former insurance salesperson if all of the following conditions are met.

a. The payment was received from an insurance company because of services you performed as an insurance salesperson for the company.

b. The payment was received after termination of your agreement to perform services for the company.

c. You didn't perform any services for the company after termination and before the end of the year in which you received the payment.

d. You entered into a covenant not to compete against the company for at least a 1-year period beginning on the date of termination.

e. The amount of the payment depended primarily on policies sold by or credited to your account during the last year of the agreement, or the extent to which those policies remain in force for some period after termination, or both.

f. The amount of the payment didn't depend to any extent on length of service or overall earnings from services performed for the company (regardless of whether eligibility for the payment depended on length of service).

Statutory Employee Income

If you were a statutory employee, don't include the net profit or (loss) from Schedule C (Form 1040), line 31, on Schedule SE, line 2. But be sure to include on line 8a statutory employee social security wages and tips from Form W-2.

Instructions for Part II

Optional Methods

How the Optional Methods Can Help You

Social security coverage. The optional methods may give you credit toward your social security coverage even though you have a loss or a small amount of income from self-employment.

Credits affected by earned income. Using the optional methods may qualify you to claim the earned income credit (EIC), additional child tax credit (ACTC), or child and dependent care credit or give you a larger credit if your net earnings from self-employment (determined without using the optional methods) are less than $7,560. Figure the EIC, ACTC, and child and dependent care credit with and without using the optional methods to see if the optional methods will benefit you.

Self-employed health insurance deduction. The optional methods of computing net earnings from self-employment may be used to figure your self-employed health insurance deduction. See Form 7206 and its instructions to determine if your self-employed health insurance deduction is limited.

Other items affected by adjusted gross income (AGI). Using the optional methods may decrease your AGI, which may affect your eligibility for credits, deductions, or other

items that are subject to an AGI limit. Figure your AGI with and without using the optional methods to see if the optional methods will benefit you.



Using the optional methods as described above may be beneficial, but they may also increase your SE tax.

Changing your method. You can change the method used to figure your net earnings from self-employment after you file your return. That is, you can change from the regular to the optional method or from the optional to the regular method. To do this, file Form 1040-X.

Farm optional method. You may use this method to figure your net earnings from farm self-employment if your gross farm income was $11,340 or less or your net farm profits were less than $8,186. Net farm profits are:

- The total of the amounts from Schedule F (Form 1040), line 34; and box 14, code A, of Schedule K-1 (Form 1065); minus
- The amount you would have entered on Schedule SE, line 1b, had you not used the optional method.

There is no limit on how many years you can use this method.

Under this method, report on Part II, line 15, two-thirds of your gross farm income, up to $7,560, as your net earnings. This method can increase or decrease your net earnings from farm self-employment even if the farming business had a loss.

For a farm partnership, figure your share of gross income based on the partnership agreement. With guaranteed payments, your share of the partnership's gross income is your guaranteed payments plus your share of the gross income after it is reduced by all guaranteed payments made by the partnership. If you were a limited partner, include only guaranteed payments for services you actually rendered to or on behalf of the partnership. Whether a partner qualifies as a limited partner for purposes of self-employment tax depends on whether the partner is considered a limited partner under section 1402(a)(13).

Nonfarm optional method. You may be able to use this method to figure your net earnings from nonfarm self-employment if your net nonfarm profits were less than $8,186 and also less than 72.189% of your gross nonfarm income. Net nonfarm profits are the total of the amounts from:

- Schedule C (Form 1040), line 31; and
- Box 14, code A, of Schedule K-1 (Form 1065) (from other than farm partnerships).

To use this method, you must also be regularly self-employed. You meet this requirement if your actual net earnings from self-employment were $400 or more in 2 of the 3 consecutive tax years immediately preceding the year you use the nonfarm optional method. The net earnings of $400 or more could be from either farm or nonfarm earnings, or both. The net earnings include your distributive share of partnership income or loss subject to SE tax.

You can use the nonfarm optional method to figure your earnings from self-employment for only 5 years. The 5 years don't have to be consecutive.

Under this method, report on Part II, line 17, two-thirds of your gross nonfarm income, up to the amount on line 16, as your net earnings. But you can't report less than your actual net earnings from nonfarm self-employment.

Figure your share of gross income from a nonfarm partnership in the same manner as a farm partnership. See *Farm Optional Method*, earlier, for details.

Using both optional methods. If you can use both methods, you can report less than your total actual net earnings from farm and nonfarm self-employment, but you can't report less than your actual net earnings from nonfarm self-employment alone.

If you use both methods to figure net earnings, you can't report more than $7,560 of net earnings from self-employment.