

Beginning, Small, Young Farmer Case Study: Going Home to Begin a Farm Business

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2011 IRS Form 1040 Schedule SE (Form 1040), Self-Employment Tax

Mary completed the top line of Schedule SE (Form 1040) with her name and social security number.

- Line 1a: Mary entered the \$21,904 net farm profit from line 34 as of Schedule F (Form 1040). Because she did not have anything to report on lines 1b or 2 she also enters \$21,904 on line 3.
- Line 4: Mary calculated her \$20,228 of net earnings from self-employment by multiplying her \$21,904 net farm profit by 92.35%.
- Line 5: Mary calculated her \$2,690 self-employment tax by multiplying her \$20,228 of net earnings from self-employment by 13.3% and entered it here and on line 56 of IRS Form 1040 as discussed earlier.
- Line 6: Mary calculated her \$1,547 deductible portion of her self-employment tax by multiplying her \$2,690 self-employment tax by 57.51% and reported it here and on line 27 of IRS Form 1040 as discussed earlier.

