Social Security

Program Operations Manual System (POMS)

TN 5 (01-01)

RS 01801.010 Reporting Self-Employment Income

A. POLICY PRINCIPLES -- FILING REQUIREMENTS

1. Calendar Year Basis

Returns should be filed by April 15 following the close of the calendar year.

2. Fiscal Year Basis

Generally should be filed by the fifteenth day of the fourth month following the close of the fiscal year.

3. Timely Filed - IRS

If the date for a return falls on a Saturday, Sunday, or legal holiday, the due date is the next succeeding day which is not a Saturday, Sunday, or legal holiday. The return is treated as timely filed for IRS purposes if it is mailed by the due date; thus, a return due on April 15 is treated as timely filed for IRS purposes if mailed on April 15.

4. Timely Filed – SSA

A SE tax return is “timely filed” for SSA purposes if it is filed within SSA's statute of limitations; i.e., 3 years, 3 months and 15 days after the close of the taxable year in which the SEI is derived. See RS 01804.150 and RS 02201.008.

NOTE: SSA's definition of “timely filed” is controlling when determining if an SE tax return is “timely filed” for SSA's purposes and not IRS's definition of “timely filed”.

B. DESCRIPTION OF REPORTING PROCESS

- A self-employed individual, other than a farmer, reports business income and expenses on Schedule C **(Profit or Loss from Business).**

- A farmer reports business income and expenses on **Schedule F (Profit or Loss From Farming)**.

Both schedules are profit and loss statements from which NESE is determined.

- The Self-employed individual, including the farmer, computes SEI on **Schedule SE (Self-Employment Tax).**
- Partners who are considered self-employed are credited with their distributive share of ordinary income whether or not actually distributed. Such amounts are reported both on the **partnership's informational return (Form 1065)** and on Schedule SE of the individual's return.

All applicable schedules are filed as part of the income tax return.

C. DESCRIPTION OF IRS PROCEDURE

1. Taxpayer Living

Returns not accepted before the end of tax year because taxable income cannot be determined exactly until the year has ended.

2. Taxpayer Deceased

- Tax year ends on the date of death
- Due date for filing a decedent's final return is the date a return would have been due had the decedent lived the entire taxable year.

NOTE: Under certain circumstances, IRS will accept returns from survivors or representatives of estates before the end of what would have been the decedent's normal taxable year had he lived.

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