

Based on the calculations shown on his worksheet, Manuel's net profit on Line 27 of Part IV is \$5,800 and his self-employment tax on Line 12 of Part V is \$819. Here are the correct answers for each line:

Part IV Profit or Loss From Business (Sole Proprietorship)—See the Instructions for Schedule C (Form 1040).

Name of proprietor

Social security number

Note: If you are filing a joint return and both you and your spouse had a profit or loss from a business, see *Joint returns and Business Owned and Operated by Spouses* in the instructions for more information.

Section A—Income

1	Gross receipts \$	Less returns and allowances \$	Balance ▶	1		
2a	Inventory at beginning of year					
b	Purchases less cost of items withdrawn for personal use					
c	Cost of labor. Don't include any amounts paid to yourself					
d	Materials and supplies					
e	Other costs (attach statement)					
f	Add lines 2a through 2e					
g	Inventory at end of year					
h	Cost of goods sold. Subtract line 2g from line 2f				2h	
3	Gross profit. Subtract line 2h from line 1				3	
4	Other income				4	
5	Gross income. Add lines 3 and 4		▶		5	

Section B—Expenses

6	Advertising	6			18	Rent or lease:		
7	Car and truck expenses (see instructions)	7			a	Vehicles, machinery, and equipment	18a	
8	Commissions and fees	8			b	Other business property	18b	
9	Contract labor	9			19	Repairs and maintenance	19	
10	Depletion	10			20	Supplies (not included in Section A)	20	
11	Depreciation and section 179 expense deduction (not included in Section A). (Attach Form 4562 if required.)	11			21	Taxes and licenses	21	
12	Employee benefit programs (other than on line 17)	12			22	Travel, meals, and entertainment:		
13	Insurance (other than health)	13			a	Travel	22a	
14	Interest on business indebtedness	14			b	Deductible meals and entertainment	22b	
15	Legal and professional services	15			23	Utilities	23	
16	Office expense	16			24	Wages not included on line 2c	24	
17	Pension and profit-sharing plans	17			25a	Other expenses (list type and amount):		

					25b	Total other expenses	25b	
26	Total expenses. Add lines 6 through 25b					▶	26	
27	Net profit or (loss). Subtract line 26 from line 5. Enter the result here and in Part V, line 2						27	

Part V Self-Employment Tax—If you had **church employee income**, see instructions before you begin.

Name of person with self-employment income	Social security number of person with self-employment income ▶
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Note: If you are filing a joint return and both you and your spouse had self-employment income, you must **each** complete a **separate** Part V.

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 net earnings from self-employment, check here and continue with Part V <input type="checkbox"/>		
1a	Net farm profit or (loss) from Part III, line 36, and your distributive share from farm partnerships. Note: Skip lines 1a and 1b if you use the farm optional method (see instructions)	1a	
b	If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included in Part III, line 6, plus your distributive share of these payments from farm partnerships ()	1b	
2	Net nonfarm profit or (loss) from Part IV, line 27, and your distributive share from nonfarm partnerships. Ministers and members of religious orders, see instructions for amounts to report on this line. See instructions for other income to report. Note: Skip this line if you use the nonfarm optional method (see instructions)	2	
3	Combine lines 1a, 1b, and 2	3	
4a	If line 3 is more than zero, multiply line 3 by 92.35% (0.9235). Otherwise, enter the amount from line 3	4a	
b	If you elect one or both of the optional methods, enter the total of lines 2 and 4 of Part VI here	4b	
c	Combine lines 4a and 4b. If less than \$400, stop ; you don't owe self-employment tax. Exception. If less than \$400 and you had church employee income , enter -0- and continue . ▶	4c	
5a	Enter your church employee income from Form(s) W-2, W-2AS, W-2CM, W-2GU, W-2VI, or 499R-2/W-2PR. See instructions for definition of church employee income.	5a	
b	Multiply line 5a by 92.35% (0.9235). If less than \$100, enter -0-	5b	
6	Add lines 4c and 5b ▶	6	
7	Maximum amount of combined wages and self-employment earnings subject to social security tax for 2016	7	
8a	Total social security wages and tips from Form(s) W-2, W-2AS, W-2CM, W-2GU, W-2VI, or 499R-2/W-2PR. If \$118,500 or more, skip lines 8b through 10, and go to line 11	8a	
b	Unreported tips subject to social security tax from Form 4137, line 10 (see instructions)	8b	
c	Wages subject to social security tax from Form 8919, line 10 (see instructions)	8c	
d	Add lines 8a, 8b, and 8c	8d	
9	Subtract line 8d from line 7. If zero or less, enter -0- here and on line 10 and go to line 11 . . . ▶	9	
10	Multiply the smaller of line 6 or line 9 by 12.4% (0.124)	10	
11	Multiply line 6 by 2.9% (0.029)	11	
12	Self-employment tax. Add lines 10 and 11. Enter here and in Part I, line 3	12	

Part VI Optional Methods To Figure Net Earnings—See instructions for limitations.

Note: If you are filing a joint return and both you and your spouse choose to use an optional method to figure net earnings, you must **each** complete and attach a **separate** Part VI.

Farm Optional Method			
1	Maximum income for optional methods	1	
2	Enter the smaller of: two-thirds (² / ₃) of gross farm income (Part III, line 11, plus your distributive share from farm partnerships), but not less than zero; or \$5,040. Also include this amount in Part V, line 4b, above.	2	
Nonfarm Optional Method			
3	Subtract line 2 from line 1.	3	
4	Enter the smaller of: two-thirds (² / ₃) of gross nonfarm income (Part IV, line 5, plus your distributive share from nonfarm partnerships), but not less than zero; or the amount in Part VI, line 3, above. Also include this amount in Part V, line 4b, above	4	