



# **Self-employment tax (Social Security and Medicare taxes)**

In the article below, all references to self-employment tax refer to Social Security and Medicare taxes only and do not include any other taxes that self-employed individuals may be required to pay. The list of items below is not all-inclusive. Other information may be appropriate for your specific type of business.

- [What is self-employment tax?](#)
- [Who must pay self-employment tax?](#)
- [How do I pay self-employment tax?](#)

# What is self-employment tax?

Self-employment tax is a tax consisting of Social Security and Medicare taxes primarily for individuals who work for themselves. It is similar to the Social Security and Medicare taxes withheld from the pay of most wage earners.

Employers calculate Social Security and Medicare taxes for most wage earners. However, you calculate self-employment tax (SE tax) using [Schedule SE](#), Self-Employment Tax, ([Form 1040](#) [PDF](#) or [1040-SR](#)). Also, you can deduct the employer-equivalent portion of your SE tax when calculating your adjusted gross income. Wage earners cannot deduct Social Security and Medicare taxes.

## Self-employment tax rate

The self-employment tax rate is 15.3%. The rate consists of two parts: 12.4% for social security (old-age, survivors, and disability insurance) and 2.9% for Medicare (hospital insurance).

For 2024, the first \$168,600 of your combined wages, tips, and net earnings is subject to any combination of the social security part of self-employment tax, social security tax, or railroad retirement (tier 1) tax. (Refer to [Schedule SE](#) for prior year(s) SE tax rates).

If your wages and tips are subject to social security tax or railroad retirement tier 1 tax, and total at least \$168,600, do not pay the 12.4% social security part of the SE tax on any of your net earnings. However, all of your wages and tips are subject to the 2.9% Medicare part of the SE tax on all your net earnings.

You are liable for an additional 0.9% Medicare Tax if your wages, compensation, or self-employment income (together with that of your spouse if filing a joint return) exceed the threshold amount for your filing status:

Filing status	Threshold amount
Married filing jointly	\$250,000
Married filing separate	\$125,000
Single	\$200,000
Head of household (with qualifying person)	\$200,000
Qualifying surviving spouse with dependent child	\$200,000

For more information, refer to the [Questions and answers for the additional Medicare tax](#) page.

If you use a tax year other than the calendar year, you must use the tax rate and maximum earnings limit in effect at the beginning of your tax year. Even if the tax rate or maximum earnings limit changes during your tax year, continue to use the same rate and limit throughout your tax year.

## Self-employment tax deduction

You can deduct the employer-equivalent portion of your self-employment tax in figuring your adjusted gross income. This deduction only affects your income tax. It does not affect either your net earnings from self-employment or your self-employment tax.

If you file [Form 1040, Individual Income Tax Return](#), or [Form 1040-SR, U.S. Income Tax Return for Seniors](#), with [Schedule C, Profit or Loss from Business](#), you may be eligible to claim the Earned Income Tax Credit (EITC). Learn more about [EITC](#) or use the [EITC Assistant](#) to find out if you are eligible.

## Self-employment health insurance tax deduction

Under Section 2042 of the Small Business Jobs Act, a deduction, for income tax purposes, is allowed to self-employed individuals for the cost of health insurance. This deduction is taken into account when calculating net earnings from self-employment. See [Instructions for Form 1040 and Form 1040-SR](#) [PDF](#) and [Instructions for Schedule SE](#) [PDF](#) for calculating and claiming the deduction.

## Who must pay self-employment tax?

You must pay self-employment tax and file [Schedule SE \(Form 1040 or Form 1040-SR\)](#) if either of the following applies.

- Your net earnings from self-employment (excluding church employee income) were \$400 or more.
- You had church employee income of \$108.28 or more.

Generally, your net earnings from self-employment are subject to self-employment tax. If you are self-employed as a sole proprietor or independent contractor, you generally use [Schedule C](#) to figure net earnings from self-employment.

If you have earnings subject to self-employment tax, use [Schedule SE](#) to figure your net earnings from self-employment. Before you figure your net earnings, you generally need to figure your total earnings subject to self-employment tax.

**Note:** The self-employment tax rules apply no matter how old you are and even if you are already receiving Social Security or Medicare.


## **Family caregivers and self-employment tax**

Special rules apply to workers who perform in-home services for elderly or disabled individuals (caregivers). Caregivers are typically employees of the individuals for whom they provide services because they work in the homes of the elderly or disabled individuals and these individuals have the right to tell the caregivers what needs to be done. See the [Family caregivers and self-employment tax](#) page and [Publication 926, Household Employer's Tax Guide](#), for more details.


## **How do I pay self-employment tax?**

To pay self-employment tax, you must have a Social Security number (SSN) or an individual taxpayer identification number (ITIN).

## Obtaining a Social Security number

If you never had an SSN, apply for one using Form SS-5, Application for a Social Security Card. You can get this form at any Social Security office or by calling [800-772-1213](tel:800-772-1213). Download the form from the [Social Security number and card](#)  website.

## Obtaining an individual taxpayer identification number

The IRS will issue you an ITIN if you are a nonresident or resident alien and you do not have and are not eligible to get an SSN. To apply for an ITIN, file [Form W-7, Application for IRS Individual Taxpayer Identification Number](#) .

## Paying self-employment tax with estimated taxes

As a self-employed individual, you may have to file Estimated Taxes quarterly. You can use these estimated tax payments to pay your self-employment tax. Refer to the [Estimated taxes](#) page and [Publication 505, Tax Withholding and Estimated Tax](#) for more details on paying your self-employment tax with estimated taxes.

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