



### **Self-Employment Tax:**

The self-employment tax is imposed on taxpayers who have self-employment income in addition to, or in lieu of W-2 wages. The purpose of the self-employment tax is to have the taxpayer pay FICA and Medicare on income that would otherwise be excluded from it. This income is generated from actively participating in a trade or business. In partnerships, all income (ordinary income and guaranteed payments) to general partners is subject to SE employment tax. Limited partners are subject to SE tax only to the extent that guaranteed payments are for services performed for the partnership.