

**SELF-EMPLOYED PERSONS
2018 TAX CHART**

Monthly Net Earnings From Self-Employment*	Social Security Taxes		Federal Income Taxes****	Net Monthly Income
	Old-Age, Survivors and Disability Insurance Taxes (12.4%)**	Hospital (Medicare) Insurance Taxes (2.9%)** , ***		
\$100.00	\$11.45	\$2.68	\$0.00	\$85.87
\$200.00	\$22.90	\$5.36	\$0.00	\$171.74
\$300.00	\$34.35	\$8.03	\$0.00	\$257.62
\$400.00	\$45.81	\$10.71	\$0.00	\$343.48
\$500.00	\$57.26	\$13.39	\$0.00	\$429.35
\$600.00	\$68.71	\$16.07	\$0.00	\$515.22
\$700.00	\$80.16	\$18.75	\$0.00	\$601.09
\$800.00	\$91.61	\$21.43	\$0.00	\$686.96
\$900.00	\$103.06	\$24.10	\$0.00	\$772.84
\$1,000.00	\$114.51	\$26.78	\$4.19	\$854.52
\$1,100.00	\$125.97	\$29.46	\$13.48	\$931.09
\$1,200.00	\$137.42	\$32.14	\$22.77	\$1,007.67
\$1,300.00	\$148.87	\$34.82	\$32.07	\$1,084.24
\$1,400.00	\$160.32	\$37.49	\$41.36	\$1,160.83
\$1,500.00	\$171.77	\$40.17	\$50.65	\$1,237.41
\$1,600.00	\$183.22	\$42.85	\$59.95	\$1,313.98
\$1,700.00	\$194.67	\$45.53	\$69.24	\$1,390.56
\$1,800.00	\$206.13	\$48.21	\$78.53	\$1,467.13
\$1,900.00	\$217.58	\$50.88	\$92.05	\$1,539.49
\$2,000.00	\$229.03	\$53.56	\$105.99	\$1,611.42
\$2,100.00	\$240.48	\$56.24	\$119.93	\$1,683.35
\$2,200.00	\$251.93	\$58.92	\$133.87	\$1,755.28
\$2,300.00	\$263.38	\$61.60	\$147.81	\$1,827.21
\$2,400.00	\$274.83	\$64.28	\$161.75	\$1,899.14
\$2,500.00	\$286.29	\$66.95	\$175.69	\$1,971.07
\$2,600.00	\$297.74	\$69.63	\$189.63	\$2,043.00
\$2,700.00	\$309.19	\$72.31	\$203.57	\$2,114.93
\$2,800.00	\$320.64	\$74.99	\$217.52	\$2,186.85
\$2,900.00	\$332.09	\$77.67	\$231.46	\$2,258.78
\$3,000.00	\$343.54	\$80.34	\$245.40	\$2,330.72
\$3,100.00	\$354.99	\$83.02	\$259.34	\$2,402.65
\$3,200.00	\$366.44	\$85.70	\$273.28	\$2,474.58
\$3,300.00	\$377.90	\$88.38	\$287.22	\$2,546.50
\$3,400.00	\$389.35	\$91.06	\$301.16	\$2,618.43
\$3,500.00	\$400.80	\$93.74	\$315.10	\$2,690.36
\$3,600.00	\$412.25	\$96.41	\$329.04	\$2,762.30
\$3,700.00	\$423.70	\$99.09	\$342.98	\$2,834.23
\$3,800.00	\$435.15	\$101.77	\$356.92	\$2,906.16
\$3,900.00	\$446.60	\$104.45	\$370.86	\$2,978.09
\$4,000.00	\$458.06	\$107.13	\$384.80	\$3,050.01
\$4,250.00	\$486.68	\$113.82	\$419.65	\$3,229.85
\$4,500.00	\$515.31	\$120.52	\$461.46	\$3,402.71
\$4,750.00	\$543.94	\$127.21	\$519.54	\$3,559.31
\$5,000.00	\$572.57	\$133.91	\$577.63	\$3,715.89
\$5,250.00	\$601.20	\$140.60	\$635.71	\$3,872.49
\$5,500.00	\$629.83	\$147.30	\$693.80	\$4,029.07
\$5,750.00	\$658.46	\$153.99	\$751.88	\$4,185.67
\$6,000.00	\$687.08	\$160.69	\$809.97	\$4,342.26
\$6,250.00	\$715.71	\$167.38	\$868.05	\$4,498.86
\$6,500.00	\$744.34	\$174.08	\$926.13	\$4,655.45
\$6,750.00	\$772.97	\$180.78	\$984.22	\$4,812.03
\$7,000.00	\$801.60	\$187.47	\$1,042.30	\$4,968.63
\$7,500.00	\$858.86	\$200.86	\$1,158.47	\$5,281.81
\$8,000.00	\$916.11	\$214.25	\$1,274.64	\$5,595.00
\$8,500.00	\$973.37	\$227.64	\$1,390.81	\$5,908.18
\$9,000.00	\$1,030.63	\$241.03	\$1,506.98	\$6,221.36
\$9,500.00	\$1,087.88	\$254.42	\$1,627.14	\$6,530.56
\$10,000.00	\$1,145.14	\$267.82	\$1,757.25	\$6,829.79
\$10,500.00	\$1,202.40	\$281.21	\$1,887.36	\$7,129.03
\$11,000.00	\$1,259.65	\$294.60	\$2,017.47	\$7,428.28
\$11,500.00	\$1,316.91	\$307.99	\$2,147.58	\$7,727.52
\$12,000.00	\$1,326.80*****	\$321.38	\$2,284.32	\$8,067.50
\$12,500.00	\$1,326.80	\$334.77	\$2,422.44	\$8,415.99
\$12,692.28*****	\$1,326.80	\$339.92	\$2,475.56	\$8,550.00
\$13,000.00	\$1,326.80	\$348.16	\$2,560.57	\$8,764.47
\$13,500.00	\$1,326.80	\$361.55	\$2,698.69	\$9,112.96
\$14,000.00	\$1,326.80	\$374.94	\$2,836.82	\$9,461.44
\$14,500.00	\$1,326.80	\$388.33	\$2,974.94	\$9,809.93
\$15,000.00	\$1,326.80	\$401.72	\$3,113.07	\$10,158.41

Footnotes to Self-Employed Persons 2018 Tax Chart:

* Determined without regard to Section 1402(a)(12) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(a)(12)) (the “Code”).

** In calculating each of the Old-Age, Survivors and Disability Insurance tax and the Hospital (Medicare) Insurance tax, net earnings from self-employment are reduced by the deduction under Section 1402(a)(12) of the Code. The deduction under Section 1402(a)(12) of the Code is equal to net earnings from self-employment (determined without regard to Section 1402(a)(12) of the Code) multiplied by one-half (1/2) of the sum of the Old-Age, Survivors and Disability Insurance tax rate (12.4%) and the Hospital (Medicare) Insurance tax rate (2.9%). The sum of these rates is 15.3% (12.4% + 2.9% = 15.3%). One-half (1/2) of the combined rate is 7.65% (15.3% x 1/2 = 7.65%). The deduction can be computed by multiplying the net earnings from self-employment (determined without regard to Section 1402(a)(12) of the Code) by 92.35%. This gives the same deduction as multiplying the net earnings from self-employment (determined without regard to Section 1402(a)(12) of the Code) by 7.65% and then subtracting the result.

For example, the Social Security taxes imposed on monthly net earnings from self-employment (determined without regard to Section 1402(a)(12) of the Code) of \$2,500.00 are calculated as follows:

- (i) Old-Age, Survivors and Disability Insurance Taxes:
 $\$2,500.00 \times 92.35\% \times 12.4\% = \286.29
- (ii) Hospital (Medicare) Insurance Taxes:
 $\$2,500.00 \times 92.35\% \times 2.9\% = \66.95

*** When income exceeds \$200,000.00 per year there is an additional Medicare Tax of 0.9%. The additional Medicare Tax does not apply to any values shown on this chart because the highest gross income included is \$15,000.00 per month (\$180,000.00 per year).

**** These amounts represent one-twelfth (1/12) of the annual federal income tax calculated for a single taxpayer claiming one personal exemption (\$4,150.00, subject to reduction in certain cases, as described below in this footnote) and taking the standard deduction (\$6,500.00).

In calculating the annual federal income tax, gross income is reduced by the deduction under Section 164(f) of the Code. For example, monthly net earnings from self-employment of \$8,500.00 times 12 months equals \$102,000.00. The Old-Age, Survivors and Disability Insurance taxes imposed by Section 1401 of the Code for the taxable year equal \$9,796.49 ($\$102,000.00 \times .9235 \times 12.4\% = \$11,680.43$). The Hospital (Medicare) Insurance taxes imposed by Section 1401 of the Code for the taxable year equal \$2,731.71 ($\$102,000.00 \times .9235 \times 2.9\% = \$2,731.71$). The deduction under Section 164(f) of the Code for 2014 is equal to \$7,206.08 ($(\$11,680.43 \times 0.5) + (\$2,731.72 \times 0.5) = \$7,206.08$).

For a single taxpayer with an adjusted gross income in excess of \$266,700.00, the deduction for the personal exemption is reduced by two percent (2%) for each \$2,500.00 or fraction thereof by which adjusted gross income exceeds \$266,700.00. The reduction is completed (i.e., the deduction for the personal exemption is eliminated) for adjusted gross income in excess of \$389,200.00. In no case is the deduction for the personal exemption reduced by more than 100%. The phase out of the Personal Exemption does

not apply to any values shown on this chart because the highest income included is \$15,000.00 per month (\$180,000.00 per year).

***** For annual net earnings from self-employment (determined with regard to Section 1402(a)(12) of the Code) above \$128,400.00, this amount represents a monthly average of the Old-Age, Survivors and Disability Insurance tax based on the 2018 maximum Old-Age, Survivors and Disability Insurance tax of \$15,921.60 per person (12.4% of the first \$128,400.00 of net earnings from self-employment (determined with regard to Section 1402(a)(12) of the Code) equals \$15,921.60). One-twelfth (1/12) of \$15,921.60 equals \$1,326.80.

***** This amount represents the point where the monthly net earnings from self-employment of a self-employed individual would result in \$8,550.00 of net resources. Texas Family Code section 154.125 provides “The guidelines for the support of a child in this section are specifically designed to apply to situations in which the obligor's monthly net resources are not greater than \$7,500 or the adjusted amount determined under Subsection (a-1), whichever is greater.” Effective September 1, 2013 the adjusted amount determined under Subsection (a-1) is \$8,550.00.

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References Relating to Self-Employed Persons 2018 Tax Chart:

1. Old-Age, Survivors and Disability Insurance Tax

(a) Contribution Base

- (1) Social Security Administration’s notice appearing in 82 Fed. Reg. 59937 (December 15, 2017)
- (2) Section 1402(b) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(b))
- (3) Section 230 of the Social Security Act, as amended (42 U.S.C. § 430)

(b) Tax Rate

- (1) Section 1401(a) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1401(a))

(c) Deduction Under Section 1402(a)(12)

- (1) Section 1402(a)(12) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(a)(12))

2. Hospital (Medicare) Insurance Tax

(a) Contribution Base

- (1) Section 1402(b) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(b))

(2) Omnibus Budget Reconciliation Act of 1993, Pub. L. No. 103-66, § 13207, 107 Stat. 312, 467-69 (1993)

(b) Tax Rate

(1) Section 1401(b) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1401(b))

(c) Deduction Under Section 1402(a)(12)

(1) Section 1402(a)(12) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(a)(12))

3. Federal Income Tax

(a) Tax Rate Schedule for 2018 for Single Taxpayers

(1) Revenue Procedure 2017-58, Section 3.01, Table 3 which appears in Internal Revenue Bulletin 2017-45, dated November 6, 2017

(2) Section 1(c), (f) and (i) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1(c), 1(f), 1(i))

(b) Standard Deduction

(1) Revenue Procedure 2017-58, Section 3.14, which appears in Internal Revenue Bulletin 2017-45, dated November 6, 2017

(2) Section 63(c) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 63(c))

(c) Personal Exemption

(1) Revenue Procedure 2017-58, Section 3.24, which appears in Internal Revenue Bulletin 2017-45, dated November 6, 2017

(2) Section 151(d) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 151(d))

(d) Deduction Under Section 164(f)

(1) Section 164(f) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 164(f))

4. Adjusted amount determined under Subsection (a-1) of Texas Family Code section 154.125

Office of the Attorney General “Announcement of Adjustment Required by Texas Family Code section 154.125” appearing in 38 TexReg 4647 (July 19, 2013)